Ideagen plc

Annual Report and Accounts for the Year Ended 30 April 2016

Registration number: 02805019

ideagen

CONTENTS

WELCOME TO IDEAGEN

Ideagen is a UK company quoted on the AIM market of the London Stock Exchange (Ticker: IDEA.L) and is a leading supplier of information management software to highly regulated industries.

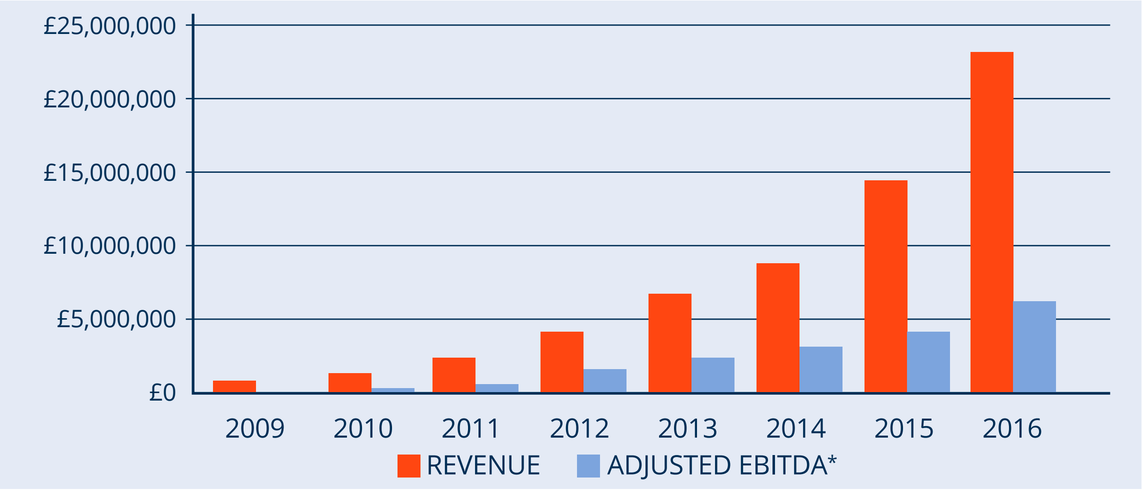
The Group has established a global business supplying Governance, Risk and Compliance (GRC) solutions predominantly to the Healthcare, Transport, Aerospace & Defence, Manufacturing and Financial Services Sectors.

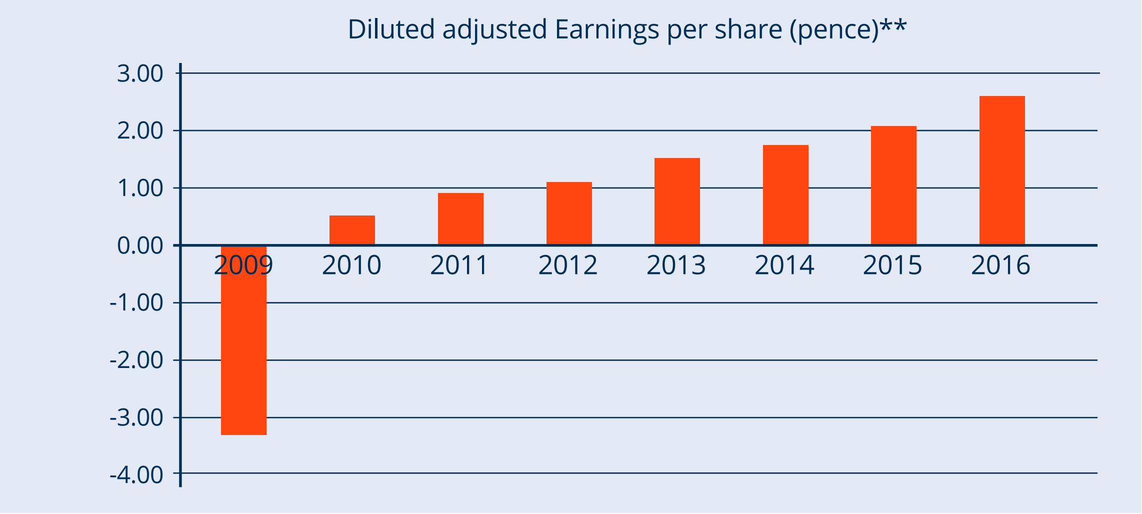
Ideagen has operations in the UK, the USA and the Middle East and a network of partners servicing Asia Pacific, Europe and South America.

Ideagen is able to provide complete content lifecycle solutions that enable organisations to meet their Regulatory and Compliance standards, helping them to reduce corporate risks and deliver operational excellence.

The Group has over 2,200 customers including 7 of the top 10 UK accounting firms, over 80% of NHS Trusts and the top 7 global Aerospace and Defence companies.

The Group has grown both organically and through a number of strategic acquisitions and this year's results represent the 7th consecutive year of growth in revenue, adjusted EBITDA* and adjusted earnings per share**.





* Before share-based payments, costs of acquiring businesses and other exceptional items

** Before share-based payments, amortisation of acquisition intangibles, costs of acquiring businesses and other exceptional items

OFFICERS AND ADVISERS

DIRECTORS

Jonathan Wearing

Non-Executive Chairman

Aged 63

Jonathan was formerly a director in the London corporate finance department of Citicorp Investment Bank Limited and previously worked in the corporate banking group of Citibank in London. He has run corporate advisory and consultancy businesses in the City for the last 20 years and has worked on training and lecturing assignments with a wide variety of institutions in many parts of the world. He is an early stage investor in technology companies and holds a number of directorships. Jonathan has an MA in Economics from Cambridge University.

David Hornsby

Chief Executive Officer

Aged 49

David has been the Chief Executive of Ideagen Plc since June 2009 and has over 20 years' experience in the technology sector. David has held a number of senior management positions in both UK and US based software companies including Smart Workforce Management Plc, Parametric Technology Corporation and Profund Systems Limited.

Graeme Spenceley

Chief Financial Officer & Company Secretary

Aged 51

Graeme has been a chartered accountant for over 25 years. He spent 18 years with KPMG, initially specialising in audit where he managed a number of public company clients and later as an associate director in Transaction Services which specialised in the provision of due diligence and reporting accountant services to corporates, private equity companies and banks. Graeme was appointed to the Board of Ideagen in March 2010.

Alan Carroll

Independent Non-Executive Director

Aged 65

Alan has 25 years' experience in the information systems industry during which he has worked in a senior capacity in the development of the Ministry of Defence's Information System Strategy. He has also been a senior sales manager and advisor to a number of major companies. He is currently managing director of Ultris Limited and Ultris Information Services Limited which are focused on the UK confidential government market. Alan has an MSc in Design of Information Systems from Cranfield Institute of Technology. Alan was appointed to the Board in June 2012.

ADVISERS

NOMAD & BROKER

finncap
60 New Broad Street
London
EC2M 1JJ

AUDITOR

RSM UK Audit LLP
Suite A, 7th Floor,
City Gate East
Tollhouse Hill
Nottingham
NG1 5FS

SOLICITORS

Howard Kennedy
No.1 London Bridge
London
SE1 9BG

Peregrine Law
Amadeus House
27b Floral Street
London
WC2E 9DP

REGISTERED OFFICE

Ergo House
Mere Way
Ruddington Fields Business Park
Ruddington
Nottinghamshire
NG11 6JS

FINANCIAL HIGHLIGHTS

52%

Revenue increased by 52% to **£21.9m** (2015: £14.4m)

10%

Underlying organic revenue growth of **10%** (2015: 5.3%)***

53%

Recurring revenues of **£11.5m** (2015: £10.6m) representing **53%** (2015: 53%) of total revenues

57%

Adjusted EBITDA* increased 57% to **£6.3m** (2015: £4m)

26%

Adjusted diluted EPS** increased by 26% to **2.66 pence** (2015: 2.11 pence)

11%

Proposed final dividend increased by 11% to **0.122 pence** per share making a total of 0.183 pence (2015: 0.165 pence) per share for the year

£1m

Profit before tax of **£1m** (2015: £0.6m)

£4.9m

Cash generated by operations of **£4.9m** (2015: £2.2m)

£6.3m

Net cash at year end of **£6.3m** (2015: £5.3m)

OPERATIONAL HIGHLIGHTS

- Strong growth in SaaS business driven by investment in Enlighten, Ideagen's cloud based Governance, Risk and Compliance (GRC) platform
  - Landmark contract awarded for Enlighten with the Railway Safety and Standards Board worth £4.9 million over 5 years
  - Additional 15 SaaS deals, including Providence Financial, WAMOS Air, HNZ Global and Air Greenland
- Over 100 new on-premise customer wins including Schiphol Airport, DHL, Cobalt Air, Meggitt and South West Yorkshire NHS Trust
- Significant contract extensions and expanded engagements within existing customer base, including PWC, Haeco, Babcock, Bristow Helicopters, BTG and Dartford and Gravesham NHS Trust
- Continued high levels of customer retention with support and maintenance contract renewal rate of 96% (FY2015: 96%)
- Ongoing product innovation and investment across all products

* Before share-based payments, costs of acquiring businesses and other exceptional items
** Before share-based payments, amortisation of acquisition intangibles, costs of acquiring businesses and other exceptional items
*** Based on a comparison of revenue in the year with pro-forma revenue for the comparative period as adjusted to include acquisitions for a full year

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

We are pleased to report on another solid performance for the year to 30 April 2016, representing our 7th consecutive year of revenue and EBITDA growth. The Group delivered strong organic revenue growth of 10%, combined with a full year contribution from Gael which was acquired in January 2015.

A key financial metric for the Group continues to be adjusted diluted EPS and we are pleased to report an increase in adjusted diluted EPS of 26% to 2.66 pence for the year (FY2015: 2.11 pence).

Following several successful acquisitions in prior years, Ideagen now has scale, a world class customer base, an outstanding product set and a proven and effective management team. This year's focus has been on driving forward our expanded operations and executing the strategy through stronger organic growth.

We have successfully added new customers to the Group across all of our key Governance, Risk and Compliance ("GRC") verticals, including manufacturing, life sciences, healthcare and financial services, while also maintaining a focus on product enhancement and innovation which has seen acceptance across the user base, resulting in significant revenues.

The clinical management solutions market continues to be impacted by the stasis in acute NHS Trusts, as anticipated. However our existing customers in this market continue to provide us with strong levels of recurring revenues, adding to the underlying financial strength of the business. GRC represents the large majority of Ideagen revenues at 80% and continues to be the primary engine of growth for the Group.

The long term prospects for the Group are positive. Organisations require the tools we provide to help them identify, assess and manage corporate risk while complying with international industry standards, and many are only in the early stages of adopting an enterprise-wide approach. We believe we have established the right business platform to continue to participate in this growth, with a comprehensive set of integrated solutions and offices in the UK, US and Dubai from which we can service our global customer base.

In line with our progressive dividend policy and reflecting our continued confidence in the prospects for the Group, the Board is pleased to propose a final dividend of 0.122 pence per share making a total dividend of 0.183 pence for the year (FY2015: 0.165 pence). Subject to approval at the forthcoming AGM, the final dividend will be payable on 15 November 2016 to shareholders on the register on 28 October 2016. The corresponding ex-dividend date is 27 October 2016.

The success of Ideagen is the result of our dedicated and committed employees and on behalf of the Board I should like to thank all of them for their continued hard work. The new financial year has started well and I look forward to continued growth.

Jonathan Wearing
Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

BUSINESS REVIEW

Trading for the period was robust, resulting in a year of solid growth for the Group. Our priorities during the year were completing the integration of Gael, our largest acquisition to date in January 2015, and the continued development of the solutions portfolio to ensure we are fully aligned to our customers' evolving needs.

Growth in the period was driven by our core business in the development and implementation of GRC solutions. New customers added in the period include HNZ Global, Amsterdam Schiphol, Providence Financial, WAMOS Air, DHL and Meggitt while significant new orders from the existing customer base were achieved with Haeco, Babcock, Boeing and PwC.

Revenue for the year increased 52% to £21.9 million (FY2015: £14.4 million), representing underlying organic growth of 10% (FY2015: 5.3%). This resulted in adjusted EBITDA for the Group of £6.3 million (FY2015: £4.0 million), an increase of 57% whilst adjusted diluted EPS increased 26% to 2.66 pence.

The Group continues to enjoy high levels of recurring revenue, which represent 53% (FY2015: 53%) of revenue and cover 88% of the operating cost base (FY2015: 84%).

Cash generation remained strong, particularly in the second half of the year, and net cash at 30 April 2016 was £6.3 million (31 October 2015: £5.4 million), after paying £1.7 million of deferred and contingent consideration, principally for the Gael acquisition, and £0.3 million in dividends in the second half. The Group continues to maintain a debt-free balance sheet.

The international landscape for GRC management is evolving and we believe we are well positioned to capitalise on the emerging trends. The industry verticals we operate in are governed by an increasing number of international standards, with the introduction of standards such as ISO 13485:2016, IATA/e-IOSA for aviation and ISO 45001 for health and safety as examples. Furthermore, we are seeing these new standards move increasingly towards a risk-based philosophy, meaning that it is no longer sufficient for risk management and compliance procedures to be implemented in department silos but instead must be embedded across all areas of an organisation in an integrated way.

We have the tools and expertise to help our customers develop and embed a holistic approach to risk management across their enterprise. This trend in turn is also driving interest in SaaS-delivered GRC systems which can easily deploy across multiple geographies and departments and scale to cope with vast, disparate workforces. While SaaS-based revenue currently represents a small proportion of overall revenue, we see this as a significant growth area for the Group and a key focus for continued product development.

MARKETS: GRC AND CONTENT & CLINICAL

The Group operates in two markets: supplying GRC solutions to highly regulated industries including Healthcare (which includes provision to the NHS), Complex Manufacturing, Finance, Transport and Life Sciences; and, supplying Content and Clinical management solutions, primarily to the NHS.

GRC represented 80% of Ideagen revenues at £17.5 million and continues to be the main engine of growth for the Group. Revenues from this market grew by 23% during the year (FY2015: 13%).

Content and Clinical represents 20% of Ideagen revenues contributing £4.4 million to Group revenue (FY2015: £5.5 million). The Content and Clinical market continues to be impacted by stasis within acute NHS trusts resulting in a decline of 20% in revenues from this market during the year (FY2015: decline of 3%). While there are encouraging longer term opportunities, policy initiatives and decisions continue to be delayed and as a result, the Group does not see a strong growth opportunity in the near term. The Group continues to benefit from high levels of recurring revenues from our Content and Clinical customers adding to the underlying financial strength of the business and does not expect any further decline in the current financial year.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

ACQUISITIONS

The Board continues to pursue opportunities to complement organic growth through strategic and bolt on acquisitions. The Group continues to build on its extensive experience from previous successful acquisitions and will adhere to its strict criteria of acquiring complementary businesses that have strong IP and significant recurring revenues.

Since the end of the financial year, the Group has made two further acquisitions which are briefly summarised in the Directors' Report.

PRODUCT STRATEGY & DEVELOPMENT

The Group has a strong commitment to continued development of its product suite. The product development strategy centres on the closer integration of the established product set to enable a modular best-of-breed GRC solution, delivered via SaaS or on-premise.

On-premise:
The focus going forward is on the closer integration and interoperability of the product suite, including the Pentana, Proquis and Q-Pulse products, across a single, modular platform. We have made good progress in the year towards creating common standards and common user interfaces in line with this strategy.

Cloud:
We continue to see growing interest in SaaS deployed GRC systems amongst our customer base which can provide the scale and flexibility required for a pan-enterprise approach to risk management. As a result, we have seen excellent early success with our Enlighten solution, delivered via Amazon Web Services. The focus in the year ahead is adding enhanced functionality to the Enlighten platform to provide smart forms capability, training and competency and third party management.

OUTLOOK

The market for GRC management solutions remains fragmented and the drivers are long term and highly strategic. Trading since the year end has remained robust. Whilst we remain alert to prevailing economic and political conditions we have a strong presence in a variety of different markets across the globe, which, together with the high levels of recurring revenues and repeat business derived from our 2,200 customer base, provides me with confidence in the future prospects for the Group.

David Hornsby
Chief Executive Officer

FINANCIAL REVIEW OF THE YEAR

Revenue for the year ended 30 April 2016 increased by 52% to £21.9 million (FY2015: £14.4 million). Within this, pro-forma organic revenue growth was 10%. This is based on a comparison with pro-forma revenue for FY2015 of £19.9 million which includes the acquisitions of Gael and EIBS for a full year.

The Group operates in two markets. Revenues from the GRC market of £17.5 million represented 80% of Ideagen revenues and this continues to be the main engine of growth for the Group. Revenues from this market grew by 23% during the year (FY2015: 13%). Content and Clinical represents 20% of Ideagen revenues contributing £4.4 million to Group revenue (FY2015: £5.5 million). Revenues from this market were impacted by the ongoing stasis in acute NHS trusts and declined by 20% during the year although this decline was only 15% if revenues from non-core hardware sales are excluded.

Recurring revenues were £11.5 million (FY2015: £10.6 million) making up 53% (FY2015: 53%) of total revenues and are equivalent to 88% (FY2015: 84%) of operating costs. Software licence revenues represented 32.8% (FY2015: 29.5%) of total revenues at £7.2 million (FY2015: £4.3 million), Maintenance and Support 45.6% (FY2015: 45.9%) at £10.0 million (FY2015: £6.6 million), Professional Services 21.1% (FY2015: 20.2%) at £4.6 million (FY2015: £2.9 million) and Hardware 0.5% (FY2015: 4.4%) at £0.1 million (FY2015: £0.6 million).

Adjusted EBITDA increased by 57% to £6.3 million (FY2015: £4.0 million) and the adjusted EBITDA margin at 28.5% remained at a similar level to FY2015 (27.9%). We have continued our programme of investment in our staff, improving customer service and the longer-term infrastructure of the business both to support future organic growth and provide a stronger platform for the integration of future acquisitions.

Amortisation of acquisition intangibles of £3.7 million (FY2015: £2.1 million) represents the majority of the total depreciation and amortisation charge of £4.3 million (FY2015: £2.5 million). Amortisation of development costs amounted to £0.4 million (FY2015: £0.2 million). The share-based payment charge of £0.9 million (FY2015: £0.3 million) is a non-cash cost which relates to the Group's equity-settled share option schemes. The increased charge is mainly in respect of the Long Term Incentive Plan which was set up in 2015.

The adjusted group tax charge was £0.7 million (FY2015: £0.6 million). This has been adjusted to exclude the deferred tax credits associated with the amortisation of acquisition intangibles and share based payment charges. The adjusted group tax charge represents 12.4% (FY2015: 16.4%) of adjusted profit before tax of £5.7 million (FY2015: £3.6 million). The lower adjusted tax rate is mainly the result of a higher rate of R&D tax credit claims in the Gael business acquired in 2015. The Group's use of tax losses has reduced the corporation tax liability to only £13,000 at 30 April 2016.

As a result of the above, adjusted diluted earnings per share increased by 26% to 2.66p (FY2015: 2.11p).

The Group's financial position has continued to strengthen during the year with net assets increasing to £33.7 million (FY2015: £31.2 million) and net current assets increasing to £3.8 million (FY2015: £1.2 million).

The level of intangible assets decreased to £32.6 million (FY2015: £35.1 million) as a result of amortisation charges and no new acquisitions in the year. The Group capitalised £1.6 million (FY2015: £0.9 million) of R&D development costs during the year which represented 47% (FY2015: 49%) of total development costs of £3.5 million (FY2015: £1.9 million) or 7.5% (FY2015: 6.5%) of total revenues. The increase is the result of having Gael in the Group for a full year and the acceleration of the Enlighten development programme.

Cash generated by operations improved during the year and amounted to £4.9 million (FY2015: £2.2 million) representing 78% (FY2015: 56%) of adjusted EBITDA. Free cash flow also improved significantly to £2.8 million (FY2015 £0.7 million) representing 45% (FY2015: 18%) of adjusted EBITDA. The group ended the year with cash balances of £6.3 million (FY2015: £5.3 million) and no debt.

During the year, the group made the first deferred consideration payment of £1.6 million in respect of the acquisition of Gael. A final payment of £1.6 million is due to be made in January 2017.

Graeme Spenceley
Chief Financial Officer

CUSTOMER CASE STUDIES

IDEAGEN ENLIGHTEN
VIRGIN TRAINS

Ideagen has been working with Virgin Trains, a major UK train operating company, through the provision of its Enlighten cloud solution.

Enlighten has brought with it a number of operational business benefits such as easy access to company documentation, user friendly completion of audits and the proactive logging and reporting of accidents and incidents. The firm has over 1,400 employees utilising Enlighten to effectively streamline work management processes and enhance quality document control. The software also provides dynamic safety management investigation, monitoring and reporting while safety incidents can be captured in real time via mobile devices and processed seamlessly.

"With very little training, we have managed to implement new ways of working using the product for maximum benefit. We initially started using Enlighten as a safety management system, but it offers a lot more than just that and fits our long-term aims in terms of development."

Garry Hall
Safety and Standards Manager
Virgin Trains

CUSTOMER CASE STUDIES

IDEAGEN Q-PULSE & VALIDATION SERVICES

ROYAL WOLVERHAMPTON NHS TRUST

The Royal Wolverhampton NHS Trust is one of the largest acute and community providers in the West Midlands having more than 800 beds on the New Cross site as well as a number of additional locations. As the second largest employer in Wolverhampton, the Trust employs more than 8,000 staff.

Ideagen worked with Royal Wolverhampton NHS Trust to validate its Q-Pulse software following the Trust's transition from CPA to the ISO 15189 standard. Ideagen, along with its validated partner, Compliance Path, helped the Trust achieve the standard certification by providing a validation pack which consolidated information across each of the Trust's Q-Pulse modules and offered a simple guide to follow for successful validation.

> *"The final validation report for Q-Pulse contained the package itself along with the additional checks. All in all it was a fantastic, and hassle free service from Ideagen and CompliancePath and meant that we didn't need to spend months validating or contract a specialist consultant paying a premium. It saved us immensely in resources and removed what would have been a major headache for the department."*

Katy New
Pathology Quality Manager
Royal Wolverhampton NHS Trust

CUSTOMER CASE STUDIES

IDEAGEN PENTANA
BDO

BDO, a global top-five accounting firm, worked with Ideagen to implement Ideagen Pentana for its Risk and Advisory Services department. Pentana quickly became an integral part of the department's operations.

Pentana allowed BDO to implement a consistent methodology which was compliant with international risk and auditing standards, allowing for multiple departments within the business – in this case the Risk, Compliance and Internal Audit teams – to work with a single tool, increasing effectiveness of the 'Three Lines of Defence' and 'Golden Thread'.

"We use Pentana for all of our internal audits and the product is a requirement now within the risk and advisory services team here at BDO. Every internal audit we carry out uses Pentana from beginning to end as it provides a structured receptacle for our working papers. The product also enables us to manage our reviews and our files and to structure the risk based internal audit reviews that we were carrying out in a way that was relatively easy and simple for our staff to use."

Nigel Burbidge
Partner and Global Head of Risk Advisory Services
BDO

KEY PERFORMANCE INDICATORS

Key financial performance indicators used by management are as follows:

PERFORMANCE INDICATOR	2016	2015	METHOD OF MEASUREMENT
Revenue for the year (£m)	21.9	14.4	
Adjusted EBITDA (£m)	6.3	4.0	EBITDA adjusted for business acquisition costs, share-based payment charges and other exceptional items
Gross margin	88.0%	86.9%	Gross profit as a percentage of revenue
Adjusted EBITDA margin	28.5%	27.9%	Adjusted EBITDA as a percentage of revenue

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is an important part of the management process throughout the Group and a policy of continuous improvement is adopted in assessing the adequacy of the internal system of controls. The Group's operations expose it to a variety of risks including strategic, economic, operational and financial. The management of the group monitors the exposures to these risks in order to limit the adverse effects of these risks on the financial performance of the Group.

Strategic. The Group operates in a dynamic market and constantly seeks to ensure the solutions it offers are competitive.

Economic. A worsening of the economic climate may lead to reduced spend on IT systems and services by customers. However, the Group has products and solutions which can help customers lower their cost base in difficult trading conditions and to some extent address compliance issues which need to be covered even in an economic downturn.

Operational. The Group's most significant assets are the intellectual property developed by the Group, the intangible assets acquired with business acquisitions and the employees of the Group. Ongoing product review and investment into product development together with the Group's quality procedures seek to ensure that products are reliable, of high quality and relevant to market requirements.

Financial. Management actively review the cash flow position of the Group both in the short and medium term and maintain a level of cash and debt finance facilities designed to ensure that the Group has sufficient funds for its operations. The greater part of the Group's revenues and costs are denominated in sterling however the Group is exposed to foreign exchange risk, principally through profits and cash inflows generated in US dollars by the Group's US subsidiary. The foreign exchange risk is partly addressed by maximising costs denominated in US dollars. Management closely monitors exchange rate fluctuations and will use forward contracts when considered to be appropriate to reduce this risk. The Group implements appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit which is regularly reassessed.

Approved by the Board and signed on its behalf by

....

Graeme Spenceley
Director and Company Secretary
4 October 2016

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2016

The directors are pleased to present their report and the audited financial statements for the year ended 30 April 2016.

RESULTS AND DIVIDENDS

A review of the results for the year and the financial position of the Group is included in the Strategic Report on pages 8 to 15 and details are set out in the financial statements on pages 21 to 74.

A final dividend for 2015 of 0.11 pence per share amounting to £197,000 and an interim dividend for 2016 of 0.061 pence per share amounting to £109,000 were paid during the year. The directors propose a final dividend in respect of the year of 0.122 pence per share payable on 15 November 2016 to shareholders on the register on 28 October 2016. This is subject to approval by shareholders at the forthcoming Annual General Meeting.

In accordance with S414c(ii) of the Companies Act 2006, the Group has chosen to set out in the Group's Strategic Report, information required by the Large and Medium Companies and Groups (Accounts and Reports) Regulations 2008 Sch.7 to be contained in the Director's Report.

DIRECTORS

The directors who held office during the year were as follows:

- Jonathan P Wearing (Non-Executive Chairman)
- David R K Hornsby (Chief Executive Officer)
- Graeme P Spenceley (Finance Director)
- Alan M Carroll (Non-Executive Director)

DIRECTORS' INDEMNITY AND INSURANCE

The Group maintained insurance cover during the year for its Directors and Officers and those of subsidiary companies under a Directors and Officers liability insurance policy against liabilities which may be incurred by them while carrying out their duties.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Acquisition of Covalent Software Limited ('Covalent')

On 5 August 2016, Ideagen plc acquired the whole of the issued share capital of Covalent Software Limited, a company domiciled in England. Covalent has developed and commercialised a proprietary GRC platform with significant traction in the UK public sector. The acquisition of Covalent is expected to enhance the Group's existing business through the addition of its cloud-based intellectual property and its strong recurring revenue base.

The total consideration for the acquisition of Covalent was £4,655,000 which was paid in cash on completion of the acquisition. No deferred or contingent consideration is payable.

The cash balance acquired in Covalent at the date of acquisition was £1,113,000 and accordingly the net cash outflow on acquisition of Covalent was £3,542,000.

Acquisition of Logen EOOD

On 18 August 2016, Ideagen plc acquired the whole of the issued share capital of Logen EOOD, a company domiciled in Bulgaria. Logen is a reseller of Ideagen's GRC audit management and risk assessment solution, Pentana and has significant experience in audit-based analytics, particularly within the financial and public sectors.

The acquisition will give Ideagen's existing customers access to this expertise, as well as create a solid operational base in central Europe from which we can enhance our sales reach and future software development capacity.

The initial consideration for the acquisition of £78,000 was paid on completion. Up to a further £50,000 may become payable 12 months after completion depending on the achievement of certain post acquisition revenue targets.

Issues of ordinary shares

In order to satisfy the exercise of share options, the company issued 221,000 shares at 37.63 pence each on 4 May 2016, 80,000 shares at 10 pence on 27 July 2016, 130,000 shares at 37.63 pence on 11 August 2016 and 110,000 shares at 32.12 pence on 31 August 2016. The company also issued 500,000 shares at 1 penny on 11 August 2016 in order to satisfy the exercise of share options granted under the Long Term Incentive Plan.

AUDITOR

In accordance with the Companies Act 2006 a resolution proposing the reappointment of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) as auditor will be put to the members at the forthcoming Annual General Meeting.

DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditor is aware of that information.

GOING CONCERN

The Group's business activities and the factors likely to affect its future development, performance and position together with a review of the financial position of the Group, its cash flows and liquidity position are set out in the Strategic Report on pages 8 to 15.

The directors have a reasonable expectation that the company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

FUTURE DEVELOPMENTS

The Strategic Report on pages 8 to 15 refers to the Group's ongoing product strategy and development. In addition, the directors will continue to seek to acquire businesses with strong intellectual property and recurring revenues operating within appropriate markets.

CURRENT TRADING & OUTLOOK

The market for GRC management solutions remains fragmented and the drivers are long term and highly strategic. Trading since the year end has remained robust. Whilst we remain alert to prevailing economic and political conditions we have a strong presence in a variety of different markets across the globe, which, together with the high levels of recurring revenues and repeat business derived from our 2,200 customer base, provide the Board with confidence in the future prospects for the Group.

Approved by the Board and signed on its behalf by:

....

Graeme Spenceley
Director & Company Secretary
4 October 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Ideagen plc website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IDEAGEN PLC

(REGISTRATION NUMBER: 02805019)

We have audited the group and parent company financial statements ("the financial statements") which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Statement of Directors' Responsibilities set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 30 April 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Neil Stephenson (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
7th Floor, City Gate East
Tollhouse Hill
Nottingham
NG1 5FS

4 October 2016

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2016

		2016	2015
	NOTES	£'000	£'000
Revenue	2	21,936	14,389
Cost of sales		(2,632)	(1,892)
Gross profit		19,304	12,497
Operating costs	3	(13,047)	(8,477)
Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items		6,257	4,020
Depreciation and amortisation	3	(4,322)	(2,503)
Costs of acquiring businesses	18	-	(450)
Share-based payment charges	21	(936)	(276)
Profit from operating activities		999	791
Movement in the fair value of contingent consideration	15	(4)	(188)
Finance income	5	7	5
Profit before taxation		1,002	608
Taxation	7	315	(128)
Profit for the year		1,317	480
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		88	(4)
Corporation tax on exercise of options		27	-
Total comprehensive income for the year attributable to the owners of the parent company		1,432	476
Earnings per share		Pence	Pence
Basic	8	0.74	0.35
Diluted	8	0.71	0.34

The notes on pages 32 to 74 form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION AT 30 APRIL 2016

	NOTE	2016 £'000	2015 £'000
Assets and liabilities			
Non-current assets			
Intangible assets	9	32,572	35,050
Property, plant and equipment	10	433	302
Deferred income tax assets	7	877	876
		33,882	36,228
Current assets			
Inventories	12	33	55
Trade and other receivables	13	8,244	7,332
Cash and cash equivalents		6,317	5,266
		14,594	12,653
Current liabilities			
Trade and other payables	14	2,506	3,476
Contingent consideration on business combinations	15	-	47
Current income tax liabilities	16	13	44
Deferred revenue		6,603	6,228
Deferred consideration on business combinations	17	1,623	1,628
		10,745	11,423
Non-current liabilities			
Deferred consideration on business combinations	17	-	1,613
Deferred income tax liabilities	7	4,048	4,656
		4,048	6,269
Net assets		33,683	31,189

The notes on pages 32 to 74 form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION AT 30 APRIL 2016 (CONTINUED)

	NOTES	2016 £'000	2015 £'000
Equity			
Issued share capital	19	1,790	1,773
Share premium	19	23,598	23,443
Merger reserve	19	1,167	1,167
Share-based payments reserve	21	1,482	653
Retained earnings		5,565	4,160
Foreign currency translation reserve		81	(7)
Equity attributable to owners of the parent		33,683	31,189

Approved and authorised for issue by the Board on 4 October 2016 and signed on its behalf by:

....

David Hornsby
Director

Graeme Spenceley
Director

The notes on pages 32 to 74 form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2016

	SHARE CAPITAL	SHARE PREMIUM	MERGER RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2015	1,773	23,443	1,167	653	4,160	(7)	31,189
Shares issued under share option scheme (note 19)	17	155	-	-	-	-	172
Share-based payments (note 21)	-	-	-	921	-	-	921
Transfer on exercise of share options (note 21)	-	-	-	(92)	92	-	-
Taxation on share-based payments in equity	-	-	-	-	275	-	275
Equity dividends paid (note 20)	-	-	-	-	(306)	-	(306)
Total transactions with owners recognised directly in equity	17	155	-	829	61	-	1,062
Profit for the year	-	-	-	-	1,317	-	1,317
Other comprehensive income for the year	-	-	-	-	27	88	115
Total comprehensive income for the year	-	-	-	-	1,344	88	1,432
Balance at 30 April 2016	1,790	23,598	1,167	1,482	5,565	81	33,683

The notes on pages 32 to 74 form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2015

	SHARE CAPITAL	SHARE PREMIUM	MERGER RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2014	1,219	6,870	1,167	596	3,520	(3)	13,369
Share placing (note 19)	515	16,985	-	-	-	-	17,500
Share placing issue costs	-	(584)	-	-	-	-	(584)
Shares issued under share option scheme (note 19)	39	172	-	-	-	-	211
Share-based payments (note 21)	-	-	-	142	-	-	142
Transfer on exercise of share options (note 21)	-	-	-	(85)	85	-	-
Taxation on share-based payments in equity	-	-	-	-	294	-	294
Equity dividends paid (note 20)	-	-	-	-	(219)	-	(219)
Total transactions with owners recognised directly in equity	554	16,573	-	57	160	-	17,344
Profit for the year	-	-	-	-	480	-	480
Other comprehensive income for the year	-	-	-	-	-	(4)	(4)
Total comprehensive income for the year	-	-	-	-	480	(4)	476
Balance at 30 April 2015	1,773	23,443	1,167	653	4,160	(7)	31,189

The notes on pages 32 to 74 form an integral part of these financial statements.

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2016

		2016	2015
Cash flows from operating activities	NOTES	**£'000**	**£'000**
Profit for the year		1,317	480
Depreciation of property, plant and equipment	10	201	156
Amortisation of intangible assets	9	4,121	2,347
Loss on disposal of property, plant and equipment	3	3	-
Share-based payment charges	21	936	276
Finance income recognised in profit or loss	5	(7)	(5)
Taxation (credit)/charge recognised in profit or loss	7	(315)	128
Business acquisition costs in profit or loss	18	-	450
Movement in fair value of contingent consideration	15	4	188
Decrease in inventories		22	334
Increase in trade and other receivables		(834)	(1,487)
Decrease in trade and other payables		(894)	(661)
Increase in deferred revenue liability		348	42
Cash generated by operations		4,902	2,248
Interest received		7	5
Income tax paid		(41)	(185)
Business acquisition costs paid		(92)	(312)
Net cash generated by operating activities		4,776	1,756
Cash flows from investing activities			
Net cash outflow on acquisition of businesses net of cash acquired	18	-	(15,879)
Payments of deferred consideration on business combinations		(1,618)	(50)
Payments of contingent consideration on business combinations	15	(51)	(468)
Payments for development costs	9	(1,643)	(941)
Payments for property, plant and equipment	10	(347)	(98)
Proceeds of disposal of property, plant and equipment		11	9
Net cash used in investing activities		(3,648)	(17,427)
Cash flows from financing activities			
Proceeds from placing of equity shares	19	-	17,500
Payments for share issue costs	19	-	(584)
Proceeds from issue of shares under the share option schemes		172	211
Equity dividends paid	20	(306)	(219)
Net cash (used)/generated by financing activities		(134)	16,908
Net increase in cash and cash equivalents during the year		994	1,237
Cash and cash equivalents at the beginning of the year	25	5,266	4,011
Effect of exchange rate changes on cash balances held in foreign currencies		57	18
Cash and cash equivalents at the end of the year	25	6,317	5,266

The notes on pages 32 to 74 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2016

	NOTES	2016 £'000	2015 £'000
Assets and liabilities			
Non-current assets			
Intangible assets	9	221	300
Property, plant and equipment	10	13	18
Investments in subsidiaries	11	26,076	25,498
Deferred income tax asset	7	375	236
		26,685	26,052
Current assets			
Trade and other receivables	13	4,997	5,728
Cash and cash equivalents		977	1,409
		5,974	7,137
Current liabilities			
Trade and other payables	14	431	796
Contingent consideration on business combinations	15	-	47
Deferred revenue		233	259
Deferred consideration on business combinations	17	1,623	1,628
		2,287	2,730
Non-current liabilities			
Deferred consideration on business combinations	17	-	1,613
Net assets		30,372	28,846

The notes on pages 32 to 74 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2016 (CONTINUED)

	NOTES	2016 £'000	2015 £'000
Equity			
Issued share capital	19	1,790	1,773
Share premium	19	23,598	23,443
Merger reserve	19	1,218	1,218
Share-based payments reserve	21	1,482	653
Retained earnings		2,284	1,759
Equity attributable to the owners of the parent		30,372	28,846

Approved and authorised for issue by the Board on 4 October 2016 and signed on its behalf by:

....

David Hornsby
Director

....

Graeme Spenceley
Director

The notes on pages 32 to 74 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2016

	SHARE CAPITAL	SHARE PREMIUM	MERGER RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2015	1,773	23,443	1,218	653	1,759	28,846
Shares issued under share option scheme (note 19)	17	155	-	-	-	172
Share-based payments (note 21)	-	-	-	921	-	921
Transfer on exercise of share options (note 21)	-	-	-	(92)	92	-
Taxation on share-based payments in equity	-	-	-	-	125	125
Equity dividends paid (note 20)	-	-	-	-	(306)	(306)
Total transactions with owners recognised directly in equity	17	155	-	829	(89)	912
Profit for the year	-	-	-	-	587	587
Other comprehensive income for the year	-	-	-	-	27	27
Total comprehensive income for the year	-	-	-	-	614	614
Balance at 30 April 2016	1,790	23,598	1,218	1,482	2,284	30,372

The notes on pages 32 to 74 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2015

	SHARE CAPITAL	SHARE PREMIUM	MERGER RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2014	1,219	6,870	1,218	596	2,064	11,967
Share placing (note 19)	515	16,985	-	-	-	17,500
Share placing issue costs	-	(584)	-	-	-	(584)
Shares issued under share option scheme (note 19)	39	172	-	-	-	211
Share-based payments (note 21)	-	-	-	142	-	142
Transfer on exercise of share options (note 21)	-	-	-	(85)	85	-
Taxation on share-based payments in equity	-	-	-	-	294	294
Equity dividends paid (note 20)	-	-	-	-	(219)	(219)
Total transactions with owners recognised directly in equity	554	16,573	-	57	160	17,344
Loss for the year	-	-	-	-	(465)	(465)
Total comprehensive income for the year	-	-	-	-	(465)	(465)
Balance at 30 April 2015	1,773	23,443	1,218	653	1,759	28,846

The notes on pages 32 to 74 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2016

		2016	2015
Cash flows from operating activities	NOTES	£'000	£'000
Profit/(loss) for the year		587	(465)
Depreciation of property, plant and equipment	10	15	23
Amortisation of intangible assets	9	79	93
Share-based payment charge		183	120
Finance income recognised in profit or loss		(1)	(2)
Taxation credit recognised in profit or loss		(33)	(23)
Business acquisition costs in profit or loss		-	450
Movement in fair value of contingent consideration	15	4	188
Decrease/(increase) in trade and other receivables		364	(466)
Movement in intra-group balances		413	2,775
(Decrease)/increase in trade and other payables		(289)	80
(Decrease)/increase in deferred revenue		(26)	118
Cash generated by operations		1,296	2,891
Interest received		1	2
Business acquisition costs paid		(92)	(312)
Net cash generated by operating activities		1,205	2,581
Cash flows from investing activities			
Payments for investments in subsidiaries	18	-	(19,284)
Payment of deferred consideration on business combinations		(1,618)	(50)
Payment of contingent consideration on business combinations	15	(51)	(468)
Receipts from warranty claims on business combinations		176	-
Payments for development costs	9	-	(77)
Payments for property, plant and equipment	10	(10)	(17)
Net cash used in investing activities		(1,503)	(19,896)
Cash flows from financing activities			
Proceeds from placing of equity shares	19	-	17,500
Payments for share issue costs	19	-	(584)
Proceeds from issue of shares under the share option schemes		172	211
Equity dividends paid	20	(306)	(219)
Net cash (used)/generated by financing activities		(134)	16,908
Net decrease in cash and cash equivalents during the year		(432)	(407)
Cash and cash equivalents at the beginning of the year	25	1,409	1,816
Cash and cash equivalents at the end of the year	25	977	1,409

The notes on pages 32 to 74 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

1 | ACCOUNTING POLICIES

REPORTING ENTITY

Ideagen plc is a public limited company, incorporated and domiciled in England & Wales. The ordinary shares of the company are traded on the AIM market of the London Stock Exchange.

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all International Financial Reporting Standards ("IFRS"), as adopted by the European Union, and IFRIC interpretations applicable as at 30 April 2016 and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRS.

PRINCIPAL ACTIVITIES

The principal activities of the group are the development and sale of information management software to businesses in highly regulated industries and the provision of associated professional services and support.

BASIS OF PREPARATION

These financial statements have been prepared in sterling on an historical cost basis, unless otherwise stated, and have been rounded to the nearest thousand pounds.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes. The profit for the year dealt with in the financial statements of the Parent Company for the year ended 30 April 2016 was £587,000 (2015: loss of £465,000).

A summary of the significant accounting policies used in the preparation of these financial statements is set out below.

BASIS OF CONSOLIDATION

The group financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 30 April 2016. Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances and transactions are eliminated. The financial statements of all subsidiaries are prepared up to the same date as the parent Company.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received from the sale of software licences and the rendering of services, net of value added tax and any discounts. Revenue is recognised as follows:

a. **Software licences**
   Revenue on perpetual software licences is recognised on delivery of the licence to the customer. Software as a service, hosted software and software sold on a subscription basis are invoiced quarterly or annually in advance and revenue is recognised on a time-basis over the appropriate service or subscription period. A deferred revenue liability is recognised in the statement of financial position to represent the element of the service or subscription revenue deferred to be recognised as revenue in the future.

1 | ACCOUNTING POLICIES (CONTINUED)

b. **Professional services and hardware sales**
Revenue in respect of professional services such as consulting days, training and bespoke development are recognised as these services are delivered. Revenue in respect of sales of third party hardware are recognised on delivery.

c. **Annual support and maintenance**
Revenue is recognised on a time-basis over the length of the support period. Annual support and maintenance is normally invoiced in advance and a deferred revenue liability is recognised in the statement of financial position to represent the element of the support and maintenance revenue deferred to be recognised as revenue in the future. Products owned and supported by third parties where there is no further liability to the group are invoiced in advance and revenue and the associated third party costs are recognised on delivery.

FOREIGN CURRENCIES

In preparing the financial information of each individual group entity, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the date of those transactions. At the end of the financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of the consolidated financial information, the assets and liabilities of foreign operations are translated into sterling using exchange rates prevailing at the end of each financial year. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a foreign currency translation reserve within equity.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are expensed in the Statement of Comprehensive Income on a straight line basis over the lease term.

EXCEPTIONAL ITEMS

The Group presents as exceptional items on the face of the Statement of Comprehensive Income those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior years.

TAXATION

The tax charge or credit is based on the result for the year and comprises current and deferred income tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date and includes any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the tax base of those assets and liabilities. Deferred income tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits in the future against which an asset can be utilised.

1 | ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year end date. Deferred income tax assets and deferred income tax liabilities arising in different tax jurisdictions are not offset.

PENSIONS AND POST RETIREMENT BENEFITS

The group operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the Group in independently administered funds. Payments are made by the group to both this scheme and to individual private defined contribution pension arrangements for certain other employees. Contributions are charged in the Statement of Comprehensive Income as they become payable.

GOODWILL

Goodwill arising on business combinations is initially measured at cost being the excess of the fair value of the consideration paid over the group's interest in the net fair value of the identifiable assets and liabilities acquired. Costs of acquiring businesses are expensed as incurred. Goodwill is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed annually for impairment. Impairment is determined by assessing the recoverable amount of the cash-generating unit which contains the goodwill. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Statement of Comprehensive Income.

OTHER INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed annually with the effect of any changes being reflected on a prospective basis.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at their initial fair value less amortisation and accumulated impairment losses.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on a project is only recognised if management considers that it is technically feasible and that there are sufficient resources available to complete the asset so that it will be available for use or sale, that it intends to complete and is able to sell or use the asset to generate future economic benefits and that the costs of the development project can be measured reliably. Following the initial recognition of the expenditure, the asset will be carried at cost less accumulated amortisation and impairment losses. Amortisation is applied once the asset is available for sale to write off the cost over the period which is expected to benefit from the sale of the asset.

The annual amortisation rates currently applied to the group's intangible assets are as follows:

Software	20% or 25%
Development costs	20% or 25%
Customer relationships	10%

Amortisation charges are included in 'Depreciation and amortisation' in the Statement of Comprehensive Income.

THE COMPANY'S INVESTMENTS IN SUBSIDIARIES

The Company recognises its investments in subsidiaries at cost less any impairment in its separate financial statements. Costs of acquiring businesses are expensed as incurred. Impairment is determined by assessing the recoverable amount of the investment. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the Statement of Comprehensive Income.

1 | ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated at the annual rates shown below so as to write off the cost, less any estimated residual values, over the expected useful economic lives of the assets concerned:

- Office equipment at 25% or 33% on a straight line basis
- Motor vehicles at 25% on a reducing balance basis
- Leasehold improvements over the remaining lease term
- All other plant and equipment assets at 25% on a straight line basis.

The remaining useful lives and residual values of plant and equipment are reassessed by the directors each year.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any indication exists, the carrying values are written down to the recoverable amount.

IMPAIRMENT OF ASSETS

The Group reviews the carrying amounts of its tangible and intangible assets at least annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount provided that this does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for the inventories less all costs necessary to complete the sale.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are measured at amortised cost using the effective interest method less any impairment provision. An impairment provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover the whole invoiced amount as a result of events occurring after the initial recognition of the asset.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand. For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above are stated net of any outstanding bank overdrafts.

1 | ACCOUNTING POLICIES (CONTINUED)

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Equity and debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities include trade and other payables and borrowings which are measured at amortised cost using the effective interest rate method.

An equity instrument is any contract which evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group, such as share capital and share premium, are recognised at the proceeds received net of direct issue costs.

CONTINGENT CONSIDERATION

Contingent consideration is initially measured at fair value at the date of completion of the acquisition.

The accounting for changes in the fair value of contingent consideration arising on business combinations that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured to fair value at subsequent reporting dates and the corresponding gain or loss is recognised in the Statement of Comprehensive Income.

SHARE-BASED PAYMENTS

The cost of equity settled transactions with employees is measured by reference to the fair value on the date they are granted. Where there are no market conditions attaching to the exercise of the options, the fair value is determined using a range of inputs into a Black-Scholes pricing model. Where there are market conditions attaching to the exercise of the options a trinomial option pricing model is used to determine fair value based on a range of inputs. The fair value of equity-settled transactions is charged to the Statement of Comprehensive Income over the period in which the service conditions are fulfilled with a corresponding credit to a share-based payments reserve in equity.

On the exercise of share options, an amount equal to the fair value of the option at the date it was granted is transferred from the share-based payments reserve into retained earnings.

DIVIDENDS

Dividends distributed to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders or, in the case of interim dividends, when they are paid.

NEW ACCOUNTING STANDARDS

There are no new standards or amendments to standards which are mandatory for the first time for the financial year ended 30 April 2016 which had a significant impact on the Group. Of the new standards, amendments to standards and interpretations which have been published but are not yet effective, only IFRS 15 "Revenue from contracts with customers" and IFRS 16 "Leases" are potentially considered to have a significant impact on the Group. The directors are currently reviewing these new standards and the effects, if any, of applying these standards to the financial statements of the Group and the Company have not yet been evaluated.

1 | ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets, liabilities, revenues and expenses. However the nature of estimation means that actual outcomes could differ from those estimates.

In applying the Group's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements.

Acquisition intangibles

The Group initially measures the separable intangible assets acquired in a business combination at their fair value at the date of acquisition. Management judgement is required in deriving a number of assumptions which are used in assessing the fair value of each acquisition intangible including the timing and amount of future incremental cash flows expected to be generated by the asset and in calculating an appropriate cost of capital. Management judgement is also required in assessing the useful economic lives of these assets for the purposes of amortisation.

Deferred income tax assets

Management judgement is required to determine the amount of deferred income tax assets that can be recognised, based on the likely timing and level of future taxable profits. Details of the deferred income tax assets recognised in respect of trading losses and share-based payments are given in Note 7.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model and the most appropriate inputs into the model including the level of volatility and the expected life of the option. Further information is given in Note 21.

Impairment of goodwill

The Group tests goodwill for impairment on an annual basis in line with the accounting policy noted above. This involves judgement regarding the future development of the business and the estimation of the level of future growth, cash flows and an appropriate discount rate to support the carrying value of goodwill.

Impairment of other assets

The Group reviews the carrying value of all other assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

Trade and other receivables

Trade and other receivables are recognised to the extent that they are considered recoverable. Management judgement is required in considering the recoverability of debts and in the estimation of any provisions which may be required where recoverability is considered to be uncertain.

2 | REVENUE

The directors consider that the Group has a single business segment, being the sale of information management software to highly regulated industries. The operations of the Group are managed centrally with group-wide functions covering sales and marketing, development, professional services, customer support and finance and administration. An analysis of revenue by product or service is given below.

	2016	2015
	£'000	£'000
Software licences	7,196	4,242
Maintenance and support	10,000	6,606
Professional services	4,636	2,905
Hardware sales	104	636
	21,936	14,389

An analysis of external revenue by location of customers and non-current assets by location of assets is given below:

	External revenue by location of customers		Non-current assets by location of assets*	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
United Kingdom	12,709	9,435	29,933	32,081
United States of America	2,837	1,628	-	2
Europe	2,471	1,437	-	-
Middle East	1,456	858	-	-
Rest of the World	2,463	1,031	-	-
Unallocated		-	3,072	3,269
	21,936	14,389	33,005	35,352

* Non-current assets exclude deferred income tax assets.

No single customer accounted for more than 10% of total revenue in either year.

3 | OPERATING COSTS

	2016	2015
	£'000	£'000
Wages and salaries (note 4)	9,593	6,044
Operating lease charges – land & buildings	356	194
Loss on disposal of property, plant and equipment	3	-
Foreign exchange (gains) / losses	(81)	82
Other operating costs	3,176	2,157
	13,047	8,477
Depreciation and amortisation:		
Amortisation of acquisition-related intangible assets	3,715	2,090
Amortisation of other intangible assets	406	257
Total amortisation of intangible assets	4,121	2,347
Depreciation of property, plant and equipment	201	156
Total depreciation and amortisation	4,322	2,503
Total research and development costs	3,538	1,938
Less: development costs capitalised	(1,643)	(941)
Research and development costs expensed	1,895	997
Auditor's remuneration		
- The audit of the company's annual accounts	12	12
Fees payable for other services provided by the Auditor:		
- The audit of the company's subsidiaries' annual accounts	54	67
- Tax compliance and advisory services	13	25

4 | PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the year, analysed by category, was as follows:

	2016	2015
	NUMBER	NUMBER
Administrative staff	27	19
Sales and marketing	60	34
Technical and support	161	110
	248	163

The aggregate payroll costs of these employees were as follows:

	2016	2015
	£'000	£'000
Wages and salaries	10,049	6,200
Social security costs	1,027	690
Other pension costs	160	95
	11,236	6,985
Less: internal development costs capitalised	(1,643)	(941)
	9,593	6,044
Share based payment costs (note 21)		
- on options granted	921	142
- national insurance	15	134
	10,529	6,320

5 | FINANCE INCOME

	2016	2015
	£'000	£'000
Bank interest receivable	7	5

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS

The total remuneration of the directors (including fees) for the year was as follows:

	2016	2015
	£'000	£'000
Directors' remuneration	329	466
Directors' pension contributions	-	-
	329	466

The remuneration of each of the directors of the company during the year ended 30 April 2016 was as follows:

	SALARY OR FEES	BONUSES	TOTAL
	£	£	£
David Hornsby	159,167	15,000	174,167
Graeme Spenceley	105,167	15,000	120,167
Jonathan Wearing	12,500	-	12,500
Alan Carroll	21,996	-	21,996
	298,830	30,000	328,830

The bonuses for David Hornsby and Graeme Spenceley were in respect of achieving certain business related targets. The remuneration for Alan Carroll was paid to Ultris Limited as set out in note 26.

The remuneration of each of the directors of the company during the year ended 30 April 2015 was as follows:

	SALARY OR FEES	BONUSES	TOTAL
	£	£	£
David Hornsby	150,000	130,000	280,000
Graeme Spenceley	96,000	50,000	146,000
Jonathan Wearing	10,000	-	10,000
Alan Carroll	18,327	-	18,327
Les Paul (resigned 31 July 2014)	12,000	-	12,000
	286,327	180,000	466,327

The bonuses for David Hornsby and Graeme Spenceley were in respect of the successful completion of the acquisition and integration of Gael Ltd and EIBS Ltd during the year and on achieving certain business related targets.

The remuneration of the highest paid director during the year ended 30 April 2016 was £174,167 (2015: £280,000). None of the directors received or accrued any benefits under company pension schemes or received any benefits in kind.

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS (CONTINUED)

No options were exercised by directors during the year ended 30 April 2016. During the year ended 30 April 2015, David Hornsby exercised 2,800,000 options over the shares of the Company at 2.5 pence when the share price of the Company was 35 pence and Graeme Spenceley exercised 200,000 options over the shares of the Company at 7 pence when the share price of the Company was 35 pence. Following his resignation as a director in the year ended 30 April 2015, Les Paul exercised 333,333 options over the shares of the Company at 22.38 pence when the share price of the Company was 32.38 pence. Mr Paul's remaining 666,667 options lapsed on leaving employment with the Company.

The following options over shares in the Company granted to the directors remain outstanding at 30 April 2016:

Director	Number of outstanding options at 30 April 2016 and 30 April 2015	Exercise price (pence)	Number of options exercisable at 30 April 2016	Number of options exercisable at 30 April 2015	Date granted	Date exercisable by
David Hornsby	1,333,333	9.0	1,333,333	1,333,333	20 October 2011	19 October 2021
David Hornsby	500,000	22.38	500,000	333,333	30 January 2013	29 January 2023
Graeme Spenceley	800,000	9.0	800,000	800,000	20 October 2011	19 October 2021
Graeme Spenceley	1,000,000	22.38	1,000,000	666,666	30 January 2013	29 January 2023

In addition to the options outstanding as at 30 April 2016 noted above, 1,000,000 options over the shares of the Company with an exercise price of 1 penny each were granted to Graeme Spenceley on 22 July 2015 under the Company's Long Term Incentive Plan. These options are exercisable from 23 July 2016 subject to the following vesting criteria: one half may be exercised on the Company's share price reaching 51 pence for 20 consecutive business days and the other half on the share price reaching 68 pence for 20 consecutive business days. These options are exercisable by 22 July 2018.

No other share options were granted to the directors during the years ended 30 April 2016 or 30 April 2015. Further information on share options is included at note 21 to the financial statements.

The contracts of employment of the executive directors include notice periods of 6 months.

7 | TAXATION

The taxation (credit) / expense recognised in the Statement of Comprehensive Income can be analysed as follows:

	2016	2015
	£'000	£'000
Current income tax		
UK corporation tax on profit for the current year	27	201
Overseas income tax charge for the current year	32	51
Adjustments in respect of prior years	(40)	(92)
	19	160
Deferred income tax		
Deferred income tax credit for the current year	(334)	(32)
Total taxation (credit) / expense recognised in the current year	(315)	128

The taxation (credit) / expense for the year is higher than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are reconciled below:

	2016	2015
	£'000	£'000
Profit before taxation	1,002	608
Tax on profit at standard rate of 20% (2015: 21%)	200	128
Expenses not deductible for tax purposes	2	114
Deferred taxation not provided on accelerated capital allowances	(33)	8
Movement in fair value of contingent consideration not taxable	1	39
Charge to income statement from movement in deferred tax asset	-	236
Enhanced R&D tax relief	(195)	(47)
Effect on deferred tax from change in current tax rate	(131)	7
Different tax rates in overseas jurisdictions	12	5
Utilisation of brought forward trading losses	-	(220)
Deferred tax assets not previously recognised	(131)	-
Tax deduction in income statement on exercise of share options	-	(50)
Adjustments recognised in current year tax in respect of prior years	(40)	(92)
Taxation (credit) / expense recognised for the current year	(315)	128

7 | TAXATION (CONTINUED)

A further taxation credit of £275,000 (2015: £294,000) in respect of share-based payment charges was reflected directly in equity reserves.

The movements in recognised deferred income tax assets during the year were as follows:

Deferred income tax assets: Group	Trading losses	Share-based payments	Total
	£'000	£'000	£'000
At 1 May 2014	137	36	173
On acquisition of businesses	846	-	846
Recognised in profit or loss	(293)	57	(236)
Recognised in equity	-	93	93
At 30 April 2015	690	186	876
Recognised in profit or loss	(442)	168	(274)
Recognised in equity	-	275	275
At 30 April 2016	248	629	877

Deferred income tax assets: Company	Trading losses	Share-based payments	Total
	£'000	£'000	£'000
At 1 May 2014	137	-	137
Recognised in profit or loss	(36)	42	6
Recognised in equity	-	93	93
At 30 April 2015	101	135	236
Recognised in profit or loss	(15)	29	14
Recognised in equity	-	125	125
At 30 April 2016	86	289	375

7 | TAXATION (CONTINUED)

The deferred income tax assets at 30 April 2016 are expected to be utilised as follows:

	Trading losses	Share-based payments	Total
	£'000	£'000	£'000
Group			
Within 1 year	175	-	175
After more than 1 year	73	629	702
	248	629	877
Company			
Within 1 year	44	-	44
After more than 1 year	42	289	331
	86	289	375

The deferred income tax assets on trading losses and share-based payments have only been recognised to the extent that it is considered probable that they can be recovered against future taxable profits based on profit forecasts for the foreseeable future.

In addition to the recognised deferred income tax assets set out above, at 30 April 2016 there are also unrecognised deferred income tax assets in respect of trading losses of £274,000 (2015: £207,000) in the Group and £219,000 (2015: £207,000) in the Company.

The movements in deferred income tax liabilities during the year were as follows:

	Deferred tax liability: Intangibles
Group	£'000
At 1 May 2014	(1,377)
Recognised in profit or loss	268
Recognised on business combinations	(3,547)
At 30 April 2015	(4,656)
Recognised in profit or loss	608
At 30 April 2016	(4,048)

The deferred tax liabilities at 30 April 2016 are expected to crystallise as follows:

	Deferred tax liability: Intangibles
Group	£'000
Within 1 year	(851)
After more than 1 year	(3,197)
	(4,048)

7 | TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020 was enacted in October 2015. At the 2016 Budget, the government announced a further reduction in the rate to 17% from 1 April 2020 which has not yet been enacted so has not been considered in the determination of deferred tax. The deferred tax balances within these financial statements have been reassessed to reflect these rates within the period that any related timing difference is expected to reverse.

8 | EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit for the year attributable to equity holders of the parent by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit for the year attributable to equity holders of the parent by the weighted-average number of ordinary shares outstanding during the year as adjusted for the effect of all dilutive potential ordinary shares.

The following tables set out the computations for basic and diluted earnings per share:

Year ended 30 April 2016	Earnings	Weighted average number of shares	Per-share amount
	£'000		pence
Basic EPS			
Profit for the year attributable to equity holders of the parent	1,317	178,379,433	0.74
Effect of dilutive securities: share options	-	7,936,922	
Diluted EPS			
Profit for the year attributable to equity holders of the parent	1,317	186,316,355	0.71

Year ended 30 April 2015	Earnings	Weighted average number of shares	Per-share amount
	£'000		pence
Basic EPS			
Profit for the year attributable to equity holders of the parent	480	138,783,359	0.35
Effect of dilutive securities: share options	-	4,285,025	
Diluted EPS			
Profit for the year attributable to equity holders of the parent	480	143,068,384	0.34

8 | EARNINGS PER SHARE (CONTINUED)

In order to better demonstrate the performance of the Group, an adjusted earnings per share calculation has been presented below which adds back or deducts items typically adjusted for by users of financial statements. The calculations of the adjusted basic and diluted earnings per share amounts are based on the following information:

	2016	2015
	£'000	£'000
Profit for the year attributable to equity holders of the parent	1,317	480
Adjustments:		
Costs of acquiring businesses	-	450
Share-based payment charges	936	276
Deferred taxation on share-based payment charges	(168)	(57)
Amortisation of acquisition-related intangibles (Note 3)	3,715	2,090
Deferred taxation on amortisation of acquisition-related intangibles	(851)	(409)
Movement in fair value of contingent consideration	4	188
Adjusted earnings	4,953	3,018
Weighted average number of shares: Basic adjusted EPS calculation	178,379,433	138,783,359
Effect of dilutive securities: share options	7,936,922	4,285,025
Weighted average number of shares: Diluted adjusted EPS calculation	186,316,355	143,068,384

Adjusted earnings per share:	2016	2015
	pence	pence
Basic	2.78	2.17
Diluted	2.66	2.11

9 | INTANGIBLE ASSETS

Group	Goodwill	Software	Customer relationships	Development costs	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 May 2014	4,358	3,975	4,302	1,151	13,786
Acquisition through business combinations	6,915	7,787	9,947	-	24,649
Additions from internal development	-	-	-	941	941
At 30 April 2015	11,273	11,762	14,249	2,092	39,376
Additions from internal development	-	-	-	1,643	1,643
At 30 April 2016	11,273	11,762	14,249	3,735	41,019
Amortisation					
At 1 May 2014	-	1,120	655	204	1,979
Amortisation expense	-	1,322	784	241	2,347
At 30 April 2015	-	2,442	1,439	445	4,326
Amortisation expense	-	2,290	1,425	406	4,121
At 30 April 2016	-	4,732	2,864	851	8,447
Net carrying amount					
At 30 April 2016	11,273	7,030	11,385	2,884	32,572
At 30 April 2015	11,273	9,320	12,810	1,647	35,050

Goodwill

The carrying amount of goodwill has been allocated to the following Cash Generating Units ("CGUs"):

	£'000
Ideagen Gael CGU	10,023
Ideagen Content CGU	1,250
	11,273

The Ideagen Gael CGU comprises the businesses of the acquisitions of Gael, Pentana, Ideagen Software, Ideagen Capture and Proquis.

The Ideagen Content CGU comprises the businesses of the acquisitions of Plumtree, MSS and EIBS.

9 | INTANGIBLE ASSETS (CONTINUED)

These goodwill amounts were tested for impairment at 30 April 2016 by comparing the carrying value of the cash-generating unit with the recoverable amount. The recoverable amount was determined using a value in use methodology based on discounted cash flow projections. The key assumptions used in the value in use calculations were as follows:

i. The operating cash flows for these businesses for the year to 30 April 2017 are taken from the budget approved by the Board which is closely linked with recent historical performance and current sales opportunities. The operating cash flow budget is most sensitive to the level of new business sales;

ii. No growth has been assumed in operating cash flows for the remainder of the value in use calculation period;

iii. A pre-tax discount rate of 11% has been used;

iv. The use of cash flow projections over longer than a 5 year period is considered appropriate as the businesses of both of the CGUs have been operating for over 20 years, have strong recurring revenue bases and the Group continues to invest in the development of the products in both CGUs.

IDEAGEN GAEL CGU

On the basis of the above assumptions and using projection periods of 10 years, 15 years and in perpetuity, the recoverable amount of the CGU, based on a value in use methodology, is estimated to exceed the carrying amount of the CGU by the amounts shown in the table below. Future annual operating cash inflows, which are most sensitive to the level of new business sales, would need to be consistently lower than the no-growth assumption used in the value in use calculation by the percentages shown in the table below to reduce the recoverable amount of the CGU to below the carrying amount. Based on the historic sales performance of the business and actions being taken to grow the business, the directors do not currently expect this reduced level of future annual operating cash flows to occur.

	Projection period in value in use calculations		
	In perpetuity	15 years	10 years
Amount by which recoverable amount of the CGU, based on value in use, exceeds the carrying amount (£'000)	22,781	14,771	8,904
Reduction in annual operating cash flows below the no-growth assumption used in value in use calculations required to reduce the recoverable amount of the CGU below the carrying amount	52%	42%	30%

IDEAGEN CONTENT CGU

On the basis of the above assumptions and using projection periods of 10 years, 15 years and in perpetuity, the recoverable amount of the CGU, based on a value in use methodology, is estimated to exceed the carrying amount of the CGU by the amounts shown in the table below. Future annual operating cash inflows, which are most sensitive to the level of new business sales, would need to be consistently lower than the no-growth assumption used in the value in use calculation by the percentages shown in the table below to reduce the recoverable amount of the CGU to below the carrying amount. Based on the historic sales performance of the business and actions being taken to grow the business, the directors do not currently expect this reduced level of future annual operating cash flows to occur.

	Projection period in value in use calculations		
	In perpetuity	15 years	10 years
Amount by which recoverable amount of the CGU, based on value in use, exceeds the carrying amount (£'000)	2,297	1,412	618
Reduction in annual operating cash flows below the no-growth assumption used in value in use calculations required to reduce the recoverable amount of the CGU below the carrying amount	43%	32%	17%

9 | INTANGIBLE ASSETS (CONTINUED)

DEVELOPMENT COSTS

Development costs are internally generated. At 30 April 2016, the carrying amount of ongoing development projects on which amortisation has not yet commenced was £520,000 (2015: £707,000). At 30 April 2016, the carrying amount of completed development projects on which amortisation is being charged was £2,364,000 (2015: £939,000). The weighted average remaining amortisation period of these assets at 30 April 2016 is 3.7 years (2015: 3.5 years).

The remaining amortisation periods and carrying amounts of the Group's other intangible assets are as follows:

Group	2016 Remaining amortisation period	2015 Remaining amortisation period	2016 Carrying amount	2015 Carrying amount
	(years)	(years)	£'000	£'000
Ideagen Capture				
Customer relationships	4.2	5.2	202	250
Ideagen Software				
Customer relationships	4.9	5.9	207	249
Software	-	0.9	-	25
Proquis				
Customer relationships	5.7	6.7	233	274
Software	0.6	1.6	75	185
Plumtree				
Customer relationships	6.6	7.6	720	828
Software	1.6	2.6	379	610
Pentana				
Customer relationships	7.5	8.5	1,175	1,331
Software	2.5	3.5	644	896
MSS				
Customer relationships	7.2	8.2	250	285
Software	2.2	3.2	248	363
EIBS				
Customer relationships	8.2	9.2	818	919
Software	3.2	4.2	450	593
Gael				
Customer relationships	8.7	9.7	7,780	8,675
Software	3.7	4.7	5,234	6,649

9 | INTANGIBLE ASSETS (CONTINUED)

COMPANY

The intangible assets of the Company are as follows:

	Software	Development costs	Total
	£'000	£'000	£'000
Cost			
At 1 May 2014	121	412	533
Additions from internal development	-	77	77
At 30 April 2015	121	489	610
Additions from internal development	-	-	-
At 30 April 2016	121	489	610
Amortisation			
At 1 May 2014	106	111	217
Amortisation expense	15	78	93
At 30 April 2015	121	189	310
Amortisation expense	-	79	79
At 30 April 2016	121	268	389
Net carrying amount			
At 30 April 2016	-	221	221
At 30 April 2015	-	300	300

10 | PROPERTY, PLANT AND EQUIPMENT

GROUP

	Fixtures and fittings	Office equipment	Motor vehicles	Leasehold improvements	Loan equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 May 2014	65	326	-	39	39	469
Additions	2	92	-	-	4	98
Acquisition through business combinations	7	96	95	5	-	203
Disposals	-	-	(9)	-	-	(9)
Foreign currency exchange differences	-	-	-	1	-	1
At 30 April 2015	74	514	86	45	43	762
Additions	92	230	16	9	-	347
Disposals	-	-	(16)	-	-	(16)
At 30 April 2016	166	744	86	54	43	1,093
Depreciation						
At 1 May 2014	47	222	-	18	16	303
Depreciation expense	18	97	6	21	14	156
Foreign currency exchange differences	-	1	-	-	-	1
At 30 April 2015	65	320	6	39	30	460
Depreciation expense	24	139	20	8	10	201
Disposals	-	-	(2)	-	-	(2)
Foreign currency exchange differences	-	1	-	-	-	1
At 30 April 2016	89	460	24	47	40	660
Net carrying amount						
At 30 April 2016	77	284	62	7	3	433
At 30 April 2015	9	194	80	6	13	302

10 | PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY

	Fixtures and fittings	Office equipment	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 May 2014	23	155	-	178
Additions	-	17	-	17
At 30 April 2015	23	172	-	195
Additions	-	-	10	10
At 30 April 2016	23	172	10	205
Accumulated depreciation				
At 1 May 2014	21	133	-	154
Depreciation expense	2	21	-	23
At 30 April 2015	23	154	-	177
Depreciation expense	-	13	2	15
At 30 April 2016	23	167	2	192
Net carrying amount				
As at 30 April 2016	-	5	8	13
As at 30 April 2015	-	18	-	18

11 | FIXED ASSET INVESTMENTS

COMPANY

	Shares in subsidiaries
Cost	**£'000**
As at 1 May 2014	11,362
Additions in the year	22,525
Transfers of shares to other group companies	(8,545)
Capital contributions to subsidiary companies	156
As at 30 April 2015	25,498
Amounts claimed under warranties relating to business combinations	(176)
Capital contributions to subsidiary companies	754
As at 30 April 2016	26,076
Impairments	
As at 1 May 2014	1,368
Transfer of shares to other group companies	(1,368)
As at 30 April 2015 and 30 April 2016	-
Net carrying amount	
As at 30 April 2016	26,076
As at 30 April 2015	25,498

At 30 April 2016 the Company held 100% of the nominal value of all classes of the share capital of the companies set out below. All of these companies are incorporated in England & Wales with the exception of Ideagen Gael Limited and Gael Products Limited which are incorporated in Scotland and Ideagen Inc. which is incorporated in the United States of America.

11 | FIXED ASSET INVESTMENTS (CONTINUED)

Name of subsidiary	Nature of business	Class of shares
Ideagen Gael Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary and 'B' Ordinary
Ideagen Content Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary and 'B' Ordinary
Ideagen Inc.	Sale of software licences, software maintenance and related professional services	Ordinary
Ideagen Software Limited	Dormant from 30 April 2015. Previously engaged in the development and sale of software licences, software maintenance and related professional services	Ordinary
Pentana Limited	Dormant from 30 April 2015. Previously engaged in the development and sale of software licences, software maintenance and related professional services	Ordinary
EIBS Limited	Dormant from 30 April 2015. Previously engaged in the development and sale of software licences, software maintenance and related professional services	Ordinary
MSS Management Systems Services Limited	Dormant	Ordinary
Ideagen Capture Limited	Dormant	Ordinary
Proquis Limited	Dormant	Ordinary
Filebutton Limited	Dormant	'A' Ordinary and 'B' Ordinary
Root3 Systems Limited	Dormant	Ordinary
Ideagen Systems Limited	Dormant	Ordinary
Gael Products Limited	Dormant	Ordinary

12 | INVENTORIES

GROUP

	2016	2015
	£'000	£'000
Goods for resale	33	55

Inventory costs recognised as an expense within Cost of sales in the group Statement of Comprehensive Income amounted to £22,000 (2015: £334,000).

13 | TRADE AND OTHER RECEIVABLES

GROUP

	2016	2015
	£'000	£'000
Trade receivables	6,117	6,481
Prepayments and accrued income	2,127	772
Other receivables	-	79
	8,244	7,332

COMPANY

	2016	2015
	£'000	£'000
Trade receivables	774	1,179
Prepayments and accrued income	275	203
Amounts receivable from subsidiaries	3,948	4,316
Other receivables	-	30
	4,997	5,728

13 | TRADE AND OTHER RECEIVABLES (CONTINUED)

All trade and other receivables have been reviewed for impairment. Unless specific agreement has been reached with individual customers, sales invoices are due for payment either 30 or 60 days after the date of the invoice. Where customers delay making payment, an assessment of the potential loss of customer goodwill arising from the enforcement of contractual payment terms may take place when considering actions to be taken to secure payment. Trade receivables include amounts that are past due at the reporting date for which no allowance for doubtful debts has been recognised because these amounts are still considered to be recoverable. The group does not hold any collateral or other credit enhancements over its trade receivable balances.

An analysis of trade receivables ageing based on due date is set out below.

GROUP

	2016	2015
	£'000	£'000
Not yet overdue	2,381	2,939
1 – 30 days overdue	1,329	1,582
30 – 60 days overdue	502	504
60+ days overdue	2,052	1,672
	6,264	6,697
Allowance for doubtful debts (all against debts 60+ days overdue)	(147)	(216)
	6,117	6,481

COMPANY

	2016	2015
	£'000	£'000
Not yet overdue	224	517
1 – 30 days overdue	184	232
30 – 60 days overdue	15	-
60+ days overdue	371	450
	794	1,199
Allowance for doubtful debts (all against debts 60+ days overdue)	(20)	(20)
	774	1,179

13 | TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are shown net of an allowance for doubtful debts, movements on which are set out below.

GROUP

	2016	2015
	£'000	£'000
Balance at the start of the year	216	51
On acquisition of businesses	-	124
Impairment losses recognised	10	92
Amounts written off as uncollectable	(79)	(51)
Balance at the end of the year	147	216

COMPANY

	2016	2015
	£'000	£'000
Balance at the start of the year	20	38
Impairment losses recognised	-	20
Amounts written off as uncollectable	-	(38)
Balance at the end of the year	20	20

14 | TRADE AND OTHER PAYABLES

GROUP

	2016	2015
	£'000	£'000
Trade payables	740	942
Other taxes and social security	1,156	1,494
Accruals	610	848
Other payables	-	192
	2,506	3,476

COMPANY

	2016	2015
	£'000	£'000
Trade payables	73	126
Other taxes and social security	65	148
Amounts payable to subsidiaries	7	6
Accruals	286	325
Other payables	-	191
	431	796

15 | CONTINGENT CONSIDERATION ON BUSINESS COMBINATIONS

GROUP AND COMPANY

	2016	2015
	£'000	£'000
Contingent consideration on the acquisition of MSS Management Systems Services Ltd	-	47
	-	47

Part of the consideration for the acquisition of MSS Management Systems Services Limited in July 2013 was contingent on the achievement of certain revenue targets in the period following acquisition to 30 April 2014. At the date of acquisition, the directors assessed the fair value of the contingent consideration payable under this arrangement at £47,000. The contingent consideration payable was agreed during the year ended 30 April 2016 at a total of £51,000 resulting in a charge of £4,000 which was included as a movement in the fair value of contingent consideration in the Statement of Comprehensive Income for the year ended 30 April 2016.

MOVEMENT IN THE FAIR VALUE OF CONTINGENT CONSIDERATION IN THE YEAR ENDED 30 APRIL 2015

Part of the consideration for the acquisition of Pentana Limited in November 2013 was contingent on the achievement of certain revenue targets in the 12 month period following the completion of the acquisition. At the date of acquisition, the directors assessed the fair value of the contingent consideration payable under this arrangement at £280,000. The contingent consideration payable was agreed during the year ended 30 April 2015 at a total of £468,000 resulting in a charge of £188,000 which was included as a movement in the fair value of contingent consideration in the Statement of Comprehensive Income for the year ended 30 April 2015.

16 | CURRENT INCOME TAX LIABILITIES

GROUP

	2016	2015
	£'000	£'000
Current income tax liabilities	13	44
	13	44

17 | DEFERRED CONSIDERATION ON BUSINESS COMBINATIONS

GROUP AND COMPANY

	2016	2015
	£'000	£'000
Current liabilities		
Deferred consideration on the acquisition of Gael Limited	1,613	1,613
Deferred consideration on the acquisition of EIBS Limited	10	15
	1,623	1,628
Non-current liabilities		
Deferred consideration on the acquisition of Gael Limited	-	1,613
	-	1,613

The deferred consideration payable in respect of the acquisition of Gael Limited of £3,226,000 is not subject to any performance criteria and is payable in two equal amounts of £1,613,000. The first of these payments was made in January 2016 and the second payment is due in January 2017.

18 | BUSINESS COMBINATIONS

BUSINESS COMBINATIONS COMPLETED IN THE YEAR ENDED 30 APRIL 2015

Acquisition of Gael Limited

On 13 January 2015, the company acquired 100% of all classes of the issued ordinary share capital of Gael Limited, a company incorporated and domiciled in Scotland, for £20.9 million. The acquisition is expected to enhance the Group's existing business through increased scale, marketing strength and management expertise together with a strong entry point into the transport sector and a significant recurring revenue stream.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	£'000
Non-current assets	
Customer relationships intangible	8,943
Software intangible	7,073
Property, plant and equipment	176
Deferred income tax asset	755
Current assets	
Trade and other receivables	1,914
Cash and cash equivalents	3,109
Current liabilities	
Trade and other payables	(1,245)
Deferred revenue	(3,143)
Non-current liabilities	
Deferred income taxation	(3,203)
Net identifiable assets acquired	14,379

The fair value of the consideration at the date of acquisition is as follows:

	£'000
Cash paid at completion	17,699
Deferred consideration payable in cash in January 2016 (note 17)	1,613
Deferred consideration payable in cash in January 2017 (note 17)	1,613
Total consideration	20,925

Goodwill arising on the acquisition is as follows:

	£'000
Fair value of consideration at date of acquisition	20,925
Less: fair value of net identifiable assets acquired	(14,379)
Goodwill arising on acquisition	6,546

18 | BUSINESS COMBINATIONS (CONTINUED)

Goodwill arose on the acquisition of Gael Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £406,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2015. The Group Statement of Comprehensive Income for the year ended 30 April 2015 includes revenue of £3,510,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £1,014,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Gael Limited had been completed on 1 May 2014 is impracticable as the accounting reference date of this company was previously 31 December and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of Gael Limited:	£'000
Consideration paid in cash	17,699
Less: cash acquired in subsidiary	(3,109)
Net cash outflow on acquisition of subsidiary	14,590

Acquisition of EIBS Limited

On 24 June 2014, the company acquired 100% of the issued ordinary share capital of EIBS Limited, a company incorporated and domiciled in England, for £1.6 million. The acquisition is expected to enhance the Group's existing business through the addition of portal, internet and mobile intellectual property and increases the group's customer base in the NHS and in a number of regulated market sectors.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	£'000
Non-current assets	
Customer relationships intangible	1,004
Software intangible	714
Property, plant and equipment	26
Deferred income tax asset	91
Current assets	
Trade and other receivables	288
Cash and cash equivalents	296
Current liabilities	
Trade and other payables	(183)
Deferred revenue	(661)
Non-current liabilities	
Deferred income taxation	(344)
Net identifiable assets acquired	1,231

18 | BUSINESS COMBINATIONS (CONTINUED)

The fair value of the consideration at the date of acquisition is as follows:

	£'000
Cash paid at completion	1,585
Deferred consideration payable in cash (note 17)	15
Total consideration	1,600

Goodwill arising on the acquisition is as follows:

	£'000
Fair value of consideration at date of acquisition	1,600
Less: fair value of net identifiable assets acquired	(1,231)
Goodwill arising on acquisition	369

Goodwill arose on the acquisition of EIBS Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £40,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2015. The Group Statement of Comprehensive Income for the year ended 30 April 2015 includes revenue of £1,534,000 and profit after taxation of £181,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of EIBS Limited had been completed on 1 May 2014 is impracticable as the accounting reference date of this company was previously 31 July and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of EIBS Limited:

	£'000
Consideration paid in cash	1,585
Less: cash acquired in subsidiary	(296)
Net cash outflow on acquisition of subsidiary	1,289

19 | EQUITY SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

GROUP AND COMPANY

	2016	2015
	£'000	£'000
Issued and fully paid share capital:		
178,963,428 ordinary shares of £0.01 each (2015: 177,341,678 shares)	1,790	1,773
Share premium	23,598	23,443

Shares issued in the year ended 30 April 2016

Ordinary shares issued during the year on the exercise of share options were as follows:

Date shares issued	Number of shares issued	Issue price (pence)	Share premium (£)
6 May 2015	470,000	8.50	35,250
7 August 2015	18,000	20.00	3,420
14 October 2015	940,000	8.50	70,500
14 October 2015	88,750	20.00	16,862
21 December 2015	25,000	2.50	375
24 March 2016	80,000	37.63	29,304

Shares issued in the year ended 30 April 2015

On 15 May 2014, 500,000 ordinary shares were issued at 2.5 pence per share on the exercise of share options. On 2 June 2014, 129,100 ordinary shares were issued at 28 pence per share on the exercise of share options. On 1 August 2014, 333,333 ordinary shares were issued at 22.38 pence per share on the exercise of share options.

In January 2015, a total of 51,470,589 ordinary shares were issued in three tranches under a share placing at 34 pence per share. The first tranche of 1,975,631 shares was issued on 7 January 2015 and the second and third tranches of 12,730,251 and 36,764,707 shares respectively were issued separately on 8 January 2015. Share premium of £16,985,000 arose on the three tranches of shares issued under the share placing.

On 24 February 2015, 18,000 ordinary shares were issued at 20 pence per share on the exercise of share options.

On 17 April 2015, 2,800,000 ordinary shares were issued at 2.5 pence per share and a further 200,000 ordinary shares were issued at 7 pence per share on the exercise of share options.

The total share issue costs during the year ended 30 April 2015 of £584,000 have been deducted from share premium.

Details of outstanding options over the shares of the Company are provided in note 21.

19 | EQUITY SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES (CONTINUED)

MERGER RESERVE

	2016	2015
	£'000	£'000
Group	1,167	1,167
Company	1,218	1,218

The merger reserve is in respect of the premium arising on shares issued as part of the consideration on business combinations completed in previous years.

Retained earnings

Retained earnings of both the Group and the Company include an amount of £1,336,000 which does not represent a realised profit and is not distributable.

20 | DIVIDENDS

A final dividend in respect of the year ended 30 April 2015 of 0.11 pence per ordinary share (in respect of the year ended 30 April 2014: 0.1 pence) was paid to shareholders on 12 November 2015. The total cost of this dividend was £197,000 (in respect of the year ended 30 April 2014: £123,000).

An interim dividend in respect of the year ended 30 April 2016 of 0.061 pence per ordinary share (2015: 0.055 pence) was paid to shareholders on 10 March 2016. The total cost of this dividend was £109,000 (2015: £96,000).

The directors have proposed the payment of a final dividend of 0.122 pence per ordinary share (2015: 0.11 pence) on 15 November 2016 subject to approval by shareholders at the forthcoming Annual General Meeting. The total estimated cost of this dividend is £220,000.

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS

The company has issued share options under three different arrangements. The principal arrangements are an Enterprise Management Incentive Scheme used for granting share options to directors and employees and a Long Term Incentive Plan under which share options were granted to certain directors and managers. In addition, a small number of other share options granted in 2005 and 2006 outside these arrangements remain outstanding.

Ideagen Enterprise Management Incentive Scheme

The company operates an Enterprise Management Incentive Scheme which permits the grant to directors and staff of share options in respect of ordinary shares in the company. Some of the options granted under this scheme do not have the tax benefits normally associated with Enterprise Management Incentive options however these options are identical in all other respects. The Scheme is an equity-settled arrangement and options granted under the scheme have a maximum life of 10 years from the date of grant. Options are capable of being exercised in stages. One third can be exercised one year after grant date, a further third can be exercised two years after grant date and all options are capable of being exercised three years from the grant date. All options can be exercised in the event of a takeover of the company. There are no other vesting conditions except to note that the options will lapse on leaving employment with the company.

The following is a summary of the movements in outstanding share options under the Ideagen Enterprise Management Incentive Scheme.

Year ended 30 April 2016

	Number of options	Weighted average exercise price (pence)
Outstanding at 1 May 2015	9,994,333	21.2
Granted during the year	1,650,000	38.3
Exercised during the year	(1,533,000)	10.0
Lapsed during the year	(443,000)	37.63
Outstanding at 30 April 2016	9,668,333	25.2
Exercisable as at 30 April 2016	6,079,666	18.4

Of the options outstanding at 30 April 2016, 2,133,333 options have an exercise price of 9 pence, 3,500,000 options have an exercise price of 22.38 pence, 1,330,000 options have an exercise price of 32.12 pence, 1,125,000 options have an exercise price of 35 pence, 1,055,000 options have an exercise price of 37.63 pence and 525,000 options have an exercise price of 45.5 pence.

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS (CONTINUED)

During the year, 1,125,000 options were granted at 35 pence and 525,000 options were granted at 45.5 pence. The fair values of the options granted during the year were estimated at the date of grant using a Black-Scholes option pricing model. The inputs to the option pricing model are summarised below.

	1,125,000 options at 35 pence	**525,000 options at 45.5 pence**
Date of grant	12 May 2015	7 September 2015
Share price at grant date	35 pence	45.5 pence
Exercise price	35 pence	45.5 pence
Expected volatility	32%	32%
Expected dividend yield	0.4%	0.4%
Expected option life	5 years	5 years
Risk-free interest rate	1.4%	1.26%
Fair value of option	10.16 pence	13.20 pence

Future share price volatility has been estimated by using historic share price volatility over the most recent period commensurate with the expected life of the option.

The fair values at the date the options were granted of those options exercised during the year and the price of Ideagen plc ordinary shares on the date of exercise were as follows.

Number of options exercised	**Exercise price (pence)**	**Ideagen plc share price on date of exercise (pence)**	**Fair value per option at date of grant (pence)**
470,000	8.50	35.00	5.70
18,000	20.00	47.00	-
940,000	8.50	46.50	5.70
25,000	2.50	54.50	1.28
80,000	37.63	49.00	13.69
1,533,000			

During the year, 443,000 options lapsed. These options had an exercise price of 37.63 pence and a fair value at grant date of 13.69 pence per option.

The total fair value of the options exercised during the year at the date the options were granted was £92,000. This amount was transferred from the share-based payment reserve to retained earnings during the year.

The weighted average remaining contractual life of the options outstanding at 30 April 2016 was 7.4 years.

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS (CONTINUED)

Year ended 30 April 2015

	Number of options	Weighted average exercise price (pence)
Outstanding at 1 May 2014	11,604,333	12.3
Granted during the year	2,908,000	35.1
Exercised during the year	(3,851,333)	4.5
Lapsed during the year	(666,667)	22.38
Outstanding at 30 April 2015	9,994,333	21.2
Exercisable as at 30 April 2015	5,586,333	13.7

Of the options outstanding at 30 April 2015, 18,000 options have an exercise price of 20 pence, 25,000 options have an exercise price of 2.5 pence, 1,410,000 options have an exercise price of 8.5 pence, 2,133,333 options have an exercise price of 9 pence, 3,500,000 options have an exercise price of 22.38 pence, 1,330,000 options have an exercise price of 32.12 pence and 1,578,000 options have an exercise price of 37.63 pence.

During the year, 1,330,000 options were granted at 32.12 pence and 1,578,000 options were granted at 37.63 pence. The fair values of the options granted during the year were estimated at the date of grant using a Black-Scholes option pricing model. The inputs to the option pricing model are summarised below.

	1,330,000 options at 32.12 pence	1,578,000 options at 37.63 pence
Share price at grant date	32.12 pence	37.63 pence
Exercise price	32.12 pence	37.63 pence
Expected volatility	42%	42%
Expected dividend yield	0.4%	0.4%
Expected option life	5 years	5 years
Risk-free interest rate	1.87%	1.02%
Fair value of option	12.12 pence	13.69 pence

Future share price volatility has been estimated by using historic share price volatility over the most recent period commensurate with the expected life of the option.

The fair values at the date the options were granted of those options exercised during the year and the price of Ideagen plc ordinary shares on the date of exercise were as follows.

Number of options exercised	Exercise price (pence)	Ideagen plc share price on date of exercise (pence)	Fair value per option at date of grant (pence)
500,000	2.50	41.12	1.28
333,333	22.38	32.38	11.80
18,000	20.00	37.25	-
2,800,000	2.50	35.00	1.28
200,000	7.00	35.00	1.28
3,851,333			

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS (CONTINUED)

During the year, 666,667 options lapsed. These options had an exercise price of 22.38 pence and a fair value at grant date of 11.8 pence per option.

The total fair value of the options exercised during the year at the date those options were granted was £85,000. This amount was transferred from the share-based payment reserve to retained earnings during the year.

The weighted average remaining contractual life of the options outstanding at 30 April 2015 was 7.7 years.

Ideagen Long Term Incentive Plan

On 22 July 2015, the company introduced a Long Term Incentive Plan and 4,000,000 share options were granted under the plan at an exercise price of 1 penny to certain directors and managers.

2,000,000 of these options can be exercised when the Ideagen plc share price for the immediately preceding 20 dealing days is at least 51 pence on each of those days provided that this occurs within 3 years of the date of grant of the options. The remaining 2,000,000 options can be exercised when the Ideagen plc share price for the immediately preceding 20 dealing days is at least 68 pence provided that this occurs within 3 years of the date of grant of the options.

No options can be exercised in the 12 month period immediately following the date of grant. In the event of a takeover of the company, different rules will apply and all of these options may become exercisable at that point.

None of these options were exercisable at 30 April 2016 and no options were exercised during the year. During the year ended 30 April 2016, 500,000 of the options with a 68 pence share price exercise condition lapsed.

The fair value of the options granted were estimated at the date of grant using a trinomial option pricing model. The inputs to the option pricing model are summarised below.

	51 pence share price exercise condition	**68 pence share price exercise condition**
Share price at grant date	45.5 pence	45.5 pence
Exercise price	1 penny	1 penny
Share price condition (barrier)	51 pence	68 pence
Expected volatility	32%	32%
Expected dividend yield	0.4%	0.4%
Expected option life	3 years	3 years
Risk-free interest rate	0.54%	0.54%
Fair value of option	35.25 pence	22.70 pence

Future share price volatility has been estimated by using historic share price volatility over the most recent period commensurate with the expected life of the option.

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS (CONTINUED)

Other outstanding share options

In addition to the share options granted under the terms of the Enterprise Management Incentive Scheme and the Long Term Incentive Plan disclosed above, a total of 297,850 further share options were granted by the company in 2005 and 2006 and remained outstanding at 30 April 2014. Of the total outstanding at 30 April 2014, 129,100 options were exercised at an exercise price of 28 pence during the year ended 30 April 2015 when the price of Ideagen plc ordinary shares was 40 pence per share.

A further 88,750 of these options were exercised during the year ended 30 April 2016 at an exercise price of 20 pence when the price of Ideagen plc ordinary shares was 46.5 pence.

At 30 April 2016, 80,000 options with an exercise price of 10 pence remained outstanding. Since 30 April 2016, these options have now been exercised.

Effect of share options on the Group Statement of Comprehensive Income and Equity reserves

During the year ended 30 April 2016 the group recognised a total charge of £936,000 (2015: £276,000) in the Consolidated Statement of Comprehensive Income in relation to its equity-settled share option schemes. Of this, £649,000 (2015: £nil) related to share options granted under the Long Term Incentive Plan, £272,000 (2015: £142,000) related to options granted under the Enterprise Management Incentive Scheme and £15,000 (2015: £134,000) related to national insurance costs on non-EMI qualifying options. With the exception of the national insurance costs, these charges have been credited to a share-based payment reserve within equity. The balance on this reserve at 30 April 2016 amounted to £1,482,000 (2015: £653,000).

The total fair value at the date the options were granted of the options exercised during the year ended 30 April 2016 was £92,000 (2015: £85,000). This was transferred from the share-based payment reserve to retained earnings during the year.

22 | CAPITAL MANAGEMENT

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern so that it can continue to provide a return to shareholders and benefits for other stakeholders.

The capital monitored by the group consists of all components of equity attributable to owners of the parent as set out in the Group Statement of Changes in Equity other than the foreign currency translation reserve, any long or short term borrowings, contingent and deferred liabilities arising from business combinations disclosed in Notes 15 and 17 and cash and cash equivalents.

The group currently maintains a capital structure which is appropriate for its needs principally through a combination of cash flow management and forecasting and the issue of new shares, primarily in connection with the funding of business acquisitions. The group does not currently have any short or long term borrowings.

The group is not subject to externally imposed capital requirements other than the minimum capital requirements imposed by the Companies Act 2006 on all public limited companies.

23 | OPERATING LEASE COMMITMENTS

As at 30 April 2016 the group had aggregate commitments under non-cancellable operating leases in respect of land & buildings which expire as follows:

	2016	2015
	£'000	£'000
Within one year	63	40
Between one and two years	-	63
Between two and five years	816	461
	879	564

24 | PENSION SCHEMES

The group operates several defined contribution pension schemes for certain employees. The pension cost charge for the year represents contributions payable by the group into both these schemes and into individual pension arrangements in respect of certain employees on a defined contribution basis and amounted to £160,000 (2015: £95,000).

25 | CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding overdrafts as follows.

	2016	2015
	£'000	£'000
GROUP		
Cash and bank balances	6,317	5,266
COMPANY		
Cash and bank balances	977	1,409

26 | RELATED PARTY TRANSACTIONS

Ideagen plc is the parent company of the group. There was no overall control of Ideagen plc.

Balances between the Company and its wholly owned subsidiaries, which are related parties of the Company, are disclosed in notes 13 and 14. During the year, the Company recharged £416,000 (2015: £139,000) of costs including management charges to its wholly owned subsidiaries and suffered recharges of £196,000 (2015: £338,000) from its wholly owned subsidiaries. Details of transactions between the Company and other related parties are disclosed below.

At 30 April 2016, trade and other payables in the Company included £4,800 (2015: £3,998) payable to Ultris Limited, a company in which Mr A M Carroll is a director and major shareholder. This amount is in respect of fees payable to Mr A M Carroll as a director of the Company. The amounts payable to Ultris Limited for the services of Mr A M Carroll as a director of the Company are as per the remuneration of directors disclosed in note 6.

Other creditors in the Company at 30 April 2016 included £nil (2015: £73,087) payable to Mr D R K Hornsby and £nil (2015: £3,217) payable to Mr G P Spenceley. These amounts related to outstanding balances payable by the Company from the sale of Ideagen plc shares through the Company in order to fund the tax liabilities of these individuals associated with the exercise of HMRC-unapproved Ideagen share options. Mr Hornsby and Mr Spenceley are directors of the Company.

Total dividends paid to the directors of the company during the year were as follows: Jonathan Wearing £7,591 (2015: £7,036), David Hornsby £16,107 (2015: £12,996), Graeme Spenceley £107 (2015: £nil) and Alan Carroll £349 (2015: £316).

Key management are considered to be the directors of the Company. The remuneration of the directors of the company is disclosed in note 6 of these financial statements. The total remuneration of key management is set out below:

	2016	2015
	£'000	£'000
Salaries, bonuses and fees	367	520
Share based payments	180	133
	547	653

27 | EVENTS AFTER THE END OF THE REPORTING PERIOD

Acquisition of Covalent Software Limited ('Covalent')

On 5 August 2016, Ideagen plc acquired the whole of the issued share capital of Covalent Software Limited, a company domiciled in England. Covalent has developed and commercialised a proprietary GRC platform with significant traction in the UK public sector. The acquisition of Covalent is expected to enhance the Group's existing business through the addition of its cloud-based intellectual property and its strong recurring revenue base.

The total consideration for the acquisition of Covalent was £4,655,000 which was paid in cash on completion of the acquisition. No deferred or contingent consideration is payable. The cash balance acquired in Covalent at the date of acquisition was £1,113,000 and accordingly the net cash outflow on acquisition of Covalent was £3,542,000.

With the exception of the cash balance acquired in Covalent, the initial review of the fair values of other separable assets and liabilities acquired has not yet been completed and accordingly information has not been presented on the fair values of assets and liabilities acquired, including the recoverability of receivables and the fair value of acquired goodwill.

The costs of the acquisition will be expensed within a separate line in the Group Statement of Comprehensive Income for the year ending 30 April 2017.

Acquisition of Logen EOOD

On 18 August 2016, Ideagen plc acquired the whole of the issued share capital of Logen EOOD, a company domiciled in Bulgaria. Logen is a reseller of Ideagen's GRC audit management and risk assessment solution, Pentana and has significant experience in audit-based analytics, particularly within the financial and public sectors.

The acquisition will give Ideagen's existing customers access to this expertise, as well as create a solid operational base in central Europe from which we can enhance our sales reach and future software development capacity.

The initial consideration for the acquisition of £78,000 was paid on completion. Up to a further £50,000 may become payable 12 months after completion depending on the achievement of certain post acquisition revenue targets.

The initial review of the fair values of the separable assets and liabilities acquired has not yet been completed and accordingly information has not been presented on the fair values of assets and liabilities acquired, including the recoverability of receivables and the fair value of acquired goodwill.

The costs of the acquisition will be expensed within a separate line in the Group Statement of Comprehensive Income for the year ending 30 April 2017.

Issues of ordinary shares

In order to satisfy the exercise of share options, the company issued 221,000 shares at 37.63 pence each on 4 May 2016, 80,000 shares at 10 pence on 27 July 2016, 130,000 shares at 37.63 pence on 11 August 2016 and 110,000 shares at 32.12 pence on 31 August 2016. The company also issued 500,000 shares at 1 penny on 11 August 2016 in order to satisfy the exercise of share options granted under the Long Term Incentive Plan.

Ideagen plc
Ergo House, Mere Way, Ruddington Fields Business Park, Ruddington, Nottinghamshire. NG11 6JS
t:+44 (0) 1629 699100 | e : info@ideagen.com | w : ideagen.com