

Ideagen plc

Annual Report and Accounts for the Year Ended 30 April 2017

Registration number: 02805019



CONTENTS

WELCOME TO IDEAGEN	5
OFFICERS	6
ADVISERS AND REGISTERED OFFICE	7
FINANCIAL AND OPERATIONAL HIGHLIGHTS	8
STRATEGIC REPORT	9
DIRECTORS' REPORT	20
STATEMENT OF DIRECTORS' RESPONSIBILITIES	24
INDEPENDENT AUDITOR'S REPORT	25
GROUP STATEMENT OF COMPREHENSIVE INCOME	27
GROUP STATEMENT OF FINANCIAL POSITION	28
GROUP STATEMENTS OF CHANGES IN EQUITY	30
GROUP STATEMENT OF CASH FLOWS	32
COMPANY STATEMENT OF FINANCIAL POSITION	33
COMPANY STATEMENTS OF CHANGES IN EQUITY	35
COMPANY STATEMENT OF CASH FLOWS	37
NOTES TO THE FINANCIAL STATEMENTS	38

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.

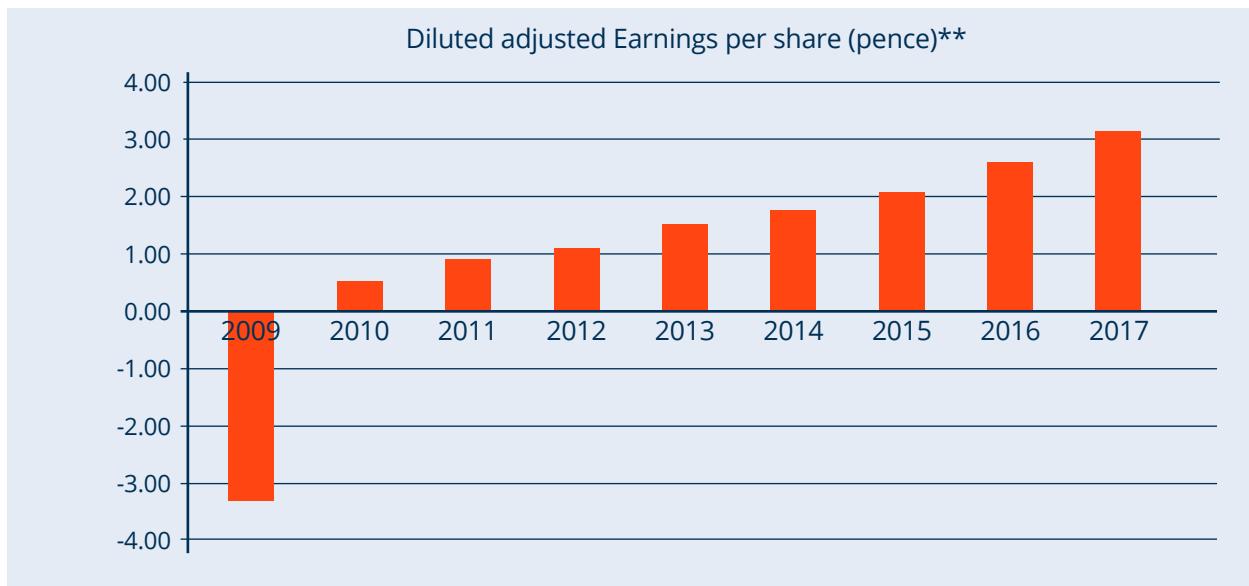
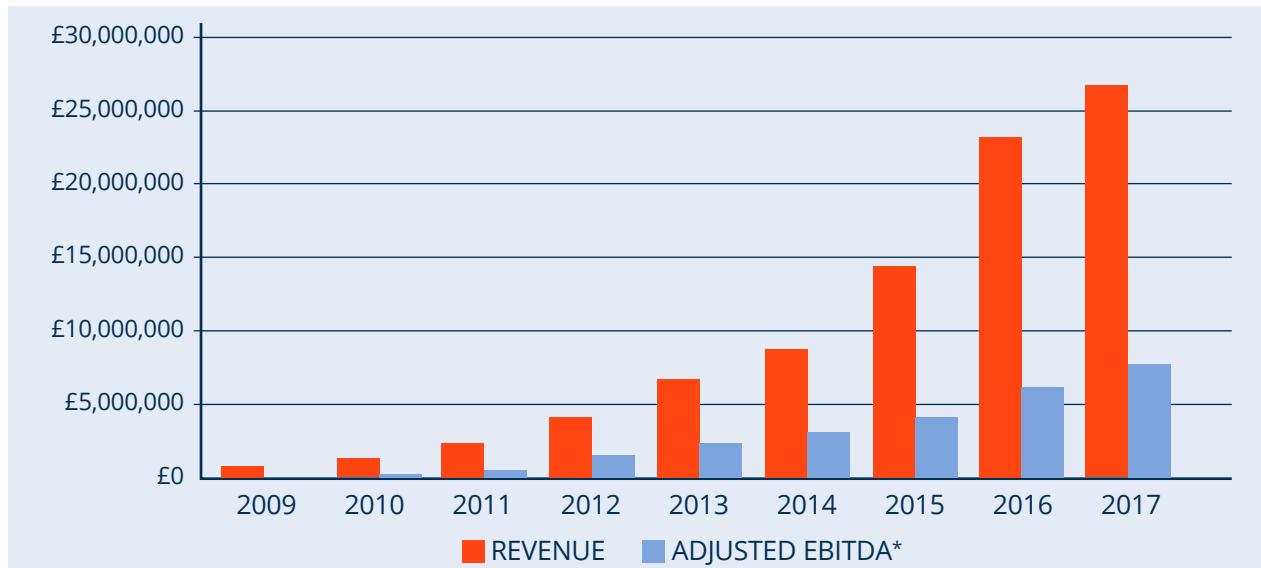
The Group has established a global business supplying Governance, Risk and Compliance (GRC) solutions predominantly to the Healthcare, Transport, Aerospace & Defence, Life Sciences, Manufacturing and Financial Services sectors.

Ideagen has operations in the UK, the United States, Bulgaria, Malaysia 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 3,000 customers including 8 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 8th consecutive year of growth in revenue, adjusted EBITDA* and adjusted earnings per share**.



* Before share-based payments and exceptional items

** Before share-based payments, amortisation of acquisition intangibles and exceptional items

OFFICERS



Jonathan Wearing
Non-Executive Chairman
Aged 64

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.



Graeme Spenceley
Chief Financial Officer &
Company Secretary
Aged 52

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.



David Hornsby
Chief Executive Officer
Aged 50

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.



Alan Carroll
Senior Independent
Non-Executive Director
Aged 66

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.

OFFICERS (CONTINUED)



Barnaby Kent

Chief Operating Officer
Aged 40

Barnaby joined Ideagen via the acquisition of Plumtree Group in 2012, where he was the CEO. Plumtree specialised in software for the Content and Clinical markets. He has over 14 years' experience within the Technology sector, prior to that working at Corus Group plc, now Tata Steel. Barnaby has a BSc (Hons) from the University of Southampton and an MBA from Edinburgh Business School. He joined the Board in January 2017.



Ben Dorks

Chief Customer Officer
Aged 42

Ben joined Ideagen via the acquisition of Plumtree Group and is now Chief Customer Officer. Ben is responsible for the total relationship with our customers through management of global sales, marketing, product and professional services, and ensuring we deliver on a single vision of excellence. He has over 15 years' experience helping companies fast-track their growth strategy and at Plumtree Group consistently exceeded annual growth and delivered on corporate strategy. Previous to this, Ben held a variety of sales and management roles for Applied Group, TSF Group, and others. He joined the Board in January 2017.



Tony Rodriguez

Independent Non-Executive
Director
Aged 48

Tony is an experienced technology entrepreneur and software developer. After an early career in a number of blue-chip technology companies, he founded Avellino Technologies Ltd in 1997, and personally led the development of its data profiling software product, now known as TS Discovery, before its acquisition in 2004 by Harte Hanks Trillium. Subsequently he founded X88 Software, since acquired by Experian in 2014, where he led, as CEO and CTO, the development of its data management product (now known as Experian Pandora), which was recognised as a visionary by Gartner.

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



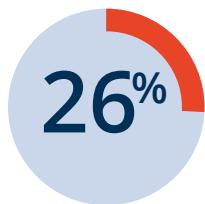
Revenue increased by 24% to **£27.1m** (2016: £21.9m)



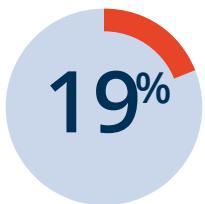
Underlying organic revenue growth* of **10%** (2016: 10%)



Recurring revenues of **£15.5m** (2016: £11.9m) representing **57%** (2016: 54%) of total revenues



Adjusted EBITDA** increased 26% to **£7.9m** (2016: £6.3m)



Adjusted diluted EPS*** increased 19% to **3.16 pence** (2016: 2.66 pence)



Proposed final dividend of **0.142 pence** per share making a total of 0.21 pence (2016: 0.183 pence) per share for the year representing a 15% increase



Run-rate recurring revenues of **£20.2m** at year end



Profit before tax of **£0.7m** (2016: £1.0m)



Cash generated by operations of **£8.9m** (2016: £4.9m)



Over-subscribed share placing which raised **£10m**



Net cash of **£4.2m** (2016: £6.3m)

OPERATIONAL HIGHLIGHTS

- Acquisitions of Covalent, IPI, PleaseTech and Logen adding further intellectual property, customers and recurring revenue to the Group
- Strengthening of the Board through the addition of Ben Dorks as Chief Customer Officer and Barnaby Kent as Chief Operating Officer
- Significant growth in SaaS business driven by investment in Coruson, Ideagen's cloud based Governance, Risk and Compliance (GRC) platform and the Group's acquisition strategy
- 45 new SaaS customer wins including British Airways, Ryanair, Johnson Matthey, Air Transat and Telefonica
- Over 150 new on-premise customer wins including Babcock, Doncasters Group, KLM and Argenta Bank
- Strong account management with significant contract extensions from SABIC, BDO, Jaguar Land Rover, Imperial Tobacco and DHL
- Continued high levels of customer retention with support and maintenance contract renewal rate of 97% (2016: 96%)

* Comparison calculated on a pro-forma basis as if acquired businesses had been in the Group for the same period in the previous year

** Before share-based payments and exceptional items

*** Before share-based payments, amortisation of acquisition intangibles and exceptional items

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

Shareholders will be pleased to note another strong performance for the year to 30 April 2017, representing Ideagen's 8th consecutive year of revenue and EBITDA growth. The Group met or exceeded all key financial and operational objectives for the year covering revenue, profitability, organic growth, cash generation and customer retention.

These results demonstrate that Ideagen has scale, a world class customer base, an outstanding product set and a proven and effective management team. This year's focus has been a combination of organic growth combined with a return to the execution of our buy and build strategy.

The Board believes the long term prospects for the Group are positive. The Governance, Risk and Compliance (GRC) market was, according to Gartner, worth \$4.4 billion globally in 2016 and is estimated to be growing at 13% per annum. We believe that we have established a compelling business platform that has been enhanced by the four acquisitions made this year and are well placed to participate in this growth.

Highly regulated 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. The Board believes that the Group's cloud solutions will be a particular growth area for the company which will increase the percentage of total revenues derived from recurring contracts providing even greater visibility of earnings.

In January Ben Dorks and Barnaby (Barney) Kent joined the Board as Chief Customer Officer and Chief Operating Officer respectively, both Ben and Barney joined Ideagen through the acquisition of Plumtree in 2013. Since then both have taken on increasing levels of responsibility, consistently met challenging business objectives and have developed as outstanding business leaders. Ben and Barney have been fundamental to the successful execution of the Group's growth strategy and are now contributing effectively at board level.

In September 2017 Tony Rodriguez also joined the Board as a Non-Executive director. We continue to review the optimum Board structure for Ideagen and will look to strengthen further the Non-Executive representation as appropriate.

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 0.142 pence per share making a total dividend of 0.21 pence for the year (2016: 0.183 pence) an increase of 15%. Subject to approval at the forthcoming AGM, the final dividend will be payable on 22 November 2017 to shareholders on the register on 3 November 2017. The corresponding ex-dividend date is 2 November 2017.

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

Jonathan Wearing
Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

BUSINESS REVIEW

I am pleased to report on another excellent performance for the twelve months ended 30 April 2017 during which we achieved strong organic revenue growth of approximately 10% and made four important acquisitions each of which made a contribution in the year.

Total revenue of £27.1 million (2016: £21.9 million) represented overall growth of 24% and adjusted EBITDA grew 26% to £7.9 million (2016: £6.3 million), each slightly ahead of expectations. A key financial metric for the Group continues to be adjusted EPS and I am pleased to report an increase in adjusted diluted EPS of 19% to 3.16 pence for the year (2016: 2.66 pence).

Our early visibility of revenue ahead of expectations enabled the Group to bring forward the investment in a number of sales, marketing and technology initiatives that had been planned for the current year. This additional investment has provided additional resource, technology and infrastructure to further support the Group's growth strategy.

Net cash at the end of the year of £4.2million was also ahead of expectations following strong cash generation, particularly during the second half. Outstanding acquisition-related borrowings at 30 April 2017 of £2million were repaid shortly after the year end, and consequently the Group has now returned to having a debt free balance sheet.

The Group continues to benefit from a strong and growing base of recurring revenues, which represented 57% of total revenue in the year (2016: 54%). The Group is committed to increasing the percentage of total revenue derived from recurring contracts through the medium term transition from a traditional licence model to a SaaS subscription based model. This transition is well underway and recurring SaaS revenues represented 18% of total revenues within the year (2016: 9%).

GRC represents the large majority of Ideagen revenues at 84% and continues to be the primary engine of growth for the Group. GRC provides software tools that enable customers to identify, assess and prioritise risk and to manage information in line with rigorous regulations. In each of our chosen verticals, our customers are increasingly required to take a holistic view of risk management, internal audit and compliance, with many organisations at the beginning of the adoption phase of high value enterprise-wide solutions.

In order to drive growth we have successfully added new customers to the Group across all of our key GRC verticals, with aviation, life sciences and financial services providing particularly notable success in the year. We also continue to maintain a focus on product enhancement and innovation which has seen acceptance across the user base, resulting in significant revenues from strong retention of recurring contracts and new projects from our extensive customer base.

As in the previous two financial years the clinical management solutions market continues to be impacted by the uncertainty of funding for acute NHS Trusts. 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.

Following the previous year, during which the Board decided not to make any acquisitions, the Group re-embarked on the execution of its proven buy and build strategy. Ideagen had been aware of all four companies acquired for a number of years and had been tracking their progress carefully. The acquisitions made during the year were :

- Covalent, a supplier of risk assurance and performance management software to the Public Sector and Financial Services;
- IPI, a supplier of quality reporting software to the Aerospace and Defence Industry;
- PleaseTech, a supplier of document review and control software primarily to Life Sciences industry
- Logen, a Bulgarian reseller of "Ideagen Pentana" our audit management product.

Each of the acquisitions are performing well by adding intellectual property, recurring revenues, vertical market consolidation and technical expertise to the Group and will form part of our enlarged GRC business.

The acquisition of PleaseTech was funded primarily by an oversubscribed share placing of £10 million which completed in March. The Board remains committed to an ongoing buy and build strategy and would expect to complete further acquisitions in the future assuming targets meet our criteria and represent value for shareholders.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

MARKETS AND PRODUCT STRATEGY

Ideagen's product and market strategy is geared to market penetration horizontally in governance, risk and compliance and vertically in transport, advanced manufacturing, life science, healthcare and financial services. As an acquisitive Plc, we both acquire and develop new products and continue to identify acquisitions that support our market penetration approach.

We have subject matter expertise and decades of experience in our vertical markets and in our technology domains. These are as follows:

GRG Domains:

- Quality Management
- Safety Management
- Risk Management
- Audit Management
- Performance Management

Vertical markets:

- Transport
- Advanced Manufacturing
- Life Science
- Government
- Healthcare
- Financial Services

We develop and sell software products that satisfy our customers' critical needs at the intersection of these domains and markets. Thus, we primarily provide risk based quality and safety management software to transport, manufacturing, life science and healthcare and risk based audit and performance software to financial services, accounting firms and the public sector.

Due to the horizontal nature of GRC the Group can also supply to other vertical markets, for example Oil and Gas and Construction and it is likely that additional key vertical markets will evolve over time.

CLINICAL WORKFLOW

Ideagen also provides clinical workflow software solutions to the UK NHS where trusts are seeking to modernise and transform processes by digitising medical records. The primary goal of this transformation is to improve patient outcomes and care quality while also generating efficiency savings. The NHS is aiming to implement widespread modernisation and digitisation of working practices. Ideagen clinical workflow and hospital information management solutions have been designed in close collaboration with NHS customers to deliver innovation and improvements in quality, performance and productivity.

SALES AND MARKETING REVIEW

Our marketing objectives are to generate qualified sales leads and to enhance the global recognition and reputation of our brand and solutions. This is achieved through content driven product and vertical marketing covering blogs, white papers, webinars, a dedicated digital team and over 50 global events per year. Our principal marketing initiatives target key executives and decision makers within our existing and prospective customer base.

We sell our products primarily through a direct sales force which generate 93 percent of Group revenue and also through relationships with resellers. Our sales force operates globally with a focus on UK, Europe, North America, and Asia. The team is organised by both vertical market and function area and includes 40 'quota carrying' sales executives and account managers supported by technical sales and domain experts. We generate revenues from sales to new customers and through repeat licence and services sales to our existing customers.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

OPERATIONAL REVIEW

Ideagen has a strong cultural drive towards operational excellence focused around its people, processes, systems and facilities. At 30 April 2017 Ideagen had 363 employees based across its UK and international office network, with over 230 of these located at the 2 core UK offices of Nottingham and East Kilbride. Ideagen maintains an international office presence in the US, Dubai, Bulgaria, and Malaysia, where a combined total of 41 people are based.

The organisation remains committed to significant investment in R&D, with 95% of resources based at the core R&D sites in Nottingham, East Kilbride, Bulgaria, and Malaysia. Ideagen maintains its focus building upon core markets, both geographically and vertically, and delivering excellence across the customer base. As a result the company has 77 people within Sales & Marketing, 68 in Service Delivery, and 43 in Support.

Ideagen is pleased to combine success with continued investment in the team, and 52% of employees have been with the Group for 3 or more years. The Group is delighted that this traditionally male dominated sector has seen strong growth in female applications, resulting in a ratio of 71% male to 29% female.

In order to facilitate the growth of recent years, Ideagen continues to invest significantly in 'best of breed' systems that have scalability, functionality and reporting at their core. Salesforce.com remains the number one system for the organisation, providing both the internal platform for sales, marketing, and service delivery and the external platform for self-service support portals for our customers.

As Ideagen develops, significant resource is invested in benchmarking processes and systems to ensure best practice is standard and that Ideagen remains fit for growth. Ideagen remains committed to relevant accreditations and currently holds Microsoft Gold Partner status, ISO 9001, ISO 27001, and ISO 14001. The company has membership to a significant number of leading bodies including the Chartered Quality Institute (CQI), Institute of Internal Auditors (IIA), Airports Council International Europe (ACI), and the Institute of Biomedical Science (IBMS).

OUTLOOK

Trading since the year end has remained robust and we continue to see strong demand for our products from new potential customers. With acquisitions made during the previous year performing well, and with a base of over 3,000 customers generating growing recurring revenues and repeat business the Board has every confidence in the continued prospects for the Group.

David Hornsby
Chief Executive Officer

FINANCIAL REVIEW OF THE YEAR

Revenue for the year ended 30 April 2017 (FY2017) increased by 24% to £27.1 million (2016: £21.9 million). Within this, pro-forma organic revenue growth was, like last year, approximately 10%. This is calculated based on a comparison with pro-forma revenue for the year ended 30 April 2016 (FY2016) of £24.6 million which includes revenues for Covalent, IPI, PleaseTech and Logen for the same period that they were owned by the group in FY2017.

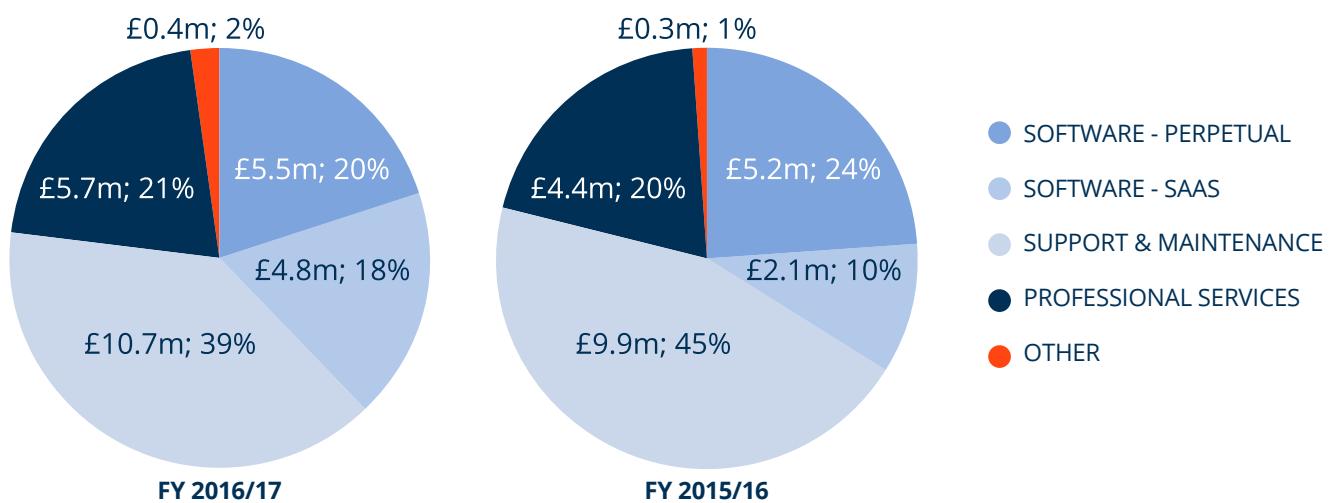
The Group provides software solutions in two areas; GRC and Content and Clinical.

Revenues from the GRC market of £22.7 million represented 84% (2016: 80%) of total Ideagen revenues. This continues to be the main area of focus for the Group, and the proportion of overall revenues that it represents will increase further with the effects of full year contributions from the acquisitions made during this year. Pro-forma organic revenue growth in GRC was 13% during the year (2016: 23%).

Content and Clinical, which accounts for 16% or £4.5 million of Group revenues (2016: 20% and £4.4 million) is predominantly focused on content and clinical management for the NHS. It has seen revenues decline in recent years however this pattern has now stabilised with revenues growing by 1% in the year.

Recurring revenues have grown strongly this year, both because of the Group's continued focus on SaaS-based products, and through acquisitions of companies with high levels of recurring revenues. Recurring revenues were £15.5 million (2016: £11.9 million) making up 57% (2016: 54%) of total revenues and are equivalent to 93% (2016: 81%) of gross operating costs before adjusting for costs capitalised. This proportion will increase further with a full contribution from the acquisitions; the Group particularly considers high recurring revenue models as a key feature for acquisition targets.

Revenues analysed by revenue stream were as follows:



With the increased focus on SaaS software sales, on-premise software licence revenues represented a declining proportion of revenues at 20.3% (2016: 24.0%) or £5.5 million (2016: £5.3 million) of total revenues as expected. Maintenance and Support revenues on traditional licence sales continued to grow in value terms however, for the same reasons, this also represents a reducing proportion of total revenues at 39.4% (2016: 45.1%). Professional services revenues represented a relatively stable proportion of total sales at 21.1% (2016: 20.2%). Revenues are analysed by revenue stream in note 2.

Adjusted EBITDA increased by 26% to £7.9 million (2016: £6.3 million) and the adjusted EBITDA margin at 29.0% remained at a similar level to FY2016 (28.5%). We consider it important to invest significantly in our staff and the infrastructure of the business to support continued organic growth and to provide a strong, scalable platform for the integration of future acquisitions.

Amortisation of acquisition intangibles of £4.3 million (2016: £3.7 million) represents the majority of the total depreciation and amortisation charge of £5.3 million (2016: £4.3 million). Amortisation of development costs amounted to £0.7 million (2016: £0.4 million). The share-based payment charge of £1.2 million (2016: £0.9 million) relates to the Group's equity-settled share option schemes and included £0.3 million of national insurance costs on the exercise of non-tax-efficient options. The remainder of the charge does not represent a cash cost to the Group.

FINANCIAL REVIEW OF THE YEAR (CONTINUED)

The adjusted Group tax charge amounted to £0.8 million (2016: £0.7 million). This has been adjusted to exclude the deferred tax effects associated with the amortisation of acquisition intangibles and share based payment charges. The adjusted Group tax charge represents 12% (2016: 12%) of adjusted profit before tax of £6.9 million (2016: £5.7 million). The Group's use of tax losses, R&D tax credit claims and tax deductions linked to the exercises of share options means there is no UK corporation tax liability on FY2017 profits.

As a result of the above, adjusted diluted earnings per share increased by 19% to 3.16p (2016: 2.66p).

The Group's financial position has continued to strengthen during the year with net assets increasing to £46.4 million (2016: £33.7 million).

The level of intangible assets increased to £56.4 million (2016: £32.6 million) mainly as a result of the four acquisitions completed during the year. The Group capitalised £2.0 million (2016: £1.6 million) of R&D development costs during the year which represented 7.3% (2016: 7.5%) of total revenues. The increase is due to costs capitalised in respect of the products being developed by the businesses acquired during the year.

The acquisitions made during the year were funded through a combination of the Group's existing resources, an over-subscribed £10 million share placing, deferred consideration payments agreed as part of the transactions and the entry into a revolving working capital facility to cover short-term financing needs. At 30 April 2017, £2 million of this revolving facility was still being utilised however this has been repaid since the year end, and accordingly, the Group currently has no material outstanding borrowings.

Cash generated by operations improved significantly during the year and amounted to £8.9 million (2016: £4.9 million) representing cash conversion of approximately 113% (2016: 78%) of adjusted EBITDA. The Board has set a cash conversion target of 90% and therefore the performance in the year represents significant over achievement. It is however important to note that this figure was positively impacted by the receipt, prior to the year-end of £0.8 million of cash from option holders who have exercised options near the end of the financial year to cover payroll taxes arising on the exercise. This sum was paid out after the year end. Excluding this sum, cash generated by operations would have represented approximately 103% of adjusted EBITDA. Free cash flow also improved significantly to £6.1 million (2016 £2.8 million) representing 77% (2016: 45%) of adjusted EBITDA. The group ended the year with net cash balances of £4.2 million.

During the year, the Group made the final deferred consideration payment of £1.6 million in respect of the acquisition of Gael Ltd. The Group also expects to pay a total of approximately £4.2 million over the next two years in respect of contingent or deferred consideration on acquisitions completed in the year.

Graeme Spenceley
Chief Financial Officer

CUSTOMER CASE STUDIES

IDEAGEN CORUSON JOHNSON MATTHEY

CLOUD BASED RISK AND QUALITY MANAGEMENT

Operating across a number of highly-regulated industries, Johnson Matthey is required to conduct stringent testing of its products which includes unique and specialised detection, diagnostic and measurement solutions in order to achieve and maintain compliance to a series of industry standards.

Among those standards includes ISO 9001. Using a previous software system for general quality management and business performance reporting, Johnson Matthey's day-to-day quality processes were "manual, slow and laborious".

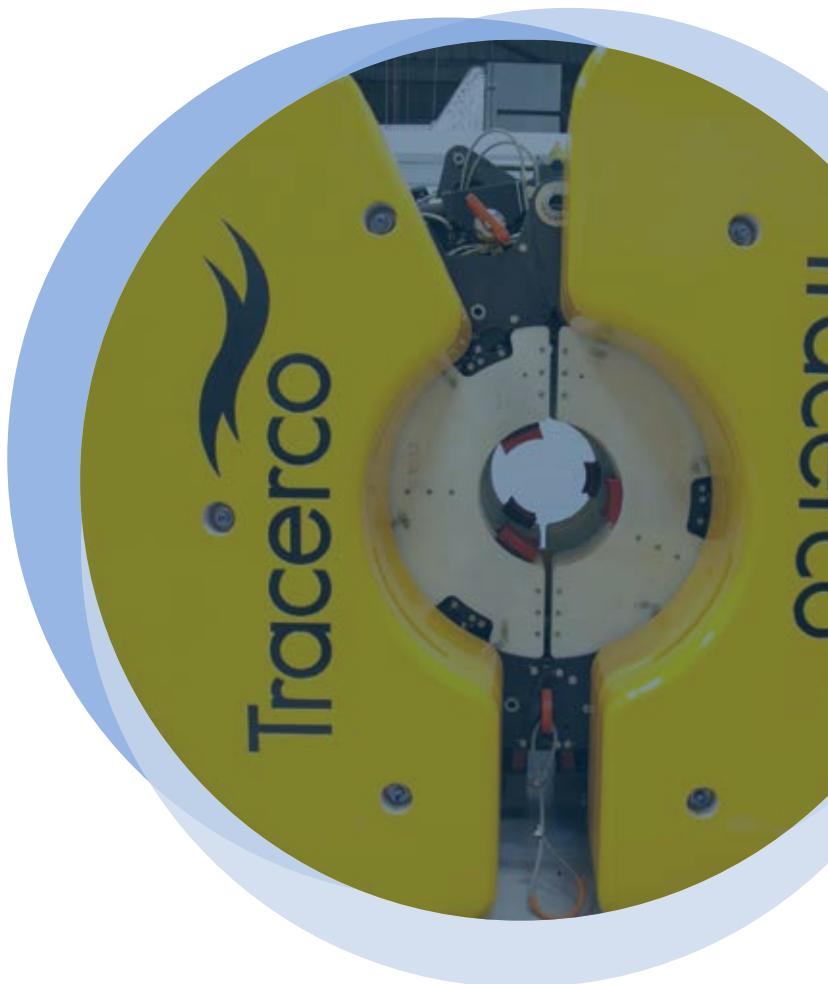
Ideagen Coruson, Ideagen's cloud-based software solution, was rolled out by the company to address those issues, initially being adopted as a dedicated quality solution.

“

We had planned on using Ideagen Coruson to modernise our legacy quality system - such as managing non-conformances, customer complaints, document management and supplier issues. What we found, was that the system was so user friendly, effective and popular among staff that it is now used for risk based processes and procedures outside of our initial scope.

Rachel Burke
Global Quality Manager
Johnson Matthey

”



CUSTOMER CASE STUDIES

IDEAGEN Q-PULSE DONCASTERS GROUP

ON PREMISE QUALITY MANAGEMENT

Doncasters Group Ltd required a quality management solution which would successfully bring together all of their business processes and allow them to be managed from one central and electronic place.

Since initial implementation, the Q-Pulse software has been expanded within the Doncasters Group. From its initial Bramah installation in Sheffield, they now have four sites in the UK using the software extensively to manage tasks such as non-conformance management as well as the tracking of maintenance, recalls and calibration data.



“

The Q-Pulse product has taken many of the human issues out of quality management and this has resulted in an increase in quality levels - as well as an awareness of quality in general - at all of our sites currently using the system.

Peter Rowe
VP of Quality
Doncasters Group

”

CUSTOMER CASE STUDIES

IDEAGEN PENTANA ARGENTA BANK

INTERNAL AUDIT AND RISK MANAGEMENT

Following the success of the Pentana auditing software within its Internal Audit and Risk Management departments, Argenta, a Bank based in Belgium and operating across the BENELUX region, has turned its attention to transforming the operational performance of its Inspection team using the same software.

With over 500 branches requiring regular visits each year, Argenta's Inspection team was continuously battling issues during each visit, mostly related to their use of a series of manual, paper-based methods.

During each visit, Argenta's inspectors are required to run various tests and document many observations and results. With each inspection lasting just one day, Argenta's Inspection team has limited time.

By implementing Pentana, paper-based and manual processes which were obstructing inspectors during their on-site reviews, were removed. Now, the Inspection team uses Pentana to perform inspections of Argenta's local branches, to document their findings, recommendations and actions electronically in a consistent way and to deliver the outputs in a standardised and easy to consume report. In short, Argenta's Inspection team's processes are now solid and consistent while objective measurement is now possible and action follow-up automatic.

“Because our inspectors do not have to deal with potential barriers of paper-based systems and processes, our inspections now generate around 50% more output while re-work and other manual tasks have significantly decreased.”

Christel Van Camp
Process Manager within the department of Compliance and Integrity
Argenta



KEY PERFORMANCE INDICATORS

The Board measures the performance of the Group against budgets and its strategic objectives on a regular basis. The following key financial performance indicators are used by management as part of this ongoing assessment.

PERFORMANCE INDICATOR	2017	2016	COMMENTARY
Total revenue growth	24%	52%	Revenue growth is used in the internal assessment of how the Group is performing against strategy.
Organic revenue growth	10%	10%	Organic revenue growth is calculated based on a comparison of current year revenue with prior year revenue as adjusted to include acquisitions for the same period as the current year.
Recurring revenue as a percentage of total revenue	57%	54%	One of the Group's strategic aims is to increase the proportion of contracted recurring revenues in the medium term.
Adjusted EBITDA (£million)	7.9	6.3	EBITDA adjusted for share-based payment charges and exceptional items. Management consider this to be a more appropriate measure of the underlying performance of the Group.
Adjusted EBITDA margin	29.0%	28.5%	Adjusted EBITDA as a percentage of revenue.
Adjusted diluted earnings per share (pence)	3.16	2.66	The calculation of adjusted earnings per share is detailed in note 8 to the financial statements. Management consider that adjusted earnings per share is a better indicator of the underlying performance of the Group than unadjusted earnings per share.
Adjusted diluted earnings per share growth	19%	26%	
Cash generated by operations as a percentage of adjusted EBITDA	113%	78%	This is a measure of the rate of conversion of adjusted EBITDA into operating cash flow.
Free cash flow as a percentage of adjusted EBITDA	77%	45%	Free cash flow is defined as cash generated by operating activities plus cash flows from investing activities excluding those cash flows associated with the acquisition of businesses. It is a measure of the cash generated by the Group which is available for investing in business acquisitions before taking into account any financing cash flows.

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. The risk of a worsening economic climate in the UK is perceived by many to have increased as a result of the uncertainties surrounding Brexit. However the Group has a wide geographical spread of customers and the effects of Brexit on the Group have so far been quite limited. The Group also has products and solutions which can help customers lower their cost base in difficult trading conditions and which address compliance issues that, to a large extent, 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 subsidiaries and through invoicing a proportion of overseas customers in foreign currencies, most notably US dollars and euros. 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
28 September 2017

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2017

The directors are pleased to present their report and the audited financial statements for the year ended 30 April 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the development and supply of software solutions and the provision of associated professional and support services.

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 9 to 19 and details are set out in the financial statements on pages 27 to 85.

A final dividend in respect of the year ended 30 April 2016 of 0.122 pence per ordinary share was paid to shareholders on 15 November 2016. The total cost of this dividend was £222,000.

An interim dividend in respect of the year ended 30 April 2017 of 0.068 pence per ordinary share was paid to shareholders on 15 March 2017. The total cost of this dividend was £124,000.

The directors propose a final dividend in respect of the year ended 30 April 2017 of 0.142 pence per share payable on 22 November 2017 to shareholders on the register on 3 November 2017. 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 (Chief Financial Officer)
- Alan M Carroll (Senior Non-Executive Director)
- Barnaby L Kent (Chief Operating Officer) *appointed 24 January 2017*
- Benjamin C Dorks (Chief Customer Officer) *appointed 24 January 2017*
- Tony Rodriguez (Non-Executive Director) *appointed 4 September 2017*

GOVERNANCE STATEMENT

The Company's shares are listed on the AIM market of the London Stock Exchange. The Company is subject to the AIM Rules for Companies and consequently is not required to comply with the corporate governance provisions within the UK Corporate Governance Code (the "Code"). The Board acknowledges that whilst it does not currently fully comply with the Code, it does support the principles of good governance and it aims to comply with the Code to the extent the Board considers it appropriate taking into account the Company's size and stage of development. We continue to review the optimum Board structure for Ideagen and will look to further strengthen the Non-Executive representation as appropriate.

The Board has established financial controls and reporting procedures which are considered appropriate to the current size and structure of the Group. These controls are regularly reviewed in the light of the ongoing growth and development of the Group and are adjusted as required.

ROLES OF NON-EXECUTIVE DIRECTORS AND MEMBERSHIP OF BOARD COMMITTEES

The Board is not required to nominate a single senior independent director however the Board has appointed Alan Carroll to this position. Jonathan Wearing cannot be considered as independent within the meaning of the Code due to the size of his shareholding in the Company.

Both the Remuneration Committee and the Audit Committee of the Board now comprise Alan Carroll (as committee chairman) and Tony Rodriguez since his appointment as a non-executive director in September 2017. Jonathan Wearing was also previously a member of both the Remuneration Committee and the Audit Committee but stepped down from these roles on the appointment of Tony Rodriguez as a non-executive director.

The Board does not currently have a Nominations Committee.

TERMS OF REFERENCE OF THE BOARD COMMITTEES

Audit Committee

The Audit Committee is required to meet not less than twice each year. The audit committee receives and reviews reports from management and from the Company's auditors relating to the annual accounts and to the internal control procedures in use throughout the Group. It is responsible for ensuring that the financial performance of the Group is properly reported with particular regard to legal requirements, accounting standards and the AIM Rules for Companies. The ultimate responsibility for reviewing and approving the annual report and accounts and the interim reports remains with the Board.

Remuneration Committee

The Remuneration Committee is required to meet not less than twice each year. It is responsible for considering and reviewing the terms and conditions of service (including remuneration) of executive directors and senior employees and the design and operation of the Company's share option schemes and making appropriate recommendations to the Board.

BOARD AND COMMITTEE MEETINGS

During the year ended 30 April 2017, there were nine scheduled Board meetings and other Board meetings as required to approve other business such as the share placing and the acquisitions of businesses. All of the scheduled meetings were attended by all of the directors.

In addition, there were two Audit Committee meetings and two Remuneration Committee meetings which were attended by Alan Carroll and Jonathan Wearing, being the members of those Committees at the time.

DIRECTORS' REMUNERATION POLICY AND INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The Company's remuneration policy for directors is designed to retain and attract high-calibre executives and motivate them to develop and execute strategies aimed at optimising long-term shareholder value. When formulating remuneration policies for the directors, the Remuneration Committee considers external data on market rates for remuneration of directors of comparable seniority and type of other companies which are of a similar size and nature to Ideagen. The Company aims to pay its directors at the median level based on this comparison whilst aiming for top quartile long-term performance.

The salaries of the Executive Directors are reviewed annually taking into account their experience, responsibilities and performance. Executive Directors have private medical insurance and the Company makes contributions into the Company's contributory pension scheme on behalf of the Executive Directors.

The fees of the Non-Executive Directors are determined by the Executive Directors.

During the year the Company introduced the 2017 Long Term Incentive Plan and 1,200,000 share options with an exercise price of 1 penny each were granted to each of Graeme Spenceley, Ben Dorks and Barnaby Kent. In total, 1,800,000 of these options will become eligible to vest on the Company's share price reaching 98 pence over 30 consecutive business days. The remaining 1,800,000 options will become eligible to vest on the Company's share price reaching 136 pence over 30 consecutive business days.

These options were issued with the principal aim of becoming fully exercisable on the doubling of the Company's share price from the 68 pence target price incorporated into the 2015 Long Term Incentive Plan award.

Options issued pursuant to the 2017 Long Term Incentive Plan will not vest until the third anniversary of the grant date. Thereafter, any shares issued in respect of the exercise of any of these options cannot be sold until the fourth anniversary of the grant date, and are subject to continued service throughout.

Full details of the remuneration and share options of the directors are set out at notes 6 and 21 to the financial statements.

The directors who served during the year had the following interests in the share capital of the company at the beginning and end of the year.

	30 April 2017	30 April 2016
Jonathan Wearing	4,439,066	4,439,066
David Hornsby	8,644,533	9,446,033
Graeme Spenceley	622,720	62,720
Alan Carroll	204,000	204,000
Barnaby Kent	2,017,660	1,772,660*
Ben Dorks	1,495,000	1,250,000*

* As at 24 January 2017, the date of appointment as a 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.

EMPLOYEES

The Group invests considerable resource and time into rewarding and recognising the contribution that employees make to the Group by offering a balanced lifestyle reward package which includes: private medical insurance, life insurance, contributory pension scheme and more recently we have introduced a Share Incentive Plan (SIP). The SIP is run across all of our UK locations and globally, as this is a benefit which can be offered to employees outside of the UK. This enables us to provide employees with an all-inclusive reward program that enables them to share in the success of Ideagen. All eligible employees receive free shares on an annual basis provided that the Group achieves its profit targets and UK employees are able to purchase additional partnership shares. We believe this scheme encourages greater employee shareholding and supports high levels of employee ownership for the business and our performance. The scheme has proven very popular with 80 employees electing to purchase additional partnership shares.

The Group is also working on numerous initiatives to improve employee communications. We have established an Employee Forum which has now been in place for a year and we are starting to realise the value of this. We have also reviewed our organisational structure to ensure it has scalability to support our growth plans and we have established a wider senior management forum to ensure the business moves forwards and information is cascaded throughout the organisation to all the teams.

Learning and Development is a significant area of investment for us. The focus is currently on establishing an Ideagen Leadership program which approximately 30 senior managers will have completed by April 2018. This will provide us with a platform for their development and help us to achieve consistency in managers' approach to managing their areas of the business. The program is tailored to our requirements and is culturally aligned to our operational aspirations for Ideagen. We are also utilising the Apprenticeship Levy to help fund development programs for new and existing employees to provide us with some succession planning from a management perspective and a more technical focus to ensure we don't fall short with any skill gaps.

Ideagen is an equal opportunities employer and it is our policy to treat all employees, job applicants, customers and suppliers equally regardless of their age, disability, gender reassignment, marital status, pregnancy, race (including nationality, ethnic or national origins), religion or religious beliefs, sex or sexual orientation.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In order to satisfy the exercise of share options, the company issued 83,333 shares at 35 pence each on 18 May 2017. The company also issued 550,639 shares at 91 pence on 1 September 2017 into the Group's Share Incentive Plan.

SUBSTANTIAL SHAREHOLDINGS

As at 30 April 2017, the Company was notified of the following interests which represented 3% or more of the Ordinary share capital of the Company.

	Number of shares held at 30 April 2017	Percentage of shares held at 30 April 2017
Investec Wealth & Investment	27,173,864	13.7%
Liontrust Asset Management	20,369,898	10.3%
Hargreave Hale	15,937,586	8.0%
Vind LV AS	12,360,302	6.2%
Living Bridge	11,145,511	5.6%
David Hornsby	8,644,533	4.4%
Octopus Investments	8,510,071	4.3%
Alto Invest	6,061,120	3.1%

AUDITOR

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

DISCLOSURE OF INFORMATION TO THE 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 9 to 19.

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 9 to 19 refers to the Group's ongoing 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.

Approved by the Board and signed on its behalf by:

.....
Graeme Spenceley
 Director & Company Secretary
 28 September 2017

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)

OPINION ON FINANCIAL STATEMENTS

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.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 30 April 2017 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 company 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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 OTHER MATTERS 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 and, based on the work undertaken in the course of our audit, the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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 of the information and explanations we require for our audit.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the statement of directors' responsibilities, set out on page 24, 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 Boards' (APB's) Ethical Standards for Auditors.

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.

Neil Stephenson (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor
City Gate East
Tollhouse Hill
Nottingham
NG1 5FS

28 September 2017

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2017

	NOTES	2017 £'000	2016 £'000
Revenue	2	27,112	21,936
Cost of sales		(2,841)	(2,632)
Gross profit		24,271	19,304
Operating costs	3	(16,404)	(13,047)
Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items		7,867	6,257
Depreciation and amortisation	3	(5,255)	(4,322)
Costs of acquiring businesses	18	(609)	-
Restructuring costs		(104)	-
Share-based payment charges	21	(1,203)	(936)
Profit from operating activities		696	999
Movement in the fair value of contingent consideration	15	-	(4)
Finance (costs)/ income	5	(33)	7
Profit before taxation		663	1,002
Taxation	7	68	315
Profit for the year		731	1,317
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		252	88
Corporation tax on exercise of options		277	27
Total comprehensive income for the year attributable to the owners of the parent company		1,260	1,432
Earnings per share			
Basic	8	0.40	0.74
Diluted	8	0.38	0.71

GROUP STATEMENT OF FINANCIAL POSITION AT 30 APRIL 2017

	NOTE	2017 £'000	2016 £'000
Assets and liabilities			
Non-current assets			
Intangible assets	9	56,427	32,572
Property, plant and equipment	10	583	433
Deferred income tax assets	7	1,348	877
		58,358	33,882
Current assets			
Inventories	12	10	33
Trade and other receivables	13	10,971	8,244
Current income tax recoverable		27	-
Cash and cash equivalents		6,205	6,317
		17,213	14,594
Current liabilities			
Trade and other payables	14	5,115	2,506
Contingent consideration on business combinations	15	2,054	-
Current income tax liabilities		-	13
Short term borrowings	16	2,000	-
Deferred revenue		11,609	6,603
Deferred consideration on business combinations	17	1,640	1,623
		22,418	10,745
Non-current liabilities			
Deferred consideration on business combinations	17	460	-
Deferred income tax liabilities	7	6,274	4,048
		6,734	4,048
Net assets		46,419	33,683

The notes on pages 38 to 85 form an integral part of these financial statements.

	NOTES	2017 £'000	2016 £'000
Equity			
Issued share capital	19	1,981	1,790
Share premium	19	33,405	23,598
Merger reserve	19	1,658	1,167
Share-based payments reserve	21	961	1,482
Retained earnings		8,081	5,565
Foreign currency translation reserve		333	81
Equity attributable to owners of the parent		46,419	33,683

Approved and authorised for issue by the Board on 28 September 2017 and signed on its behalf by:

.....
David Hornsby
Director

.....
Graeme Spenceley
Director

Registration number: 02805019

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017

	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 2016	1,790	23,598	1,167	1,482	5,565	81	33,683
Share placing (note 19)	133	9,867	-	-	-	-	10,000
Share placing issue costs (note 19)	-	(335)	-	-	-	-	(335)
Shares issued on acquisition of business (note 19)	9	-	491	-	-	-	500
Shares issued under share option scheme (note 19)	49	275	-	-	-	-	324
Share-based payments (note 21)	-	-	-	858	-	-	858
Transfer on exercise of share options (note 21)	-	-	-	-	(1,379)	1,379	-
Taxation on share-based payments in equity	-	-	-	-	475	-	475
Equity dividends paid (note 20)	-	-	-	-	-	(346)	(346)
Total transactions with owners recognised directly in equity	191	9,807	491	(521)	1,508	-	11,476
Profit for the year	-	-	-	-	731	-	731
Other comprehensive income for the year	-	-	-	-	277	252	529
Total comprehensive income for the year	-	-	-	-	1,008	252	1,260
Balance at 30 April 2017	1,981	33,405	1,658	961	8,081	333	46,419

The notes on pages 38 to 85 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

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2017

	NOTES	2017	2016
		£'000	£'000
Cash flows from operating activities			
Profit for the year		731	1,317
Depreciation of property, plant and equipment	10	249	201
Amortisation of intangible assets	9	5,006	4,121
(Profit)/loss on disposal of property, plant and equipment	3	(14)	3
Share-based payment charges	21	1,203	936
Finance costs/(income) recognised in profit or loss	5	33	(7)
Taxation credit recognised in profit or loss	7	(68)	(315)
Business acquisition costs in profit or loss	18	609	-
Movement in fair value of contingent consideration	15	-	4
Decrease in inventories		23	22
Increase in trade and other receivables		(1,395)	(834)
Increase/(decrease) in trade and other payables		1,237	(894)
Increase in deferred revenue liability		1,264	348
Cash generated by operations		8,878	4,902
Finance (costs paid)/interest received		(33)	7
Income tax paid		(14)	(41)
Business acquisition costs paid		(390)	(92)
Employer's national insurance paid on share-based payments		(108)	-
Net cash generated by operating activities		8,333	4,776
Cash flows from investing activities			
Net cash outflow on acquisition of businesses net of cash acquired	18	(16,393)	-
Payments of deferred consideration on business combinations	17	(1,623)	(1,618)
Payments of contingent consideration on business combinations	15	-	(51)
Payments for development costs	9	(1,988)	(1,643)
Payments for property, plant and equipment	10	(289)	(347)
Proceeds of disposal of property, plant and equipment		23	11
Net cash used in investing activities		(20,270)	(3,648)
Cash flows from financing activities			
Proceeds from placing of equity shares	19	10,000	-
Payments for share issue costs	19	(335)	-
Proceeds from issue of shares under the share option schemes	19	324	172
New short-term borrowings	16	2,000	-
Equity dividends paid	20	(346)	(306)
Net cash generated/(used) by financing activities		11,643	(134)
Net (decrease)/increase in cash and cash equivalents during the year		(294)	994
Cash and cash equivalents at the beginning of the year	25	6,317	5,266
Effect of exchange rate changes on cash balances held in foreign currencies		182	57
Cash and cash equivalents at the end of the year	25	6,205	6,317

The notes on pages 38 to 85 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2017

	NOTES	2017 £'000	2016 £'000
Assets and liabilities			
Non-current assets			
Intangible assets	9	149	221
Property, plant and equipment	10	43	13
Investments in subsidiaries	11	54,954	26,076
Deferred income tax asset	7	79	375
		55,225	26,685
Current assets			
Trade and other receivables	13	3,899	4,997
Cash and cash equivalents		1,317	977
		5,216	5,974
Current liabilities			
Trade and other payables	14	12,081	431
Contingent consideration on business combinations	15	2,054	-
Short-term borrowings	16	2,000	-
Deferred revenue		413	233
Deferred consideration on business combinations	17	1,640	1,623
		18,188	2,287
Non-current liabilities			
Deferred consideration on business combinations	17	460	-
		41,793	30,372
Net assets			

	NOTES	2017 £'000	2016 £'000
Equity			
Issued share capital	19	1,981	1,790
Share premium	19	33,405	23,598
Merger reserve	19	1,709	1,218
Share-based payments reserve	21	961	1,482
Retained earnings		3,737	2,284
Equity attributable to the owners of the parent		41,793	30,372

Approved and authorised for issue by the Board on 28 September 2017 and signed on its behalf by:

.....
David Hornsby
Director

.....
Graeme Spenceley
Director

Registration number: 02805019

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	MERGER RESERVE £'000	SHARE-BASED PAYMENTS RESERVE £'000	RETAINED EARNINGS £'000	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT £'000
Balance at 1 May 2016	1,790	23,598	1,218	1,482	2,284	30,372
Share placing (note 19)	133	9,867	-	-	-	10,000
Share placing issue costs (note 19)	-	(335)	-	-	-	(335)
Shares issued on acquisition of business (note 19)	9	-	491	-	-	500
Shares issued under share option scheme (note 19)	49	275	-	-	-	324
Share-based payments (note 21)	-	-	-	858	-	858
Transfer on exercise of share options (note 21)	-	-	-	(1,379)	1,379	-
Taxation on share-based payments in equity	-	-	-	-	393	393
Equity dividends paid (note 20)	-	-	-	-	(346)	(346)
Total transactions with owners recognised directly in equity	191	9,807	491	(521)	1,426	11,394
Profit for the year	-	-	-	-	27	27
Total comprehensive income for the year	-	-	-	-	27	27
Balance at 30 April 2017	1,981	33,405	1,709	961	3,737	41,793

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

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2017

	NOTES	2017 £'000	2016 £'000
Cash flows from operating activities			
Profit for the year		27	587
Depreciation of property, plant and equipment	10	10	15
Amortisation of intangible assets	9	72	79
Share-based payment charge		239	183
Finance costs/(income) recognised in profit or loss		34	(1)
Taxation charge/(credit) recognised in profit or loss		318	(33)
Business acquisition costs in profit or loss		609	-
Movement in fair value of contingent consideration	15	-	4
(Increase)/decrease in trade and other receivables		(211)	364
Movement in intra-group balances		12,918	413
Increase/(decrease) in trade and other payables		76	(289)
Increase/(decrease) in deferred revenue		180	(26)
Cash generated by operations		14,272	1,296
Finance (costs paid)/interest received		(34)	1
Business acquisition costs paid		(390)	(92)
Employer's national insurance paid on share-based payments		(36)	-
Net cash generated by operating activities		13,812	1,205
Cash flows from investing activities			
Payments for investments in subsidiaries	18	(23,580)	-
Payment of deferred consideration on business combinations	17	(1,623)	(1,618)
Payment of contingent consideration on business combinations	15	-	(51)
Receipts from warranty claims on business combinations		128	176
Payments for property, plant and equipment	10	(40)	(10)
Net cash used in investing activities		(25,115)	(1,503)
Cash flows from financing activities			
Proceeds from placing of equity shares	19	10,000	-
Payments for share issue costs	19	(335)	-
Proceeds from issue of shares under the share option schemes	19	324	172
New short-term borrowings	16	2,000	-
Equity dividends paid	20	(346)	(306)
Net cash generated/(used) by financing activities		11,643	(134)
Net increase/(decrease) in cash and cash equivalents during the year		340	(432)
Cash and cash equivalents at the beginning of the year	25	977	1,409
Cash and cash equivalents at the end of the year	25	1,317	977

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

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 2017 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 2017 was £27,000 (2016: £587,000).

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 2017. 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 with the exception of Ideagen Logen EOOD which makes its financial statements up to 31 December each year as required by Bulgarian law.

REVENUErecognition

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 which is available to all 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 this scheme and 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 applied to the group's intangible assets on a straight line basis are as follows:

Software	20%
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 2017 which had a significant impact on the Group.

Transition to IFRS 15 "Revenue from contracts with customers" will take place on 1 May 2018 for the Group. Management have undertaken initial reviews of the revenue recognition treatments adopted by the Group and the effects the new standard will have on existing policies adopted by the Group. Whilst the review and implementation planning for IFRS 15 are still ongoing, management consider that the adoption of this new standard will not have a material impact on the Group's financial performance or position.

IFRS 16 "Leases" will first be effective for the Group during the year ending 30 April 2020. It will bring most leases on to the balance sheet for lessees, eliminating the distinction between operating leases and finance leases. The Group has a number of operating lease arrangements and management consider that the broad effects of IFRS 16 will be to recognise a lease liability and a corresponding right-of-use asset for the lease commitments which are outlined in note 23 to the financial statements. In addition, rentals on operating leases currently charged to the statement of comprehensive income will be replaced by an interest expense on the lease liability and a depreciation charge on the asset. Details of operating lease rental charges are outlined in note 3 to the financial statements.

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.

	2017	2016
	£'000	£'000
Software - new licences	5,493	5,255
Software – SaaS/subscription	4,785	2,055
Maintenance and support	10,685	9,885
Professional services	5,723	4,439
Other revenues	426	302
	27,112	21,936

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*	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
United Kingdom	15,190	12,709	54,116	29,933
United States of America	3,945	2,837	-	-
Europe	3,553	2,471	16	-
Middle East	1,633	1,456	3	-
Rest of the World	2,791	2,463	-	-
Unallocated	-	-	2,875	3,072
	27,112	21,936	57,010	33,005

* 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

	2017	2016
	£'000	£'000
Wages and salaries (note 4)	11,811	9,593
Operating lease charges – land & buildings	426	356
Profit/loss on disposal of property, plant and equipment	(14)	3
Foreign exchange gains	(28)	(81)
Other operating costs	4,209	3,176
	<hr/> 16,404	<hr/> 13,047
Depreciation and amortisation:		
Amortisation of acquisition-related intangible assets	4,319	3,715
Amortisation of other intangible assets	687	406
Total amortisation of intangible assets	5,006	4,121
Depreciation of property, plant and equipment	249	201
Total depreciation and amortisation	<hr/> 5,255	<hr/> 4,322
Total research and development costs	4,254	3,538
Less: development costs capitalised	(1,988)	(1,643)
Research and development costs expensed	<hr/> 2,266	<hr/> 1,895
Auditor's remuneration		
- The audit of the company's annual accounts	12	12
Fees payable for other services provided by the Auditor and its related entities:		
- The audit of the company's subsidiaries' annual accounts	98	54
- Tax compliance and advisory services	36	13

4 | PARTICULARS OF EMPLOYEES

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

	2017	2016
	NUMBER	NUMBER
Administrative staff	39	27
Sales and marketing	69	60
Technical and support	197	161
	305	248

The aggregate payroll costs of these employees were as follows:

	2017	2016
	£'000	£'000
Wages and salaries	12,239	10,049
Social security costs	1,303	1,027
Other pension costs (note 24)	257	160
	13,799	11,236
Less: internal development costs capitalised	(1,988)	(1,643)
	11,811	9,593
Share based payment costs (note 21)		
- on options granted	858	921
- national insurance	345	15
	13,014	10,529

5 | FINANCE (COSTS) / INCOME

	2017	2016
	£'000	£'000
Amortised borrowing facility fees	(16)	-
Bank loan interest payable	(19)	-
Bank interest receivable	2	7
	(33)	7

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS

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

	2017	2016
	£'000	£'000
Directors' remuneration	844	329
Directors' pension contributions	7	-
	851	329
Aggregate gains made by directors on the exercise of share options	1,478	-

The remuneration of each of the directors of the company during the year ended 30 April 2017 was as follows:

	SALARY OR FEES £'000	BENEFITS IN KIND £'000	BONUSES £'000	NATIONAL INSURANCE ON SHARE OPTIONS £'000	TOTAL £'000
David Hornsby	170	1	120	-	291
Graeme Spenceley	116	-	30	87	233
Barnaby Kent	32	-	30	51	113
Ben Dorks	41	-	70	51	162
Jonathan Wearing	21	-	-	-	21
Alan Carroll	24	-	-	-	24
	404	1	250	189	844

The remuneration for Barnaby Kent and Ben Dorks is for the period since their appointment as directors on 24 January 2017.

The bonuses for David Hornsby, Graeme Spenceley, Barnaby Kent and Ben Dorks were in respect of the successful completion of the acquisition and integration of the four businesses acquired during the year and on achieving certain business related targets.

The Group paid the employer's national insurance costs outlined above in respect of the gains arising on non-tax-efficient share options exercised during the year. The associated income tax and employee national insurance costs were paid by the individual directors.

The remuneration for Alan Carroll was paid to Ultris Limited as set out in note 26.

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS (CONTINUED)

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
	£'000	£'000	£'000
David Hornsby	159	15	174
Graeme Spenceley	105	15	120
Jonathan Wearing	13	-	13
Alan Carroll	22	-	22
	299	30	329

The bonuses for David Hornsby and Graeme Spenceley were in respect of the successful integration of Gael Ltd and EIBS Ltd during the year and on achieving certain business related targets. There were no benefits in kind during the year ended 30 April 2016.

The remuneration of the highest paid director during the year ended 30 April 2017 was £291,000 (2016: £174,000).

The group paid contributions to a defined contribution pension scheme in respect of the following directors:

	2017	2016
	£'000	£'000
David Hornsby	3	-
Graeme Spenceley	2	-
Barnaby Kent	1	-
Ben Dorks	1	-
	7	-

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS (CONTINUED)

The following options over shares in the Company granted to the directors remain outstanding at 30 April 2017:

Director	Notes (see below)	Balance at 30 April 2016	Granted in the year	Exercised in the year	Balance at 30 April 2017	Option exercise price (pence)	Date exercisable
David Hornsby	a	1,333,333	-	-	1,333,333	9.0	2014 - 2021
	b	500,000	-	-	500,000	22.38	2016 - 2023
		1,833,333	-	-	1,833,333		
Graeme Spenceley	a	800,000	-	-	800,000	9.0	2014 - 2021
	b	1,000,000	-	(205,000)	795,000	22.38	2016 - 2023
	c	1,000,000	-	(1,000,000)	-	1.0	2016 - 2019
	d	-	1,200,000	-	1,200,000	1.0	2020 - 2022
		2,800,000	1,200,000	(1,205,000)	2,795,000		
Barnaby Kent	b	1,000,000*	-	-	1,000,000	22.38	2016 - 2023
	c	500,000*	-	(500,000)	-	1.0	2016 - 2019
	d	-	1,200,000	-	1,200,000	1.0	2020 - 2022
		1,500,000	1,200,000	(500,000)	2,200,000		
Ben Dorks	b	1,000,000*	-	-	1,000,000	22.38	2016 - 2023
	c	500,000*	-	(500,000)	-	1.0	2016 - 2019
	d	-	1,200,000	-	1,200,000	1.0	2020 - 2022
		1,500,000	1,200,000	(500,000)	2,200,000		

Notes

- options were granted on 20 October 2011 under the Company's EMI share option scheme. All options are exercisable at 30 April 2017.
- options were granted on 30 January 2013 under the Company's EMI share option scheme. All options are exercisable at 30 April 2017.
- options were granted on 22 July 2015 under the Company's 2015 Long Term Incentive Plan. All options had been exercised by 30 April 2017.
- options were granted on 23 March 2017 under the Company's 2017 Long Term Incentive Plan. None of these options are exercisable at 30 April 2017.

* this is the balance of outstanding options on 24 January 2017, the date of appointment of Barnaby Kent and Ben Dorks as directors of the Company.

Further information on the group's share option schemes can be found at note 21 to the accounts.

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

7 | TAXATION

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

	2017	2016
	£'000	£'000
Current income tax		
UK corporation tax on profit for the current year	277	27
Overseas income tax charge for the current year	53	32
Adjustments in respect of prior years	(49)	(40)
	281	19
Deferred income tax		
Deferred income tax credit for the current year	(349)	(334)
Total taxation credit recognised in the current year	(68)	(315)

The taxation for the year is lower than the average rate of corporation tax in the UK of 19.91% (2016: 20%). The differences are reconciled below:

	2017	2016
	£'000	£'000
Profit before taxation	663	1,002
Tax on profit at average standard rate of 19.91% (2016: 20%)	132	200
Expenses not deductible for tax purposes	55	2
Deferred taxation not provided on accelerated capital allowances	(11)	(33)
Movement in fair value of contingent consideration not taxable	-	1
Enhanced R&D tax relief	(220)	(195)
Effect on deferred tax from change in current tax rate	(175)	(131)
Different tax rates in overseas jurisdictions	28	12
Deferred tax assets not previously recognised	(27)	(131)
Deferred tax asset not recognised on new trading losses	199	-
Adjustments recognised in current year tax in respect of prior years	(49)	(40)
Taxation credit recognised for the current year	(68)	(315)

7 | TAXATION (CONTINUED)

A further taxation credit of £475,000 (2016: £275,000) 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 2015	690	186	876
Recognised in profit or loss	(442)	168	(274)
Recognised in equity	-	275	275
At 30 April 2016	248	629	877
On acquisition of businesses	403	-	403
Recognised in profit or loss	(329)	(78)	(407)
Recognised in equity	-	475	475
At 30 April 2017	322	1,026	1,348

Deferred income tax assets: Company	Trading losses	Share-based payments	Total
	£'000	£'000	£'000
At 1 May 2015	101	135	236
Recognised in profit or loss	(15)	29	14
Recognised in equity	-	125	125
At 30 April 2016	86	289	375
Recognised in profit or loss	(7)	(34)	(41)
Recognised in equity	-	115	115
Transferred to subsidiary	-	(370)	(370)
At 30 April 2017	79	-	79

7 | TAXATION (CONTINUED)

The deferred income tax assets at 30 April 2017 are expected to be utilised as follows:

Group	Trading losses	Share-based payments	Total
	£'000	£'000	£'000
Within 1 year	250	-	250
After more than 1 year	72	1,026	1,098
	322	1,026	1,348
Company			
Within 1 year	39	-	39
After more than 1 year	40	-	40
	79	-	79

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 2017 there are also unrecognised deferred income tax assets in respect of trading losses of £471,000 (2016: £274,000) in the Group and £365,000 (2016: £219,000) in the Company.

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

Group	Deferred tax liability: Intangibles	
	£'000	
At 1 May 2015	(4,656)	
Recognised in profit or loss	608	
At 30 April 2016	(4,048)	
Recognised in profit or loss	756	
Recognised on business combinations	(2,982)	
At 30 April 2017	(6,274)	

The deferred tax liabilities at 30 April 2017 are expected to crystallise as follows:

Group	Deferred tax liability: Intangibles	
	£'000	
Within 1 year	(1,270)	
After more than 1 year	(5,004)	
	(6,274)	

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 17% from 1 April 2020 has been enacted. 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 2017	Earnings £'000	Weighted average number of shares	Per-share amount
			pence
Basic EPS			
Profit for the year attributable to equity holders of the parent	731	182,719,656	0.40
Effect of dilutive securities: share options	-	9,127,383	
Diluted EPS			
Profit for the year attributable to equity holders of the parent	731	191,847,039	0.38
Year ended 30 April 2016	Earnings £'000	Weighted average number of shares	Per-share amount
			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

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:

	2017	2016
	£'000	£'000
Profit for the year attributable to equity holders of the parent	731	1,317
Adjustments:		
Costs of acquiring businesses	609	-
Share-based payment charges	1,203	936
Restructuring costs	104	-
Deferred taxation on share-based payment charges	78	(168)
Amortisation of acquisition-related intangibles (Note 3)	4,319	3,715
Deferred taxation on amortisation of acquisition-related intangibles	(978)	(851)
Movement in fair value of contingent consideration	-	4
Adjusted earnings	6,066	4,953
Weighted average number of shares: Basic adjusted EPS calculation	182,719,656	178,379,433
Effect of dilutive securities: share options	9,127,383	7,936,922
Weighted average number of shares: Diluted adjusted EPS calculation	191,847,039	186,316,355
Adjusted earnings per share:		
	2017	2016
	pence	pence
Basic	3.32	2.78
Diluted	3.16	2.66

9 | INTANGIBLE ASSETS

Group	Goodwill	Software	Customer relationships	Development costs	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 May 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
Acquisition through business combinations (note 18)	10,248	6,108	10,517	-	26,873
Additions from internal development	-	-	-	1,988	1,988
At 30 April 2017	21,521	17,870	24,766	5,723	69,880
Amortisation					
At 1 May 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
Amortisation expense	-	2,569	1,750	687	5,006
At 30 April 2017	-	7,301	4,614	1,538	13,453
Net carrying amount					
At 30 April 2017	21,521	10,569	20,152	4,185	56,427
At 30 April 2016	11,273	7,030	11,385	2,884	32,572

Goodwill

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

	£'000
GRC CGU	20,272
Content & clinical CGU	1,250
	21,522

The GRC CGU comprises the businesses of the acquisitions of Gael, Pentana, Covalent, PleaseTech, IPI Solutions, Logen, Ideagen Software, Ideagen Capture and Proquis.

The Content & clinical 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 2017 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 2018 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 10% has been used;
- iv. The use of cash flow projections over longer than a 5 year period is considered appropriate as many of the businesses comprising both of the CGUs have been operating for over 15 years, have strong recurring revenue bases and the Group continues to invest in the development of the products in both CGUs.

GRG 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)	37,245	19,024	8,208
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	46%	30%	16%

CONTENT & CLINICAL 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)	3,653	2,536	1,693
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	66%	58%	47%

9 | INTANGIBLE ASSETS (CONTINUED)

DEVELOPMENT COSTS

Development costs are internally generated. At 30 April 2017, the carrying amount of ongoing development projects on which amortisation has not yet commenced was £1,149,000 (2016: £520,000). At 30 April 2017, the carrying amount of completed development projects on which amortisation is being charged was £3,036,000 (2016: £2,364,000). The weighted average remaining amortisation period of these assets at 30 April 2017 is 3.3 years (2016: 3.7 years).

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

Group	2017 Remaining amortisation period (years)	2016 Remaining amortisation period (years)	2017 Carrying amount £'000	2016 Carrying amount £'000
Ideagen Capture				
Customer relationships	3.2	4.2	153	202
Ideagen Software				
Customer relationships	3.9	4.9	165	207
Proquis				
Customer relationships	4.7	5.7	192	233
Software	-	0.6	-	75
Plumtree				
Customer relationships	5.6	6.6	611	720
Software	0.6	1.6	148	379
Pentana				
Customer relationships	6.5	7.5	1,019	1,175
Software	1.5	2.5	392	644
MSS				
Customer relationships	6.2	7.2	215	250
Software	1.2	2.2	134	248
EIBS				
Customer relationships	7.2	8.2	718	818
Software	2.2	3.2	307	450
Gael				
Customer relationships	7.7	8.7	6,886	7,780
Software	2.7	3.7	3,819	5,234

9 | INTANGIBLE ASSETS (CONTINUED)

Group	2017 Remaining amortisation period (years)	2016 Remaining amortisation period (years)	2017 Carrying amount £'000	2016 Carrying amount £'000
Covalent				
Customer relationships	9.3	-	1,949	-
Software	4.3	-	844	-
Logen				
Customer relationships	9.3	-	164	-
Software	2.0	-	2	-
IPI Solutions				
Customer relationships	9.6	-	2,631	-
Software	4.6	-	1,507	-
PleaseTech				
Customer relationships	9.9	-	5,448	-
Software	4.6	-	3,416	-

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 2015	121	489	610
Additions from internal development	-	-	-
At 30 April 2016	121	489	610
Additions from internal development	-	-	-
At 30 April 2017	121	489	610
Amortisation			
At 1 May 2015	121	189	310
Amortisation expense	-	79	79
At 30 April 2016	121	268	389
Amortisation expense	-	72	72
At 30 April 2017	121	340	461
Net carrying amount			
At 30 April 2017	-	149	149
At 30 April 2016	-	221	221

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 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
Additions	52	175	-	62	-	289
Acquisition through business combinations	26	94	-	-	-	120
Disposals	-	-	(47)	-	-	(47)
Foreign currency exchange differences	-	1	-	-	-	1
At 30 April 2017	244	1,014	39	116	43	1,456
Depreciation						
At 1 May 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
Depreciation expense	31	164	40	11	3	249
Disposals	-	-	(38)	-	-	(38)
Foreign currency exchange differences	-	2	-	-	-	2
At 30 April 2017	120	626	26	58	43	873
Net carrying amount						
At 30 April 2017	124	388	13	58	-	583
At 30 April 2016	77	284	62	7	3	433

10 | PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY

	Fixtures and fittings	Office equipment	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 May 2015	23	172	-	195
Additions	-	-	10	10
At 30 April 2016	23	172	10	205
Additions	-	1	39	40
At 30 April 2017	23	173	49	245
Accumulated depreciation				
At 1 May 2015	23	154	-	177
Depreciation expense	-	13	2	15
At 30 April 2016	23	167	2	192
Depreciation expense	-	3	7	10
At 30 April 2017	23	170	9	202
Net carrying amount				
As at 30 April 2017	-	3	40	43
As at 30 April 2016	-	5	8	13

11 | FIXED ASSET INVESTMENTS

COMPANY

	Shares in subsidiaries
Cost	£'000
As at 1 May 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
Additions in the year	28,234
Amounts claimed under warranties relating to business combinations	(78)
Capital contributions to subsidiary companies	722
As at 30 April 2017	54,954
Net carrying amount	54,954
As at 30 April 2017	54,954
As at 30 April 2016	26,076

At 30 April 2017 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, Ideagen Inc. and Covalent Software Inc. which are incorporated in the United States of America and Ideagen Logen EOOD which is incorporated in Bulgaria.

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 Software Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary and 'B' Ordinary
Pleasetech Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary
Covalent Software Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary, Ordinary 'A' and Ordinary non-voting shares
IPI Solutions Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary, A Ordinary and B Ordinary shares
Ideagen Logen EOOD	Software development and sale of software licences, software maintenance and related professional services	Ordinary
Covalent Software Inc.	Sale of software licences, software maintenance and related professional services	Ordinary
Ideagen Inc.	Sale of software licences, software maintenance and related professional services	Ordinary
Filebutton Limited	Dormant	'A' Ordinary and 'B' Ordinary
Ideagen Solutions Limited	Dormant	Ordinary
Pentana Limited	Dormant	Ordinary
EIBS Limited	Dormant	Ordinary
MSS Management Systems Services Limited	Dormant	Ordinary
Ideagen Capture Limited	Dormant	Ordinary
Proquis Limited	Dormant	Ordinary
Root3 Systems Limited	Dormant	Ordinary
Ideagen Systems Limited	Dormant	Ordinary
Gael Products Limited	Dormant	Ordinary

11 | FIXED ASSET INVESTMENTS (CONTINUED)

The registered office address of each of the above subsidiaries is Ergo House, Mere Way, Ruddington Fields Business Park, Nottinghamshire, NG11 6JS except for the following:

Ideagen Gael Limited, Gael Products Limited	Orion House, Bramah Avenue, SE Technology Park, East Kilbride, G75 0RD
Ideagen Inc.	Suite 2000, 11710 Plaza America Drive, Reston, Virginia 20190, USA
PleaseTech Limited	Rock House, Mynyddbach, Chepstow, NP16 6RP
Covalent Software Inc.	4505 Chimney Creek Drive, Sarasota, FL34235, USA
Ideagen Logen EOOD	140 GS Rakovski Street, 1000 Sofia, Bulgaria

12 | INVENTORIES

GROUP

	2017	2016
	£'000	£'000
Goods for resale	10	33

Inventory costs recognised as an expense within cost of sales in the Group Statement of Comprehensive Income amounted to £23,000 (2016: £22,000).

13 | TRADE AND OTHER RECEIVABLES

GROUP

	2017	2016
	£'000	£'000
Trade receivables	8,783	6,117
Prepayments and accrued income	2,188	2,127
	10,971	8,244

COMPANY

	2017	2016
	£'000	£'000
Trade receivables	997	774
Prepayments and accrued income	263	275
Amounts receivable from subsidiaries	2,639	3,948
	3,899	4,997

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

	2017	2016
	£'000	£'000
Not yet overdue	4,319	2,381
1 – 30 days overdue	1,872	1,329
30 – 60 days overdue	1,096	502
60+ days overdue	1,906	2,052
	9,193	6,264
Allowance for doubtful debts (all against debts 60+ days overdue)	(410)	(147)
	8,783	6,117

13 | TRADE AND OTHER RECEIVABLES (CONTINUED)

COMPANY

	2017	2016
	£'000	£'000
Not yet overdue	280	224
1 – 30 days overdue	379	184
30 – 60 days overdue	77	15
60+ days overdue	272	371
	1,008	794
Allowance for doubtful debts (all against debts 60+ days overdue)	(11)	(20)
	997	774

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

GROUP

	2017	2016
	£'000	£'000
Balance at the start of the year	147	216
On acquisition of businesses	88	-
Impairment losses recognised	184	10
Amounts written off as uncollectable	(9)	(79)
	410	147

COMPANY

	2017	2016
	£'000	£'000
Balance at the start of the year	20	20
Impairment losses recognised	-	-
Amounts written off as uncollectable	(9)	-
	11	20

14 | TRADE AND OTHER PAYABLES

GROUP

	2017	2016
	£'000	£'000
Trade payables	1,160	740
Other taxes and social security	2,672	1,156
Accruals	1,283	610
	5,115	2,506

COMPANY

	2017	2016
	£'000	£'000
Trade payables	124	73
Other taxes and social security	59	65
Amounts payable to subsidiaries	11,244	7
Accruals	654	286
	12,081	431

15 | CONTINGENT CONSIDERATION ON BUSINESS COMBINATIONS

GROUP AND COMPANY

	2017	2016
	£'000	£'000
Contingent consideration on the acquisition of Pleasetech Limited	2,000	-
Contingent consideration on the acquisition of Logen EOOD	54	-
	2,054	-

Part of the consideration for the acquisition of PleaseTech Limited in March 2017 is contingent on the achievement of certain revenue targets in the six month period following acquisition. The contingent amount payable under this arrangement will be between £nil and £2,000,000. At the date of acquisition, the directors assessed the fair value of the contingent consideration payable under this arrangement at £2,000,000 and this remains the estimate of the amount payable. The contingent consideration is payable in March 2018 on the first anniversary of completion.

Part of the consideration for the acquisition of Logen EOOD in August 2016 is contingent on the achievement of certain revenue targets in the year following acquisition. The contingent amount payable under this arrangement will be between nil and 120,000 Bulgarian Lev. At the date of acquisition, the directors assessed the fair value of the contingent consideration payable under this arrangement at 120,000 Bulgarian Lev which was equivalent to £54,000 and this remains the estimate of the amount payable.

MOVEMENT IN THE FAIR VALUE OF CONTINGENT CONSIDERATION IN THE YEAR ENDED 30 APRIL 2016

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.

16 | SHORT-TERM BORROWINGS

In August 2016, the Group secured a new 3 year revolving credit facility which is subject to a limit of £3,000,000. The facility has an interest rate of 3 month LIBOR plus 2% on borrowed funds and a rate of 0.8% on unutilised funds within the facility. Security for borrowings under the facility is provided by way of a debenture over the assets of the Group.

GROUP AND COMPANY

	2017	2016
	£'000	£'000
Opening balance	-	-
New borrowings	2,000	-
	2,000	-

The £2,000,000 of borrowings utilised on this facility at 30 April 2017 were repaid in June 2017.

17 | DEFERRED CONSIDERATION ON BUSINESS COMBINATIONS

GROUP AND COMPANY

	2017	2016
	£'000	£'000
Current liabilities		
Deferred consideration on the acquisition of Gael Limited	-	1,613
Deferred consideration on the acquisition of EIBS Limited	-	10
Deferred consideration on the acquisition of IPI Solutions Limited	1,640	-
	1,640	1,623
Non-current liabilities		
Deferred consideration on the acquisition of IPI Solutions Limited	460	-
	460	-

The deferred consideration payable in respect of the acquisition of IPI Solutions Limited is not subject to any performance criteria and no interest is payable on the deferred amounts. The first payment of £1,640,000 is due in December 2017 and the second payment of £460,000 is due in December 2018.

18 | BUSINESS COMBINATIONS

Acquisition of Covalent Software Limited

On 5 August 2016, the company acquired 100% of all classes of the issued ordinary share capital of Covalent Software Limited, a company incorporated and domiciled in the United Kingdom, together with its 100% owned subsidiary, Covalent Software Inc. a company incorporated and domiciled in the United States, for total consideration of £4,655,000. The acquisition is expected to enhance the Group's existing business through the addition of a complementary cloud solution offering, a talented workforce and strong recurring revenues and further consolidates the Group's position in the financial services and public sector markets.

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	2,104
Software intangible	989
Property, plant and equipment	38
Deferred income tax assets	145
Current assets	
Trade and other receivables	291
Corporation tax recoverable	37
Cash and cash equivalents	1,114
Current liabilities	
Trade and other payables	(414)
Deferred revenue	(1,257)
Non-current liabilities	
Deferred income tax liabilities	(559)
Net identifiable assets acquired	2,488

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

	£'000
Cash paid at completion	4,655

Goodwill arising on the acquisition is as follows:

	£'000
Fair value of consideration at date of acquisition	4,655
Less: fair value of net identifiable assets acquired	(2,488)
Goodwill arising on acquisition	2,167

18 | BUSINESS COMBINATIONS (CONTINUED)

Goodwill arose on the acquisition of Covalent Software 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 £167,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2017. The Group Statement of Comprehensive Income for the year ended 30 April 2017 includes revenue of £1,767,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £320,000 in respect of the business acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Covalent Software Limited had been completed on 1 May 2016 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 Covalent Software Limited:	£'000
Consideration paid in cash	4,655
Less: cash acquired in subsidiary	(1,114)
Net cash outflow on acquisition of subsidiary	3,541

Acquisition of Logen EOOD

On 25 August 2016, the company acquired 100% of the issued ordinary share capital of Logen EOOD, a company incorporated and domiciled in Bulgaria, for £134,000. The acquisition is expected to enhance the Group's existing business through the addition of staff experienced in audit-based analytics and will provide a solid base in Eastern Europe which will be used to enhance sales reach and future software development capacity.

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	176
Software intangible	2
Property, plant and equipment	6
Current assets	
Trade and other receivables	14
Current liabilities	
Trade and other payables	(47)
Bank overdraft	(26)
Deferred revenue	(27)
Non-current liabilities	
Deferred income tax liabilities	(31)
 Net identifiable assets acquired	 67

18 | BUSINESS COMBINATIONS (CONTINUED)

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

	£'000
Cash paid at completion	80
Deferred consideration payable in cash (note 15)	54
Total consideration	134

Goodwill arising on the acquisition is as follows:

	£'000
Fair value of consideration at date of acquisition	134
Less: fair value of net identifiable assets acquired	(67)
Goodwill arising on acquisition	67

Goodwill arose on the acquisition of Logen EOOD 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 £24,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2017. The Group Statement of Comprehensive Income for the year ended 30 April 2017 includes revenue of £161,000 and a loss after taxation of £7,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Logen EOOD had been completed on 1 May 2016 is impracticable as the accounting reference date of this company is 31 December and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of Logen EOOD:

	£'000
Consideration paid in cash	80
Bank overdraft acquired in subsidiary	26
Net cash outflow on acquisition of subsidiary	106

18 | BUSINESS COMBINATIONS (CONTINUED)

Acquisition of IPI Solutions Limited

On 8 December 2016, the company acquired 100% of all classes of the issued ordinary share capital of IPI Solutions Limited, a company incorporated and domiciled in the United Kingdom, for £7,018,000. The acquisition is expected to enhance the Group's existing business through the addition of a complementary solution, talented and experienced staff and long-term customer relationships and further consolidates the Group's position in the aerospace and defence, complex manufacturing and life sciences markets.

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	2,738
Software intangible	1,635
Property, plant and equipment	8
Deferred income tax assets	183
Current assets	
Trade and other receivables	277
Cash and cash equivalents	1,478
Current liabilities	
Trade and other payables	(150)
Deferred revenue	(832)
Non-current liabilities	
Deferred income tax liabilities	(787)
 Net identifiable assets acquired	 4,550

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

	£'000
Cash paid at completion	4,418
Ordinary shares issued at completion	500
Deferred consideration payable in cash in December 2017 (note 17)	1,640
Deferred consideration payable in cash in December 2018 (note 17)	460
 Total consideration	 7,018

The consideration paid in shares was satisfied by the issue of 889,680 ordinary shares in Ideagen plc at 56.2 pence per share.

Goodwill arising on the acquisition is as follows:

	£'000
Fair value of consideration at date of acquisition	7,018
Less: fair value of net identifiable assets acquired	(4,550)
 Goodwill arising on acquisition	 2,468

18 | BUSINESS COMBINATIONS (CONTINUED)

Goodwill arose on the acquisition of IPI Solutions 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 £165,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2017. The Group Statement of Comprehensive Income for the year ended 30 April 2017 includes revenue of £1,041,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £407,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of IPI Solutions Limited had been completed on 1 May 2016 is impracticable as the accounting reference date of this company was previously 30 June and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition IPI Solutions Limited:

	£'000
Consideration paid in cash	4,418
Less: cash acquired in subsidiary	(1,478)
Net cash outflow on acquisition of subsidiary	2,940

Acquisition of PleaseTech Limited

On 28 March 2017, the company acquired 100% of all classes of the issued ordinary share capital of PleaseTech Limited, a company incorporated and domiciled in the United Kingdom, for £16,427,000. The acquisition is expected to enhance the Group's existing business through the addition of an established complementary software solution. It also broadens Ideagen's relationships in existing core sectors (life sciences, aerospace and defence), enhances Ideagen's geographic customer footprint (particularly in the US), provides an additional source of recurring revenue and brings strong development capabilities through its facility in Malaysia.

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	5,499
Software intangible	3,482
Property, plant and equipment	68
Deferred income tax assets	75
Current assets	
Trade and other receivables	581
Cash and cash equivalents	4,621
Current liabilities	
Trade and other payables	(282)
Deferred revenue	(1,556)
Income tax liability	(2)
Non-current liabilities	
Deferred income tax liabilities	(1,605)
 Net identifiable assets acquired	 10,881

18 | BUSINESS COMBINATIONS (CONTINUED)

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

	£'000
Cash paid at completion	14,427
Contingent consideration payable in cash in March 2018 (note 15)	2,000
Total consideration	16,427

Goodwill arising on the acquisition is as follows:

	£'000
Fair value of consideration at date of acquisition	16,427
Less: fair value of net identifiable assets acquired	(10,881)
Goodwill arising on acquisition	5,546

Goodwill arose on the acquisition of Pleasetech 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 £253,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2017. The Group Statement of Comprehensive Income for the year ended 30 April 2017 includes revenue of £420,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £89,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Pleasetech Limited had been completed on 1 May 2016 is impracticable as the accounting reference date of this company was previously 31 March and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of Pleasetech Limited:

	£'000
Consideration paid in cash	14,427
Less: cash acquired in subsidiary	(4,621)
Net cash outflow on acquisition of subsidiary	9,806

19 | EQUITY SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

GROUP AND COMPANY

	2017	2016
	£'000	£'000
Issued and fully paid share capital:		
198,117,442 ordinary shares of £0.01 each (2016: 178,963,428 shares)	1,981	1,790
 Share premium	 33,405	 23,598

	2017	2016
	Number	Number
Number of shares in issue at beginning of the year		
Number of shares in issue at beginning of the year	178,963,428	177,341,678
 Issued on exercise of share options	 4,931,000	 1,621,750
Issued on share placing at 75 pence	13,333,334	-
Issued on acquisition of a business at 56.2 pence	889,680	-
 Number of shares in issue at end of the year	 198,117,442	 178,963,428

Ordinary shares issued during the year ended 30 April 2017 on the exercise of share options were as follows:

Date shares issued	Number of shares issued	Issue price (pence)	Share premium (£)
4 May 2016	221,000	37.63	80,952
28 July 2016	80,000	10.00	7,200
11 August 2016	130,000	37.63	47,619
11 August 2016	500,000	1.00	-
31 August 2016	110,000	32.12	34,232
10 October 2016	1,500,000	1.00	-
1 November 2016	110,000	32.12	34,232
20 February 2017	25,000	35.00	8,500
24 February 2017	25,000	37.63	9,158
1 March 2017	25,000	37.63	9,158
23 March 2017	2,000,000	1.00	-
23 March 2017	205,000	22.38	43,829

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

Ordinary shares issued during the year ended 30 April 2016 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

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

The total share issue costs during the year ended 30 April 2017 of £335,000 (2016: £nil) have been deducted from share premium.

MERGER RESERVE

	2017	2016
	£'000	£'000
Group	1,658	1,167
Company	1,709	1,218

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

During the year ended 30 April 2017, 889,680 shares were issued at 56.2 pence each as part of the consideration for the acquisition of IPI Solutions Limited. This resulted in an increase of £491,000 in the merger reserve of both the Group and the Company.

Retained earnings

Retained earnings of both the Group and the Company include an amount of £1,336,000 (2016: £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 2016 of 0.122 pence per ordinary share (in respect of the year ended 30 April 2015: 0.11 pence) was paid to shareholders on 15 November 2016. The total cost of this dividend was £222,000 (in respect of the year ended 30 April 2015: £197,000).

An interim dividend in respect of the year ended 30 April 2017 of 0.068 pence per ordinary share (2016: 0.061 pence) was paid to shareholders on 15 March 2017. The total cost of this dividend was £124,000 (2016: £109,000).

The directors have proposed the payment of a final dividend of 0.142 pence per ordinary share (2016: 0.122 pence) on 22 November 2017 subject to approval by shareholders at the forthcoming Annual General Meeting. The total estimated cost of this dividend is £280,000.

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS

The company has issued share options under five different arrangements. The principal arrangements are an Enterprise Management Incentive Scheme used for granting share options to directors and employees, the 2015 Long Term Incentive Plan under which share options were granted to certain directors and managers, the 2017 Long Term Incentive Plan under which share options were granted to certain directors and the 2016 Share Option Scheme. In addition, a small number of other share options were granted in 2005 and 2006 although the final outstanding options under this arrangement were exercised during the year ended 30 April 2017.

Ideagen Enterprise Management Incentive Scheme

The company has an Enterprise Management Incentive Scheme which permitted the grant to directors and staff of share options in respect of ordinary shares in the company. Since September 2015, no further options can be granted under this scheme. 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 2017

	Number of options	Weighted average exercise price (pence)
Outstanding at 1 May 2016	9,668,333	25.2
Granted during the year	-	-
Exercised during the year	(851,000)	32.5
Outstanding at 30 April 2017	8,817,333	24.5
 Exercisable as at 30 April 2017	 6,748,000	 20.7

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

Of the options outstanding at 30 April 2017, 2,133,333 (2016: 2,133,333) options have an exercise price of 9 pence, 3,295,000 (2016: 3,500,000) options have an exercise price of 22.38 pence, 1,110,000 (2016: 1,330,000) options have an exercise price of 32.12 pence, 1,100,000 (2016: 1,125,000) options have an exercise price of 35 pence, 654,000 (2016: 1,055,000) options have an exercise price of 37.63 pence and 525,000 (2016: 525,000) options have an exercise price of 45.5 pence.

The fair values of the options exercised during the year at the date they were granted 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)
221,000	37.63	51.25	13.69
130,000	37.63	56.00	13.69
110,000	32.12	54.50	12.12
110,000	32.12	53.38	12.12
25,000	35.00	78.50	10.16
25,000	37.63	81.50	13.69
25,000	37.63	79.50	13.69
205,000	22.38	75.00	11.80
851,000			

The weighted average remaining contractual life of the options outstanding at 30 April 2017 was 6.3 years (2016: 7.4 years).

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

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

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

Ideagen 2015 Long Term Incentive Plan

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

Some of these options could be exercised when the Ideagen plc share price for the immediately preceding 20 dealing days was 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 options could 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 could be exercised in the 12 month period immediately following the date of grant. In the event of a takeover of the company, different rules apply and all of these options may become exercisable at that point.

The following is a summary of the movements in the number of outstanding share options under the 2015 Long Term Incentive Plan.

	51 pence share price exercise condition		68 pence share price exercise condition	
	2017	2016	2017	2016
At the start of the year	2,000,000	-	1,500,000	-
Granted during the year	-	2,000,000	500,000	2,000,000
Exercised during the year	(2,000,000)	-	(2,000,000)	-
Lapsed during the year	-	-	-	(500,000)
At the end of the year	-	2,000,000	-	1,500,000
Exercisable at the end of the year	-	-	-	-

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

The fair values 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.

	2017	2016	2016
	68 pence condition	51 pence condition	68 pence condition
Date of grant	1 September 2016	22 July 2015	22 July 2015
Share price at grant date (pence)	54.5	45.5	45.5
Exercise price (pence)	1.0	1.0	1.0
Share price barrier condition (pence)	68.0	51.0	68.0
Expected volatility	33%	32%	32%
Expected dividend yield	0.34%	0.4%	0.4%
Expected option life	3 years	3 years	3 years
Risk-free interest rate	0.23%	0.54%	0.54%
Fair value of option (pence)	41.32	35.25	22.7

Future share price volatility was 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 the options exercised during the year ended 30 April 2017 and the price of Ideagen plc ordinary shares on the date of exercise were as follows.

Number of options exercised	Ideagen plc share price on date of exercise (pence)	Fair value per option at date of grant (pence)
500,000	56.00	35.25
1,500,000	53.00	35.25
1,500,000	75.00	22.70
500,000	75.00	41.32
4,000,000		

Ideagen 2017 Long Term Incentive Plan

On 23 March 2017, the company introduced the 2017 Long Term Incentive Plan and 3,600,000 share options were granted under the plan at an exercise price of 1 penny to certain directors.

1,800,000 of these options will become eligible to vest on the Company's share price reaching 98 pence over 30 consecutive business days with the remainder becoming eligible to vest on the Company's share price reaching 136 pence over 30 consecutive business days.

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

Options issued pursuant to the 2017 Long Term Incentive Plan will not vest until the third anniversary of the grant date. Thereafter, any shares issued in respect of the exercise of any of these options cannot be sold until the fourth anniversary of the grant date, and are subject to continued service throughout. All options will lapse if the eligibility criteria are not satisfied or the options are not exercised within 5 years of the date of grant of the options. 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 2017 and no options were exercised during the year.

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.

	98 pence share price exercise condition	136 pence share price exercise condition
Share price at grant date	78 pence	78 pence
Exercise price	1 penny	1 penny
Share price condition (barrier)	98 pence	136 pence
Expected volatility	33%	33%
Expected dividend yield	0.27%	0.27%
Expected option life	3 years	3 years
Risk-free interest rate	0.6%	0.6%
Fair value of option	59.3 pence	33.58 pence

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

Ideagen 2016 Share Option Scheme

This scheme was introduced in the year ended 30 April 2017 to replace the Enterprise Management Incentive Scheme as no further option awards can be made under that scheme.

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 normally 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 if they have not been exercised.

During the year, 950,000 options were granted under this scheme with an exercise price of 50 pence each. 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 key inputs to the option pricing model are summarised below.

Date of grant	1 September 2016
Share price at grant date	54.5 pence
Exercise price	50 pence
Expected volatility	33%
Expected dividend yield	0.34%
Expected option life	5 years
Risk-free interest rate	0.23%
Fair value of option	16.98 pence

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

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

None of these options were exercised during the year and none were exercisable at 30 April 2017. The average remaining contractual life of the options outstanding at 30 April 2017 was 9.3 years.

Other outstanding share options

In addition to the share options granted under the terms of the schemes outlined above, a total of 168,750 further share options granted by the company in 2005 and 2006 remained outstanding at 30 April 2015. Of the total outstanding at 30 April 2015, 88,750 options were exercised at an exercise price of 20 pence during the year ended 30 April 2016 when the price of Ideagen plc ordinary shares was 46.5 pence per share.

The final 80,000 of these options were exercised during the year ended 30 April 2017 at an exercise price of 10 pence when the price of Ideagen plc ordinary shares was 53.5 pence.

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

During the year ended 30 April 2017 the group recognised a total charge of £1,203,000 (2016: £936,000) in the Consolidated Statement of Comprehensive Income in relation to its equity-settled share option schemes.

Of this, £604,000 (2016: £649,000) related to share options granted under the 2015 Long Term Incentive Plan, £120,000 (2016: £272,000) related to options granted under the Enterprise Management Incentive Scheme, £74,000 (2016: £nil) related to options granted under the 2016 Share Option Scheme, £60,000 (2016: £nil) related to options granted under the 2017 Long Term Incentive Plan and £345,000 (2016: £15,000) related to national insurance costs on options which did not qualify for tax reliefs.

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 2017 amounted to £961,000 (2016: £1,482,000).

The total fair value at the date the options were granted of the options exercised during the year ended 30 April 2017 was £1,379,000 (2016: £92,000). 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 also has a revolving credit facility of up to £3 million and had short-term borrowings of £2 million at 30 April 2017 as set out in note 16.

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 2017 the Group had the following aggregate commitments under non-cancellable operating leases in respect of land & buildings:

	2017	2016
	£'000	£'000
Within one year	483	313
Between two and five years	513	566
	996	879

24 | PENSION SCHEMES

The group operated a defined contribution pension scheme for employees during the year. The pension cost charge represents contributions payable by the group into the scheme and amounted to £257,000 (2016: £160,000). At 30 April 2017, trade and other payables included £44,000 (2016: £nil) payable to the group pension scheme.

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.

	2017	2016
	£'000	£'000
GROUP		
Cash and bank balances	6,205	6,317
COMPANY		
Cash and bank balances	1,317	977

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 £543,000 (2016: £416,000) of costs including management charges to its wholly owned subsidiaries and suffered recharges of £387,000 (2016: £196,000) from its wholly owned subsidiaries. Details of transactions between the Company and other related parties are disclosed below.

At 30 April 2017, trade and other payables in the Company included £5,044 (2016: £4,800) 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.

Total dividends paid to the directors of the Company during the year were as follows: Jonathan Wearing £8,434 (2016: £7,591), David Hornsby £17,947 (2016: £16,107), Graeme Spenceley £594 (2016: £107), Alan Carroll £388 (2016: £349), Barnaby Kent £1,205 (£nil) and Ben Dorks £850 (£nil).

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:

	2017	2016
	£'000	£'000
Salaries, bonuses and fees and related employer national insurance	736	367
Share based payments	394	180
	1,130	547

27 | EVENTS AFTER THE END OF THE REPORTING PERIOD

Issues of ordinary shares

In order to satisfy the exercise of share options, the company issued 83,333 shares at 35 pence each on 18 May 2017. The company also issued 550,639 shares at 91 pence on 1 September 2017 into the Group's Share Incentive Plan.



e : info@ideagen.com | w : ideagen.com

All rights reserved worldwide. Copyright © 2017 Ideagen Plc