

Ideagen plc

Annual Report and
Accounts for the Year
Ended 30 April 2019

Registration number: 02805019

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Welcome to **Ideagen**

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

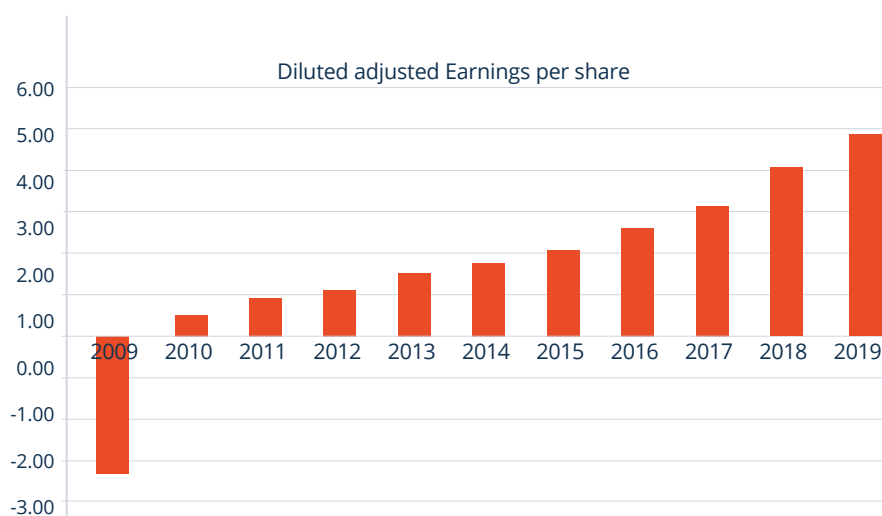
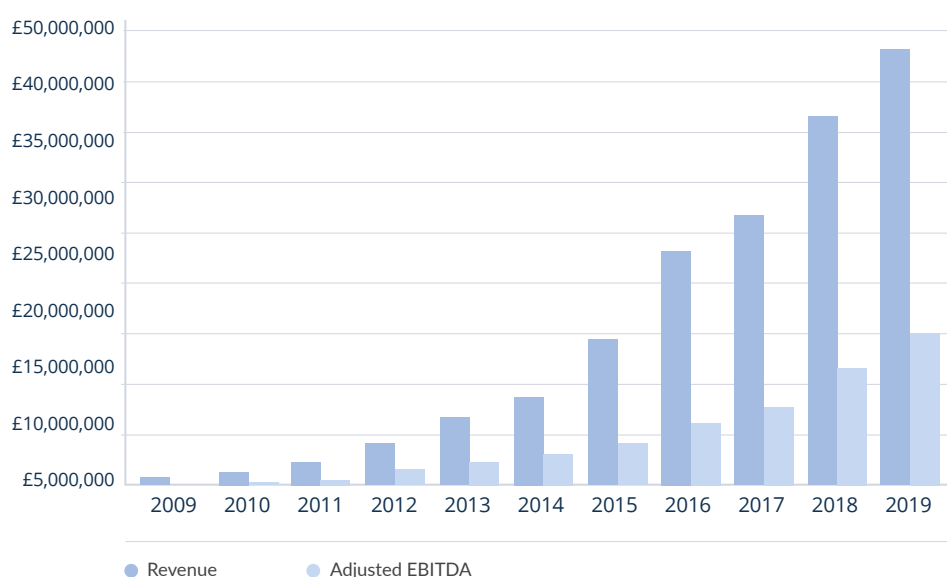
The Group has established a global business supplying Governance, Risk and Compliance (GRC) solutions predominantly to the Aviation, Life Sciences, Banking and Finance, Aerospace and Defence, and Automotive sectors.

Ideagen has operations in the UK, the United States, Bulgaria, Malaysia, Ireland 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 4,700 customers including 7 of the top 10 UK accounting firms, over 80% of NHS Trusts the top 7 global Aerospace and Defence companies and 35 of the top global Life Sciences companies.

The Group has grown both organically and through a number of strategic acquisitions, with this year's results representing the 10th 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



David Hornsby
Executive Chairman
Aged 52

David was the Chief Executive Officer of Ideagen plc between June 2009 and May 2018 when he became Executive Chairman. David has over 20 years' experience in the technology sector and 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.



Ben Dorks
Chief Executive Officer
Aged 45

Ben joined Ideagen via the acquisition of Plumtree Group in December 2012 and joined the Board in January 2017 as Chief Customer Officer. He became Chief Executive Officer in May 2018. Ben 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.



Graeme Spenceley
Chief Financial Officer &
Company Secretary
Aged 54

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.



Barnaby Kent
Chief Operating Officer
Aged 42

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 15 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.



Alan Carroll
Senior Independent
Non-Executive Director
Aged 68

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. He was appointed to the Board in June 2012. Time commitment to Ideagen is typically one to two days per month.

OFFICERS (CONTINUED)



Jonathan Wearing
Non-Executive Director
Aged 66

Jonathan was formerly the Chairman of Ideagen until May 2018 when he was succeeded by David Hornsby. He was previously 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. Time commitment to Ideagen is typically one to two days per month.



Tony Rodriguez
Independent Non-Executive Director
Aged 50

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 visionary by Gartner. Time commitment to Ideagen is typically one to two days per month.

ADVISERS AND REGISTERED OFFICE

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SOLICITORS

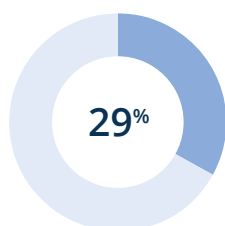
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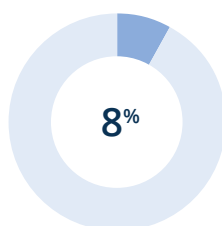
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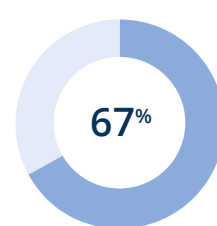
FINANCIAL HIGHLIGHTS



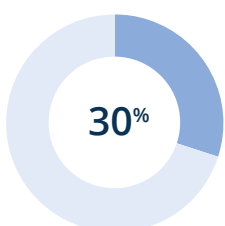
Revenue increased by 29% to **£46.7m** (2018: £36.1m)



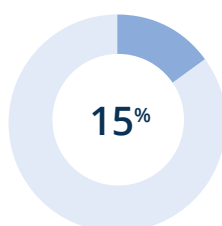
Underlying organic revenue growth of **8%** (2018: 11%)*



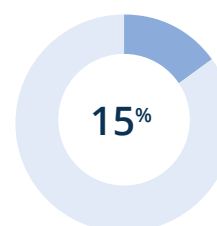
Recurring revenues of **£31.2m** (2018: £22.2m) representing **67%** (2018: 62%) of total revenues



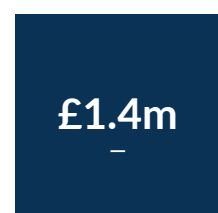
Adjusted EBITDA** increased by 30% to **£14.3m** (2018: £11.0m)



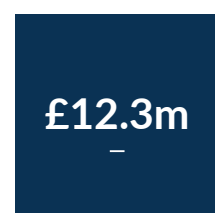
Adjusted diluted EPS*** increased by 15% to **4.80 pence** (2018: 4.16 pence)



Proposed final dividend of **0.188 pence** per share making a total of 0.278 pence (2018: 0.241 pence) per share for the year representing a 15% increase



Profit before tax of **£1.4m** (2018: £1.4m)



Cash generated by operations of **£12.3m** (2018: £9.4m)



Net debt at year end of **£1.3m** (2018: cash of £0.8m)

OPERATIONAL HIGHLIGHTS

- Acquisition of InspectionXpert Corp. adding 900 US manufacturing customers, IP, growing Software as a Service (SaaS) recurring revenues and a platform for further growth in North America
- Acquisition of Morgan Kai adding 400 internal audit customers, doubling the size of our internal audit business
- Acquisition of Scannell Solutions, a SaaS company that has developed a functionally rich content-enabled Environmental, Health, and Safety platform
- 77% increase in SaaS bookings (2018: 174%)
- Strong international growth with 87% (2018: 78%) of all new SaaS logo wins outside of the UK
- 273 new logo SaaS customer wins including Glaxo SmithKline, Keolis, Green Climate Fund, Boston Biomedical, Fidelity National Finance, Air Nostrum, Immunomedics Inc
- 140 new logo on-premise customer wins including Transport For London, Cancer Research UK, Thompson Aero Seating, Addiko Bank, TP Aerospace, SAMREF
- Strong account management with significant contract extensions from Triumph Group, Pfizer, Regeneron Pharmaceuticals, Meggitt PLC, Thales Group, International Energy Agency
- Continued high levels of customer retention with support and maintenance contract renewal rate of 95% (2018: 96%)
- Ongoing product innovation and investment across all products with a strong emphasis on cloud

* 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

I am pleased to report on another strong performance for the year to 30 April 2019, representing Ideagen's 10th consecutive year of revenue and EBITDA growth. The Group met or exceeded all key financial and operational objectives for the year including targets for revenue, profitability, organic growth, cash generation and customer retention.

These results are underpinned by Ideagen's world class customer base, strong global reach, outstanding product set and proven and effective management team. These are the first set of results that we have announced following the appointment of Ben Dorks as Chief Executive in May 2018 and the Board is delighted with the progress made under Ben's leadership.

The Group continues to source and execute acquisitions and has an extensive pipeline of opportunities that would increase our product capability, scale and recurring revenues, which the Board expect would further enhance shareholder value for the long term.

The Group has a clear vision for the future and has a number of growth and financial objectives for the coming years. These are based on achieving a targeted £100 million in run rate revenues by 2022, with recurring revenues representing a minimum of 75%, EBITDA margins at a minimum of 30% and operating cash collection in excess of 90% of EBITDA. The Board believes that approximately £70 million in revenue will be achieved from our current business through organic growth with £30 million being generated through acquisitions.

'C Level' management

In May 2018, Ben Dorks was appointed as Chief Executive to provide the necessary operational leadership for the Group. I moved from Chief Executive to Executive Chairman, to focus on M&A activities and the 3-year strategic plan.

Over the past 12 months, the Group has also recruited and promoted a number of key individuals to provide the necessary depth and breadth of senior management to support our continued growth. During the year Ian Hepworth, formerly Divisional CTO at Thompson Reuters was appointed as Chief Technical Officer and Arun Varma, formerly Global Vice President of Marketing at Kaspersky as Chief Marketing Officer. Both Ian and Arun have an excellent pedigree having worked at a senior level with global innovators and leaders such as RAC, Nokia, Cambridge University Press and Segura Systems during their careers. In April 2019, Paul Marshall was promoted to Chief Customer Officer as the Group continues to drive customer success and the ongoing expansion of its products within the customer base. Paul is an Ideagen veteran of over 10 years, having served as a Project Consultant, Sales Manager and Head of Sales and is a trusted advisor to many of Ideagen's most strategic customers. They join Alex Hewitt (Chief Legal Officer), Barnaby Kent (Chief Operating Officer) and Graeme Spenceley (Chief Financial Officer) to make up Ben's senior leadership team.

Market Opportunity

The Board is confident in the long-term prospects of the Group. The Integrated Risk Management market was, according to Gartner, worth \$5.4 billion globally in 2018 and is estimated to be growing at 13% per annum. We believe we have a compelling business platform that has been significantly enhanced over the past year through the acquisitions of InspectionXpert, Morgan Kai and Scannell Solutions and the acquisition of Redland in the current year.

Highly regulated organisations require the tools we provide to help them identify, assess and manage corporate risk while complying with international industry standards. Many of these organisations 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 Group which will increase the percentage of total revenues derived from recurring contracts providing further visibility of earnings.

Dividend

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 0.188 pence per share making a total dividend of 0.278 pence for the year (2018: 0.241 pence) an increase of 15%. Subject to approval at the forthcoming AGM, the final dividend will be payable on 26 November 2019 to shareholders on the register on 8 November 2019. The corresponding ex-dividend date is 7 November 2019.

The success of Ideagen is the result of the excellence and dedication of our employees and on behalf of the Board, I would like to thank all of them for their continued hard work. The new financial year has started well and I look forward to continuing our track record of growth and delivering on our strategic objectives.

David Hornsby

Executive Chairman

CHIEF EXECUTIVE'S REVIEW

BUSINESS REVIEW

I am delighted to report that 2019 has been another successful year for Ideagen. We have announced a further year of solid financial performance during which our organic revenue growth was 8% and ARR grew by 44%. I am encouraged by the success in our priority international markets which continue to form a significant expansion opportunity.

Excellent strategic progress has been made, in particular with the three acquisitions completed during the year. This has strengthened our product range and keeps us well-placed to support our customers and capitalise on the significant market opportunities ahead.

Total revenue of £46.7 million (2018: £36.1 million), represented overall growth of 29% and adjusted EBITDA grew by 30% to £14.3 million (2018: £11.0 million). 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 15% to 4.80 pence for the year (2018: 4.19 pence).

MARKET DRIVERS AND GROWTH OPPORTUNITIES

Ideagen operates in a global market with a number of drivers for structural growth. Businesses around the world need innovative solutions to help them meet increasingly stringent compliance, quality, safety, and regulatory risk requirements.

Ideagen's product-market strategy is focussed in two areas:

QHSE – Quality, Health & Safety and Environmental Management – covering:

- Compliance with existing and new standards, laws and regulations
- Conformance with customer requirements, including, for example, new pressures for risk-based shop floor quality management in manufacturing supply chains
- Efficiency and productivity in quality, safety and environmental management; for example, being able to comply with new or more stringent requirements without increasing headcount in the compliance team
- Improving performance in these areas, for example by reducing the number of safety incidents in which employees are harmed, ensuring that important quality audits are passed successfully

ARC – Audit, Risk and Compliance Management – covering:

- Pursuit of sustainable competitive advantage through risk-based compliance and oversight
- Establishing a strong governance model to deliver resilience, compliance and strategic goals
- Productivity of internal audit teams through automation of their business processes
- Compliance with laws and regulations such as SOX, UK Companies Act, SM&CR or ASC 275
- Stewardship of brand and reputation

These key market opportunities overlaid with vertical concentration in aviation, aerospace, automotive and defence manufacturing, life sciences, healthcare, financial services and banking, provide global opportunity for growth with the accelerating shift towards a cloud economy.

OVERVIEW

Following another strong financial performance in 2019, Ideagen has the capability and resources to continue to make important investments across the Group. These investments will support further growth in line with our People, Products and Customers. Organic investment will be directed at developing and launching additional world-class products, improving the value-based outcomes for our customer, and recruiting and developing the very best people. We intend to support this organic investment by considering acquisitions that broaden our geographic reach and strengthen our product capabilities.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

STRATEGIC FOCUS AREAS

In the past year we have increased our focus on our three core business areas that underpin our strategy: People, Products and Customers. This has not only contributed to the strong performance in the period but in a complex and rapidly changing environment, this approach allows us to prioritise and align our resource and developments with customer demand and capitalise on market trends.

We have strengthened the capabilities of all our teams, particularly in development, marketing and sales. With the creation of 4 centres of excellence in Nottingham, Glasgow, Kuala Lumpur and Raleigh (North Carolina). This investment will provide resource, technology and infrastructure to further support the Group's growth strategy.

Our customer strategy continues to mature with the introduction of new customer success profiling, people, and systems. We are pleased with the progress we have made during the period which is demonstrated by the industry high retention rate of 95% of recurring revenue. We had a 30% increase in customer engagement for our Net Promoter Score (NPS) which is a customer loyalty metric measured on a scale of -100 to +100, where NPS of greater than Zero (0) is considered good within the enterprise software space. During the year we established that our overall NPS score is +12 (2018: +23). The reduction in score was due to a lower NPS from the acquisitions made in year, like many small businesses, our acquired businesses whilst successful, did not proactively and scientifically manage customer success but are now benefitting from Ideagen's dedicated resource in this area.

This year we have significantly advanced the technology that underpins our customer propositions. The shift to a cloud operational model is a strategic priority, which will continue to evolve through our partnerships with Amazon Web Services and Azure. This innovation means the business is able to scale faster and can continue to support our evolving customer requirements in the UK and international markets.

CORPORATE TRANSACTIONS

Ideagen has a strong track record of acquiring companies. During the year we completed three further acquisitions to strengthen our product and technology capabilities, broaden our international reach and customer base, and take us closer to our strategic goal of being global leader in our chosen markets.

The first of these was InspectionXpert (IX) in Raleigh, North Carolina, USA. IX is a profitable and growing Software as a Service (SaaS) company that has developed a digital Quality Inspection solution for the advanced engineering and manufacturing sector. Increasingly OEMs are driving automated inspection initiatives through their supply chains in order to reduce costs and improve product quality. This acquisition further consolidated our position within the fast-growing Quality market and strengthened our US presence.

This was followed by our largest transaction to date, the acquisition of Morgan Kai, a profitable and growing software company that has developed a leading Internal Audit Management product 'MKinsight'. Customers include the UK's National Audit Office, the Federal Reserve, Investec, the New York Stock Exchange, Shell, Bombardier and Blue Cross Blue Shield; with 77% of them being international and 28% in the US. The addition of MKinsight to the Group doubles the existing Ideagen Internal Audit business providing scale, enhanced technology, and a strong competitive position.

Our third acquisition was Scannell Solutions, a SaaS company that has developed a functionally rich content enabled Environmental, Health, and Safety platform. This acquisition supports the Group's product roadmap providing the technology and content to accelerate our market leading QHSE strategy.

Together, these acquisitions mean that we now have businesses of genuine scale and ability to execute on the market opportunity.

The Board remains committed to our ongoing buy and build strategy and we expect to complete further acquisitions in the future. Our acquisition strategy focusses on recurring revenues and compelling product offerings, and we apply strict criteria to ensure that acquisitions represent value for shareholders.



“
With Pentana, we can communicate very well with our other second and third line of defence functions, as well as our CRM group and our lines of business. With everything in the system paperless and with this baseline understanding from all the different groups that use it, we avoid a lot of time wasting trying to translate from one system to another. Everyone understands when we say we're looking at the entity risk, or we're looking at a review risk

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STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2019

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

CUSTOMER CASE STUDIES

CADENCE BANK

A subsidiary of Cadence Bancorporation, Cadence Bank N.A. is a regional bank with \$17.6 billion in assets. Cadence operates 98 branch locations in Alabama, Florida, Georgia, Mississippi, Tennessee and Texas, and provides corporations, middle-market companies, small businesses and consumers with a full range of innovative banking and financial solutions.

Like many businesses today, Cadence Bank recognised a need for their audit and risk functions to be as integrated as possible in order to remain agile in a volatile, uncertain and increasingly complex business risk environment. This led to the audit group looking for a software solution that allowed them to work fluidly with the rest of the business and provide the Enterprise Risk Management group with a complete view of their collective risks in a single, easy-to-access system.

“We pride ourselves on being very resourceful and responsive to our clients so that we can build long lasting relationships,” says Lana Blackmon, Vice President and Audit Group Manager at Cadence Bank. “To do this, every arm of the bank needs to be aware of their existing and emerging risks. We have utilised Pentana Audit as a complete GRC tool. Our Enterprise Risk Management Group collects risk and control assessments from the different lines of business, and we utilize those risk and control self-assessments to test and assess the controls, ensuring they are operating just as they are designed to.”

Lana explains that with the use of Pentana, the risk culture within Cadence has evolved into something much more proactive and constructive:

“It's been an incredibly effective way for us to build the risk culture within the organization. Our lines of business are now accustomed to seeing their risks and controls regularly, they are used to being tested on them, and can see how the conversation really flows.”

Cadence have come to release a wealth of time and cost savings since implementing Pentana Audit, especially in their communication channels.

“With Pentana, we can communicate very well with our other second and third line of defence functions, as well as our CRM group and our lines of business. With everything in the system paperless and with this baseline understanding from all the different groups that use it, we avoid a lot of time wasting trying to translate from one system to another. Everyone understands when we say we're looking at the entity risk, or we're looking at a review risk.”

“Pentana Audit has given us a level of discipline and consistency that has led to us getting some really satisfactory reviews from regulators. In future, we want to do more on risk assessments, and build the product out more to other lines of business. We are also looking for ways to leverage the information in Pentana to produce some advanced reports that incorporates all the key information management need to make decisions.”

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

CUSTOMER CASE STUDIES

WALES RESEARCH AND DIAGNOSTIC PET IMAGING CENTRE

Wales Research and Diagnostic PET Imaging Centre is a major facility which is part of Cardiff University, and was a result of a £16.5 million investment by the Welsh Government. It provides researchers and doctors with a far greater ability to detect malignant tissue and track the effects of drugs in incredible detail.

In highly regulated environments such as the pharmaceutical sector, where not only is there pharmaceutical legislation to deal with but radiation legislation among others, it is essential to have a good quality management system in place to ensure regulatory requirements are met consistently. In previous roles within other organisations Professor Marshall has seen the use of paper-based documentation systems. However these were incredibly time consuming and managing change proved difficult with draft versions spending time on different desks waiting for review and sign off. Although risk assessments have always been controlled documents the continued adoption of quality risk management approaches in pharmaceutical manufacturing meant that this paper-based risk assessment approach was no longer appropriate.

Q-Pulse is widely known in the Medical Physics industry and is broadly used across the fields of Radiotherapy and Nuclear Medicine where a strong quality management system is essential to meet the stringent regulatory requirements.

Professor Marshall said: "Given the key role that quality management and risk management play in complying with regulations such as the Environmental Permitting Regulations (2010), Ionising Radiation (Medical Exposure) Regulations (2017), The Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations 2009, Good Manufacturing Practice and many more, a robust electronic risk management system is essential to ensure compliance. The introduction of Q-Pulse Risk has been beneficial in ensuring we increase our compliance in an efficient manner."

"During the training and installation of Q-Pulse Risk, it became apparent that we were underutilising the Incident and Occurrence modules, which are key to unlocking the potential of the system. As a result, we transferred numerous paper forms into electronic forms where data can be captured using the Q-Pulse iPad app. As a result, we now have access to more data in an electronic format."

In addition, the installation of Q-Pulse Risk has also enabled the migration to a paper free clean room, reducing the risk of contamination of the facility. The team now has visibility of the effectiveness of their controls and risks to patients, staff and the company, which enables them to better manage their business as well as ensuring the safety of patients and staff. The goal is to migrate all risk assessments to Q-Pulse Risk and complete the migration of paper-based forms to the Occurrences and Incidents module. A significant part of the business process has already been transferred, and it is clear to see that the work involved in completing this migration will significantly improve the management of the facility and processes.



During the training and installation of Q-Pulse Risk, it became apparent that we were underutilising the Incident and Occurrence modules, which are key to unlocking the potential of the system. As a result, we transferred numerous paper forms into electronic forms where data can be captured using the Q-Pulse iPad app. As a result, we now have access to more data in an electronic format.



CHIEF EXECUTIVE'S REVIEW (CONTINUED)

OPERATIONAL

Cash generated by operations remained strong in the year at over 90% of EBITDA on an adjusted basis. Net debt as at 30 April 2019 was £1.3 million (30 April 2018: net cash of £0.8million) having raised £19.4 million in September 2018 through a share placing and having paid a total of £28.2 million in consideration and costs for the acquisitions of InspectionXpert, Morgan Kai, Scannell Solutions and IPI (deferred) and £0.6 million in dividend.

The Group continues to benefit from a strong and growing base of recurring revenues, which represented 67% of total revenue in the year (2018: 62%). 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 increased by 63% to £13.7 million (2018: £8.4 million) with 25% organic SaaS revenue growth.

The Medforce acquisition completed in April 2018 has been successfully integrated using our mature integration framework which provided the delivery of true synergies and enabled an acceleration of sales execution. The acquisition broadened Ideagen's relationships in our existing core sector of healthcare and provides an additional source of recurring revenue.

In order to facilitate growth, Ideagen has invested heavily in 'best of breed' cloud systems that have scalability, functionality and reporting at their core. Salesforce.com remains the most important system for the organisation, providing the internal platform for sales and marketing. This is supported by NetSuite, recently introduced into the finance function, and several functionally specific cloud solutions such as Zendesk, Natero, Peakon, Krow, and Jira. These packages are collectively used to provide analytics and Management Information (MI) in support of strategic decision making across Ideagen.

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 Group has membership of a significant number of leading bodies including the Chartered Quality Institute (CQI), Institute of Internal Auditors (IIA), Flight Safety Foundation, and the Institute of Biomedical Science (IBMS).

GROWTH: SALES AND MARKETING

We have seen good performance in terms of new business and customer retention. This includes key wins across all our core markets and geographies within each of our solution areas.

We have invested into our marketing teams 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. We have increased the number of marketing qualified leads significantly and also introduced a new Sales Development team to support lead generation and qualification.

We sell our products primarily through a direct sales force which generates 97% (2018: 95%) of Group revenue. Our sales force operates globally with a focus on UK, Europe, North America, and Asia. The team is organised by both vertical market and product focus area and includes 57 '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. Key highlights of the year have been the success of the Ideagen Sales Excellence Academy and continued growth of our geographical expansion in Asia and the US.

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

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

PEOPLE

At 30 April 2019 Ideagen had 442 (2018: 423) employees based across its UK and international office network, with the majority located at our Centres of Excellence: Nottingham HQ (UK), Glasgow (UK), Kuala Lumpur (Malaysia) and Raleigh (US). A combined total of 120 (2018: 57) people are based internationally.

The organisation is committed to significant investment within our development teams, with 35% of resource dedicated to this area, primarily based in Nottingham and Malaysia. Ideagen maintains its focus upon building domain expertise within core markets and delivering excellence across the customer base. As a result, the Group has 21% of its resource within Sales & Marketing and 31% in Customer Delivery, Support and Success.

Ideagen continues to believe a broad talent pool across the company is the best way to ensure sustainable growth. As such it is pleased to confirm that 48% of employees have been with the Group for 3 or more years, and 31% have been with the company for 6 years or more. The Group is delighted that this traditionally male dominated sector continues to see strong growth in female applications, resulting in an improved ratio of 64% (2018: 67%) male to 36% (2018: 33%) female.

I am immensely proud to work every day with such a committed and talented team and delighted to see it reflected in positive feedback from customers.

CURRENT TRADING & 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 4,700 customers generating growing recurring revenues and repeat business, the Board has every confidence in the continued prospects for the Group.

Ben Dorks

Chief Executive Officer

FINANCIAL REVIEW OF THE YEAR

Revenue for the year ended 30 April 2019 increased by 29% to £46.7 million (2018: £36.1 million). Within this, pro-forma organic revenue growth was 8% (2018: 11%). This is calculated based on a comparison with pro-forma revenue for FY2018 of £43.3 million which includes revenues for Medforce Technologies, InspectionXpert, Morgan Kai and Scannell for the equivalent period that they were owned by the Group in FY2019.

Revenues are analysed by revenue type in note 2 to the financial statements.

Recurring revenues are a key strategic focus and they have grown strongly because of both the continuing emphasis on growing sales of our SaaS/Subscription-based products and the acquisitions of businesses with high levels of recurring revenues. The Annualised Recurring Revenue (ARR) book amounted to £36.4million at April 2019, an increase of 44%.

Total recurring revenues increased by 40% to £31.2 million (2018: £22.2 million) representing 67% (2018: 62%) of overall revenues. This proportion has improved consistently since 2016 when recurring revenues represented only 53% of total revenues.

SaaS revenues increased by 63% to £13.7million (2018: £8.4 million) representing 29% (2018: 23%) of Group revenue. Support & Maintenance revenues continued to grow both through new perpetual licence sales and through the acquisitions of Medforce and Morgan Kai where significant proportions of recurring revenues have historically come from the perpetual licence model. Support & Maintenance revenues increased by 27% to £17.5 million (2018: £13.8 million) but represented a slightly reduced proportion of total revenues at 37% (2018: 38%) due to the focus on SaaS growth.

Professional services revenues represented 11% (2018: 14%) of total revenues. This decline is due to a lower proportion of professional services revenues inherent within the businesses acquired over the last two years and the increasing proportion of SaaS sales which require less configuration work.

Licence & Software development kit sales, increased to £9.7 million (2018: £8.3 million) representing 21% (2018: 23%) of total revenue in line with the increasing emphasis on SaaS sales.

Adjusted EBITDA increased by 30% to £14.3 million (2018: £11.0 million) and the adjusted EBITDA margin remained stable at 30.6% (2018: 30.5%). Gross margin improved slightly to 91.6% (2018: 91.2%). Operating costs continue to be tightly controlled representing 61.1% (2018: 60.7%) of revenue, however we recognise the need to continue targeting investment in our staff and the operational systems of the business to support continued organic growth and to provide a strong, scalable platform for the integration of future acquisitions.

The Group has significant intangible assets, primarily from the acquisitions that it has made. Amortisation of acquisition intangibles of £7.5 million (2018: £5.8 million) represents the majority of the total depreciation and amortisation charge of £9.4 million (2018: £7.1 million). Amortisation of development costs amounted to £1.4 million (FY2018: £1.0 million).

The share-based payment charge of £1.5 million (2018: £1.9 million) relates to the Group's equity-settled share option schemes including the Long-Term Incentive Plan and the Share Incentive Scheme for employees. The charge included £0.4 million (2018: £0.3 million) of national insurance costs on the exercise of non-tax efficient options. The remainder of the share-based payment charge does not represent a cash cost to the Group.

The Group incurred costs of £1.3 million (2018: £0.4 million) in acquiring the businesses of InspectionXpert, Morgan Kai and Scannell during the year. Only Medforce was acquired in the previous financial year. During the year we have significantly restructured the Group's development function and reduced the number of offices we operate which has resulted in a restructuring cost of £0.5 million (2018: £0.2 million).

The adjusted Group tax charge amounted to £1.5 million (2018: £1.0 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% (2018: 10%) of adjusted profit before tax of £12.2 million (2018: £9.7 million). The increased tax rate is largely due to the increased level of profits earned in the United States which attract higher rates of tax than in the UK. The Group's use of R&D tax credit claims and tax deductions linked to the exercises of share options in particular have significantly reduced the Group's liability to UK corporation tax on FY2019 profits.

As a result of the above, adjusted diluted earnings per share increased by 15% to 4.80 pence (2018: 4.19 pence).

The Group's financial position has continued to strengthen during the year with net assets increasing to £73.7 million (2018: £50.5 million).

FINANCIAL REVIEW OF THE YEAR (CONTINUED)

The value of intangible assets increased to £90.7 million (2018: £60.3 million) mainly as a result of the three acquisitions completed during the year. The Group capitalised £2.7 million (2018: £2.2 million) of R&D development costs during the year which represented 5.75% (2018: 6.2%) of total revenues. The increase is mainly due to costs capitalised in respect of the products being developed by the businesses acquired during the year and the prior year.

Starting with the purchase of Medforce in April 2018, the Group's approach to the funding of acquisitions has been more evenly balanced between using debt and equity together with the Group's own cash generation. The strong cash flow and recurring revenue profile of the business mean that the Group has been able to secure relatively inexpensive debt funding. The acquisitions of Medforce, InspectionXpert and Scannell were funded through increases in the Group's Revolving Credit Facility and the acquisition of Morgan Kai was primarily funded through a heavily oversubscribed share placing which raised £19.4 million net of costs.

Cash generated by operations during the year amounted to £12.3 million (2018: £9.4 million) representing cash conversion of approximately 86% (2018: 85%) of adjusted EBITDA. However, this cash conversion figure was impacted by the receipt, prior to the FY2018 year-end, of £1.1 million of cash from option holders to cover payroll taxes arising on the exercise. The subsequent payment of this £1.1 million of taxes has therefore negatively impacted cash generated by operations during the year to 30 April 2019. Excluding this, cash generated by operations would have represented approximately 94% (2018: 83%) of adjusted EBITDA.

Working capital increased by £0.9 million after adjusting for the £1.1 million of payroll tax liabilities on share options at 30 April 2018. Within this, receivables increased by £3.9 million due to significant organic growth in SaaS billings and increased organic growth in the wider business together with an increased bias of recurring billings in the final quarter on the acquired businesses and in the wider business as a whole. There was also a £2.4 million increase in the deferred revenue creditor as a result of the strong growth in recurring revenues and the additional bias towards final quarter billings.

Free Cash Flow in the year amounted to £6.3 million (2018: £6.1 million) representing 44% (2018: 55%) of adjusted EBITDA or 13.5% of Revenue. However, adjusting for the cash outflow of payroll taxes on share options referred to above, adjusted Free Cash Flow would have been £7.3 million representing 51% of adjusted EBITDA or 15.7% of Revenue. Adjusted Free Cash Flow before payments of acquisition costs of £0.9 million was £8.2 million representing 58% of adjusted EBITDA or 17.7% of Revenue.

The Group ended the year with net debt of £1.3 million (2018: net cash balances of £0.8 million).

FINANCIAL REVIEW OF THE YEAR (CONTINUED)

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. We endeavour to retain employees through ongoing initiatives to foster good staff engagement and ensure that remuneration packages are competitive in the market.

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 and its strategic requirements. 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.

FINANCIAL REVIEW OF THE YEAR (CONTINUED)

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	2019	2018	COMMENTARY
Total revenue growth	29%	33%	Revenue growth is used in the internal assessment of how the Group is performing against strategy.
Organic revenue growth	8%	11%	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	67%	62%	One of the Group's strategic aims is to increase the proportion of contracted recurring revenues in the medium term.
Adjusted EBITDA (£million)	14.3	11.0	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	30.6%	30.5%	Adjusted EBITDA as a percentage of revenue.
Adjusted diluted earnings per share (pence)	4.80	4.19	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	15%	33%	
Cash generated by operations as a percentage of adjusted EBITDA	86%	85%	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	51%	55%	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.
Net Promoter Score (NPS)	+12	+23	NPS is a customer loyalty metric measured on a scale of -100 to +100, where NPS of greater than zero is considered good within the enterprise software space. The reduction in score was due to a lower NPS from the acquisitions made in year.

Approved by the Board and signed on its behalf by
Graeme Spenceley
 Director and Company Secretary
 1 October 2019

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 APRIL 2019

INTRODUCTION

The Board understands the value and importance of good corporate governance and is committed to the ongoing development of practices within the Group to provide better governance. In this statement we explain our approach to this and how the Board and its committees operate.

The corporate governance framework which the Group operates is proportional to the size, stage of development and complexity of the business. In order to meet the requirements of AIM Rule 26, we have decided to follow the Quoted Companies Alliance ("QCA") guidance for smaller and mid-sized quoted companies.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances. The QCA also provides recommendations as to whether the explanations in respect of each principle should be provided in the annual accounts or on the Company's website or both. We have provided information below in respect of those principles which the QCA recommends should be explained in the annual accounts. Further information can be found on the Company's website at www.ideagen.com.

ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS

The purpose of the Group is to provide document and data centric Quality, Safety, Audit and Risk solutions to heavily regulated markets such as Aviation, Life Sciences, Banking and Finance, Aerospace and Defence, and Automotive. This is distributed through our Ideagen Cloud Service architecture (ICSA) and licensed software technology to deliver world class governance, risk and compliance outcomes for our customers on a long-term basis.

Our business model is to deliver this through our own sales, marketing and customer delivery teams within our global network of offices in the UK, Europe, Middle East, Asia and the US.

Our strategy is to develop, in conjunction with our 4,700+ global customers, leading proprietary software technology that acts as a competitive differentiator. This enables us to drive excellent return on investment and world class outcomes for our customers while providing high-quality long-term recurring revenue. In addition, we look to make acquisitions in complementary markets which deliver high value IP and strong recurring revenue growth.

This will deliver a profitable and highly-valued business with competitive advantages over other providers of similar services.

The key challenges we face include:

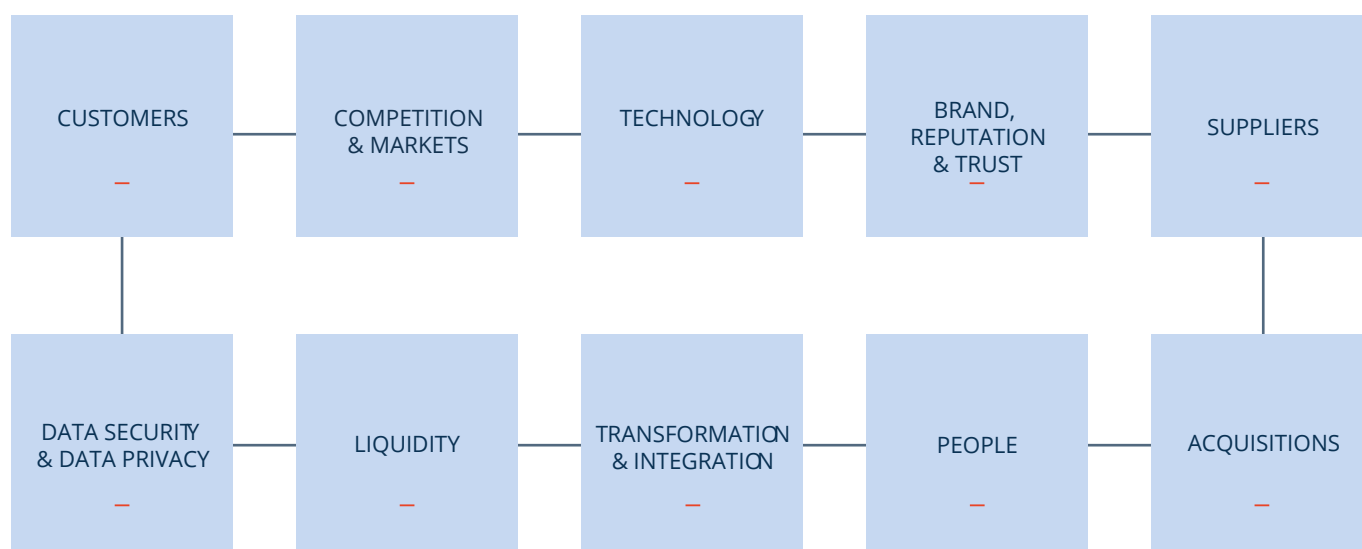
- **Maintaining consistently high levels of quality development and market leading roadmap** – With 35% of all employees engaged in our R&D teams we invest heavily in ensuring the continued development of our products. Very high standards are now expected by customers when it comes to software development. We have implemented automated testing wherever possible, and our software is 100% unit tested throughout its lifecycle. Our product roadmaps are developed through a 15-strong product team that works closely with customers and industry analysts such as Gartner. This delivers a product roadmap which maintains competitive advantage and ensures our continued high rate of customer retention.
- **Customer Success and Loyalty** – We continue to invest heavily in customer success and continually measure customer sentiment and health through an ongoing programme. This includes voice of the customer survey, transactional measurement of customer service and net promoter score as well as a full customer success platform. Additionally, we have a customer success team managing recurring revenue, subscriptions and attrition rates.
- **Delivering continuous availability** – A failure in the group's systems could lead to an inability to deliver services to our customers. This is addressed by operating redundant systems across multiple availability zones using both AWS and Azure cloud infrastructure, and a comprehensive business continuity programme. In addition, we have a 24/7 global support operation in the UK and Kuala Lumpur which monitors availability and performance.

- **Acquisition and Integration** – We apply strict criteria to ensure that acquisitions represent value for shareholders. A key element is the active integration of all the acquisition's technology, organisational and sales capability. We have a dedicated integration team which actively bring together the integration through our 72-point programme. This is reviewed by the senior management and leadership team through a regular monthly meeting, and the PLC Board on a quarterly basis to ensure this is independently checked and verified and that the integration and return on capital is being fully maximised.
- **Recruiting and retaining suitable staff** – the group's ability to execute its strategy is dependent on the skills and abilities of its staff. We undertake ongoing initiatives to foster good staff engagement and ensure that remuneration packages are competitive in the market.

We believe we have the right strategy and service in place to deliver strong growth in sales over the medium to long term and we expect to continue growing our base of recurring revenues. This is achieved by 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 under way which will result in improving EBITDA margins and provide us with scope for additional investment in new services. This will enable us to deliver sustainable shareholder value.

EMBEDDING EFFECTIVE RISK MANAGEMENT

In the formation of the Ideagen medium term strategy the Group has documented the strategic drivers and key corporate risks that it needs to understand and manage. These 10 identified areas represent all aspects of the Ideagen operational model and specifically cover the risks attached to the Group's acquisitive 'Buy and Build' strategy.



Overall accountability for risk management rests with the Board, which is actively engaged in setting risk appetite and monitoring the process of risk assessment and mitigation. However, through Ideagen's proven organisational structure, the responsibility for all individual aspects of risk is passed down to the operational functions, ensuring that risk becomes a cultural part of the Group's identity. When this is combined with open communication and a policy of honesty and transparency, the Board has confidence that all decisions are being made against the backdrop of a controlled process, clearly striking the balance between a drive for growth and an awareness of risk.

A Risk Analyst has recently been recruited to further enhance our approach to risk management through the establishment of a comprehensive risk dashboard linked to a risk register which will be regularly reviewed by the Board.

MAINTAINING THE BOARD AS A WELL-FUNCTIONING BALANCED TEAM LED BY THE CHAIR

The Board has a legal obligation to promote the interests of the Group, and the members of the Board are collectively responsible for defining the Group's corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chairman.

The Board consists of seven directors of which four are executives and three are non-executives. In May 2018, the roles of three members of the Board were changed. These changes are designed to optimise the talent and expertise within the Group and will provide a structure that ensures the Board's skillset remains aligned to the Group's ongoing growth strategy.

David Hornsby moved from the role of Chief Executive Officer to become the Group's Executive Chairman. The Board has a clear strategic objective to grow the business significantly both organically and through further acquisitions. Having led Ideagen's significant growth since 2009, David now has responsibility for Ideagen's medium and long-term growth plans and his particular areas of focus will include Group strategy, M&A and Investor Relations. David will continue to be involved with Ideagen on a full-time basis but will not be involved in the day to day operational management of the Group.

Ben Dorks, formerly Ideagen's Chief Customer Officer, succeeded David to become Ideagen's Chief Executive Officer. In this role Ben is building upon his previous leadership responsibilities and his focus is on the Group's overall operational performance, customer acquisition and retention and product development.

Alan Carroll and Tony Rodriguez are considered to be independent non-executive directors and Alan Carroll is considered to be the senior independent non-executive. After stepping down from his role as non-executive chairman in May 2018, Jonathan Wearing remains on the Board as a non-executive director. However, due to the size of his shareholding in the Company, the Board takes the view that he should not be considered as independent within the meaning of the Code. Due to the further increase in the size and complexity of the Group, we are actively seeking to strengthen the non-executive representation on the Board in the short term.

The Board is supported by an Audit Committee and a Remuneration Committee. The Board does not consider that it is of a size at present to require a separate nominations committee, and all members of the Board are involved in the appointment of new directors. In addition to attending Board meetings, non-executive directors are required to be available at other times as required for face-to-face and telephone meetings with the executive team and investors.

During the year ended 30 April 2019, there were 11 scheduled Board meetings and other Board meetings as required to approve other business such as the acquisition of a business. All directors attended all 11 meetings with the exception of Alan Carroll and Tony Rodriguez who both attended 9 scheduled meetings. Absences were mainly due to illness.

In addition, there were two Audit Committee meetings and two Remuneration Committee meetings which were all attended by Alan Carroll as committee chairman and Tony Rodriguez.

The chairman is responsible for ensuring that directors receive accurate, sufficient and timely information. The company secretary compiles the board and committee papers which are circulated to directors prior to meetings. The company secretary provides minutes of each meeting and every director is aware of the right to have any concerns minuted and to seek independent advice at the group's expense where appropriate.

DIRECTOR EXPERIENCE, SKILLS AND CAPABILITIES

The Board considers that it has an appropriate blend of sector, financial and public markets experience and personal skills and capabilities to enable it to deliver its strategy. Five members of the Board have been involved in the technology sector for many years and four of the directors have at least 7 years of public markets experience. Directors attend trade events and seminars to ensure that they remain up to date with current developments.

The Board acknowledges that as the Group continues to develop, the mix of skills and experience of its members will need to change to reflect this. As noted above, the Board is now actively seeking to balance the number of executives and independent non-executives in the short term.

Further information on the experience of each of the directors is provided on pages 4 and 5.

EVALUATING BOARD PERFORMANCE

It is recognised by shareholders that the Board has performed well both in terms of the development of an effective business strategy and in its day to day execution. The Board has continued to evolve and a number of important changes have been implemented to ensure continuous improvement and performance.

In January 2016 Ben Dorks, then Chief Customer Officer and Barney Kent, Chief Operating Officer joined the Board to provide deeper and broader input to board decision making. In September 2017 Tony Rodriguez joined the board as an independent non-executive Director with a specific responsibility for technology.

Subsequently a further board evaluation process led by the Chairman took place between November 2017 and April 2018. All directors met with the Chairman about the effectiveness of the board and provided a self-assessment of their own contributions, skillset and future development.

PROMOTING A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

Ideagen is an organisation built on the three core pillars of People, Customers, and Products. These provide the foundation for the company culture and identity, which revolves around investment in our people, to build great products for both existing and new customers. These customers in turn provide the revenue to feed back into the cycle for continuous improvement of our People.



This simple approach is at the heart of the Group, whereby all the functions and teams believe they contribute to the success of Ideagen and feel empowered to contribute to the delivery of the Group's vision.

Complimenting these three pillars are seven shared strategic drivers, which are used to ensure the actions of our employees are targeted towards improving the organisation in a sustainable and controlled manner and one that represents Ideagen's core values and beliefs of open communication and transparency.

In support of all actions within the Group is a strong organisational structure and a comprehensive suite of documented policies and processes to ensure all appropriate workflows have rigorous safeguards. However, as an organisation we are conscious to strike the balance to create a culture of openness and collaboration, where teamwork in delivering the Group's objectives is the primary driver.

The Group consults with employees through the employee forum and through regular focused short surveys designed to measure and improve employee engagement. These provide a continuous process for feedback allowing Ideagen to learn more about what drives our employees, areas we could improve and also what we are already doing well. Response rates to the surveys are generally good.

AUDIT COMMITTEE REPORT

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 Group's external 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.

The Audit Committee comprises the two independent non-executive directors, Alan Carroll (as committee chairman) and Tony Rodriguez.

During the year the Committee met with the external auditors on two occasions, prior to and after the annual audit. The members of the Committee also have direct access to the external auditors on an ongoing basis as required.

REMUNERATION COMMITTEE REPORT

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.

The Audit Committee comprises the two independent non-executive directors, Alan Carroll (as committee chairman) and Tony Rodriguez.

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 ended 30 April 2019, the Company introduced the 2018 Long Term Incentive Plan and the 2018 Long Term Incentive Plan Extension. Under these plans, 1,200,000 share options with an exercise price of 1 penny each were granted to Ben Dorks and 750,000 share options were granted to both Graeme Spenceley and Barnaby Kent. In total, 1,350,000 of these options will become eligible to vest on the Company's share price reaching 196 pence over 30 consecutive business days. The remaining 1,350,000 options will become eligible to vest on the Company's share price reaching 259 pence over 30 consecutive business days. None of these options were exercisable at 30 April 2019. 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.

During the year ended 30 April 2019, the final tranche of 1,800,000 share options linked to the 136 pence share price condition from the 2017 Long Term Incentive Plan were exercised by Ben Dorks, Graeme Spenceley and Barnaby Kent.

Full details of the remuneration and share options of the directors are set out at notes 6 and 20 to the financial statements.

By order of the Board

David Hornsby
Chairman

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2019

The directors are pleased to present their report and the audited financial statements for the year ended 30 April 2019.

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 7 to 17 and details are set out in the financial statements on pages 30 to 93.

A final dividend in respect of the year ended 30 April 2018 of 0.163 pence per ordinary share was paid to shareholders on 21 November 2018. The total cost of this dividend was £357,000.

An interim dividend in respect of the year ended 30 April 2019 of 0.09 pence per ordinary share was paid to shareholders on 20 March 2019. The total cost of this dividend was £198,000.

The directors propose a final dividend in respect of the year ended 30 April 2019 of 0.188 pence per share payable on 26 November 2019 to shareholders on the register on 8 November 2019. 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 were as follows:

- David R K Hornsby (Executive Chairman)
- Benjamin C Dorks (Chief Executive Officer)
- Graeme P Spenceley (Chief Financial Officer)
- Barnaby L Kent (Chief Operating Officer)
- Alan M Carroll (Non-Executive Director)
- Jonathan P Wearing (Non-Executive Director)
- Tony Rodriguez (Non-Executive Director)

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

During the year ended 30 April 2019, the Company introduced the 2018 Long Term Incentive Plan and the 2018 Long Term Incentive Plan Extension. Under these plans, 1,200,000 share options with an exercise price of 1 penny each were granted to Ben Dorks and 750,000 share options were granted to both Graeme Spenceley and Barnaby Kent. In total, 1,350,000 of these options will become eligible to vest on the Company's share price reaching 196 pence over 30 consecutive business days. The remaining 1,350,000 options will become eligible to vest on the Company's share price reaching 259 pence over 30 consecutive business days. None of these options were exercisable at 30 April 2019. 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.

During the year ended 30 April 2019, the final tranche of 1,800,000 share options linked to the 136 pence share price condition from the 2017 Long Term Incentive Plan were exercised by Ben Dorks, Graeme Spenceley and Barnaby Kent.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)

Full details of the remuneration and share options of the directors are set out at notes 6 and 20 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 2019	30 April 2018
David Hornsby	8,650,066	8,648,853
Ben Dorks	2,000,533	1,699,320
Graeme Spenceley	828,253	827,040
Barnaby Kent	2,278,193	1,976,980
Alan Carroll	204,171	204,021
Jonathan Wearing	4,189,066	4,189,066
Tony Rodriguez	-	-

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

'People' remains one of the three core pillars within Ideagen, alongside 'Customers' and 'Products'. The evolution of how Ideagen manages, engages, and rewards its teams has progressed well over the last 12 months. All the primary benefits such as Life Insurance, contributory pension, Private Medical, and the Share Incentive Plan (SIP) have continued and, where appropriate, been expanded. In addition, Ideagen seeks to be creative in the use of soft benefits such as Personal Financial Planning initiatives, mental health workshops, holiday Buy/Sell, and informal flexi-time, all of which are supported by the full-time in-house Employee Engagement Officer.

The Group has a targeted employee net promoter score (eNPS) provided through the leading employee engagement platform Peakon. This anonymous survey every 8 weeks allows the company to understand the pulse of each office / function / demographic, thereby ensuring that a broad and comprehensive plan can be established that touches all employees around the globe.

There is no doubt that Technology continues to be a challenging recruitment market, but Ideagen invests heavily to ensure that all employees benefit from great facilities, excellent Learning & Development and best of breed tools, whilst enjoying a framework that aims to deliver #bestversionofyou in a stable, fulfilling environment.

Although employee turnover is inevitable in an acquisition focused Technology company, the Board remains pleased that non-acquisition employee turnover of 11.3% is considerably better than the wider technology market where all indicators suggest it is 15%+.

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.

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 7 to 17.

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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 7 June 2019, the Group completed the acquisition of Redland Business Solutions Limited, a company incorporated and domiciled in England. The initial net cash consideration for the purchase was £15.8 million with a further £0.5 million payable 12 months after completion contingent upon the achievement of certain revenue objectives.

The acquisition will strengthen the Group's position in the financial services market and the combination of Redland's Insight platform with Ideagen's existing product set will provide a compelling proposition covering internal audit, risk management, certification and SMCR compliance.

The acquisition was funded from the Group's cash resources and from the extension of the Group's existing Revolving Credit Facility with NatWest to £28 million.

SUBSTANTIAL SHAREHOLDINGS

As at 30 April 2019, 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 2019	Percentage of shares held at 30 April 2019
Liontrust Asset Management	34,070,735	15.5%
Investec Wealth & Investment	25,194,848	11.5%
Vind LV AS	17,608,280	8.0%
Canaccord Genuity Wealth Management	14,361,849	6.5%
Gresham House Asset Management	12,553,962	5.7%
David Hornsby	8,650,066	3.9%
HL Fund Managers	6,826,154	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.

FUTURE DEVELOPMENTS

The Strategic Report on pages 7 to 17 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

1 October 2019

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

We have audited the financial statements of Ideagen plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2019 which comprise the group statement of comprehensive income, group and company statements of financial position, group and company statements of changes in equity, group and company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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 of the parent company's affairs as at 30 April 2019 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group key audit matters

- Revenue recognition – We focused on the recognition of revenue as the timing of revenue recognition and its presentation in the statement of comprehensive income is subject to inherent complexities in the software industry. We considered the controls over the recognition of revenue and whether these continued to be appropriate and consistently applied. We performed controls testing, cut-off testing and substantive analytical review procedures to validate the recognition of revenue throughout the year with additional procedures incorporated to assess the impact of IFRS 15 "Revenue from Contracts with Customers" on the Group. We also considered the adequacy of the Group's revenue recognition accounting policy given in note 1.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IDEAGEN PLC (REGISTRATION NUMBER: 02805019)

- Development costs - We focused on the capitalisation of development costs due to its impact on reported earnings and the judgements involved in assessing whether the IAS 38 criteria for capitalisation have been suitably met. We reconfirmed our understanding of management's basis for capitalising development costs and reviewed whether the costs had been appropriately capitalised in accordance with IAS 38 and in accordance with the accounting policy in note 1. Our procedures included an assessment over the appropriateness of any management judgements including the future expected economic benefit of capitalised projects and substantive testing of the costs capitalised. We also assessed the reasonableness of the amortisation policies in place, potential impairment and the level of taxation credits recognised for eligible expenditure. Capitalised development costs are disclosed in note 9, with the key judgements in relation thereto in note 1.
- Trade receivables provisioning – This is considered a key audit matter due to its judgemental nature and magnitude. We understood management's basis for determining provisions against expected bad debts. The adequacy of the provisions was assessed by consideration and testing over the level of overdue debts, the historic track record of recovery, certain documentary evidence to support the debtors and cash receipts since the year end. We also performed additional procedures to critically assess management's adoption of IFRS 9 "Financial instruments" and the adequacy of the accounting policy included within note 1.
- Business combinations – The Group acquired InspectionXpert Corp, Morgan Kai Group Limited and Scannell Solutions Limited in the year. These transactions fall under the scope of IFRS 3 "Business Combinations" which requires management judgement in determining the fair value of assets acquired, including intangible assets. In conjunction with our valuation specialists, we reviewed the reasonableness of the methodology and inputs used to determine the acquired intangible values. Our work also included a review of management's other fair value adjustments including those required to align revenue recognition to the Group's accounting policy. We also reviewed the adequacy of the disclosures in the financial statements in notes 1 and 9.

Parent company key audit matters

- There were no key audit matters specifically related to the parent company in the 30 April 2019 financial statements.

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the group financial statements as a whole was calculated as £700,000, which was not significantly changed during the course of our audit. Materiality for the parent company financial statements as a whole was calculated as £400,000, which was not significantly changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £20,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit approach focused on the parent company, the UK trading subsidiaries and the consolidation which have been subject to a full scope audit to Group materiality. These audits covered 82% of Group revenue, 79% of Group profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items and 97% of Group total assets. In addition, we have performed desk top review procedures on the overseas subsidiaries corroborating any significant differences from expectations.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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
- the Strategic Report and the 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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

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

1 October 2019

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2019

		2019	2018
	NOTES	£'000	£'000
Revenue	2	46,667	36,120
Cost of sales		(3,900)	(3,166)
Gross profit		42,767	32,954
Operating costs	3	(28,494)	(21,936)
Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items		14,273	11,018
Depreciation and amortisation	3	(9,391)	(7,122)
Costs of acquiring businesses	17	(1,268)	(426)
Restructuring costs		(479)	(151)
Share-based payment charges	20	(1,491)	(1,880)
Profit from operating activities		1,644	1,439
Net finance costs	5	(263)	(40)
Profit before taxation		1,381	1,399
Taxation	7	4	130
Profit for the year		1,385	1,529
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		641	(133)
Corporation tax on exercise of options		537	325
Total comprehensive income for the year attributable to the owners of the parent company		2,563	1,721
Earnings per share		Pence	Pence
Basic	8	0.65	0.77
Diluted	8	0.62	0.74

GROUP STATEMENT OF FINANCIAL POSITION AT 30 APRIL 2019

	NOTE	2019 £'000	2018 £'000
Assets and liabilities			
Non-current assets			
Intangible assets	9	90,749	60,289
Property, plant and equipment	10	1,069	787
		91,818	61,076
Current assets			
Trade and other receivables	12	17,547	12,482
Cash and cash equivalents		6,199	5,532
		23,746	18,014
Current liabilities			
Trade and other payables	13	6,043	5,400
Current income tax liabilities		387	147
Short term borrowings	15	7,500	4,750
Deferred revenue		18,570	12,527
Contingent consideration on business combinations	14	769	-
Deferred consideration on business combinations	16	1,269	460
		34,538	23,284
Non-current liabilities			
Deferred income tax liabilities	7	7,344	5,322
Net assets			
		73,682	50,484

GROUP STATEMENT OF FINANCIAL POSITION AT 30 APRIL 2019 (CONTINUED)

	NOTES	2019 £'000	2018 £'000
Equity			
Issued share capital	18	2,198	2,027
Share premium account	18	53,948	34,257
Merger reserve	18	1,658	1,658
Share-based payments reserve	20	1,440	1,148
Retained earnings		13,597	11,194
Foreign currency translation reserve		841	200
Equity attributable to the owners of the parent		73,682	50,484

The Company reported a profit for the year of £77,000 (2018: £401,000).

Approved and authorised for issue by the Board on 1 October 2019 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 2019

	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	MERGER RESERVE £'000	SHARE-BASED PAYMENTS RESERVE £'000	RETAINED EARNINGS £'000	FOREIGN CURRENCY TRANSLATION RESERVE £'000	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT £'000
Balance at 1 May 2018	2,027	34,257	1,658	1,148	11,194	200	50,484
Share placing (note 18)	141	19,859	-	-	-	-	20,000
Share placing issue costs (note 18)	-	(625)	-	-	-	-	(625)
Shares issued under share option schemes (note 18)	27	370	-	-	-	-	397
Shares issued under the share incentive scheme (note 19)	3	87	-	-	-	-	90
Share-based payments (notes 4 & 20)	-	-	-	1,081	-	-	1,081
Shares purchased under the share incentive scheme	-	-	-	(3)	-	-	(3)
Transfer on exercise of share options (note 20)	-	-	-	(722)	722	-	-
Transfer in respect of share incentive scheme (note 20)	-	-	-	(64)	64	-	-
Taxation on share-based payments in equity	-	-	-	-	250	-	250
Equity dividends paid (note 19)	-	-	-	-	(555)	-	(555)
Total transactions with owners recognised directly in equity	171	19,691	-	292	481	-	20,635
Profit for the year	-	-	-	-	1,385	-	1,385
Other comprehensive income for the year	-	-	-	-	537	641	1,178
Total comprehensive income for the year	-	-	-	-	1,922	641	2,563
Balance at 30 April 2019	2,198	53,948	1,658	1,440	13,597	841	73,682

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2018

	SHARE CAPITAL	SHARE PREMIUM ACCOUNT	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 2017	1,981	33,405	1,658	961	8,081	333	46,419
Shares issued under share option schemes (note 18)	40	793	-	-	-	-	833
Shares issued under the share incentive scheme (note 18)	6	59	-	-	-	-	65
Share-based payments (note 20)	-	-	-	1,545	-	-	1,545
Shares purchased under the share incentive scheme	-	-	-	(6)	-	-	(6)
Transfer on exercise of share options (note 20)	-	-	-	(1,337)	1,337	-	-
Transfer in respect of share incentive scheme (note 20)	-	-	-	(15)	15	-	-
Taxation on share-based payments in equity	-	-	-	-	347	-	347
Equity dividends paid (note 19)	-	-	-	-	(440)	-	(440)
Total transactions with owners recognised directly in equity	46	852	-	187	1,259	-	2,344
Profit for the year	-	-	-	-	1,529	-	1,529
Other comprehensive income for the year	-	-	-	-	325	(133)	192
Total comprehensive income for the year	-	-	-	-	1,854	(133)	1,721
Balance at 30 April 2018	2,027	34,257	1,658	1,148	11,194	200	50,484

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2019

		2019	2018
	NOTES	£'000	£'000
Cash flows from operating activities			
Profit for the year		1,385	1,529
Depreciation of property, plant and equipment	10	463	320
Amortisation of intangible non-current assets	9	8,928	6,802
Profit on disposal of property, plant and equipment	3	(7)	(6)
Share-based payment charges	20	1,491	1,880
Net finance costs recognised in profit or loss	5	263	40
Taxation credit recognised in profit or loss	7	(4)	(130)
Business acquisition costs in profit or loss	17	1,268	426
Restructuring costs in profit or loss		479	-
Decrease in inventories		-	10
Increase in trade and other receivables		(3,914)	(1,447)
Decrease in trade and other payables		(444)	(259)
Increase in deferred revenue liability		2,438	255
Cash generated by operations		12,346	9,420
Net finance costs paid		(323)	(99)
Income tax paid		(248)	(21)
Business acquisition costs paid		(915)	(204)
Restructuring costs paid		(479)	-
Employer's national insurance paid on share-based payments		(730)	(253)
Net cash generated by operating activities		9,651	8,843
Cash flows from investing activities			
Net cash outflow on acquisition of businesses net of cash acquired	17	(27,252)	(6,225)
Payments of deferred consideration on business combinations	16	(460)	(1,640)
Payments of contingent consideration on business combinations	14	-	(2,057)
Payments for development costs	9	(2,683)	(2,246)
Payments for property, plant and equipment	10	(679)	(517)
Proceeds of disposal of property, plant and equipment		7	6
Net cash used in investing activities		(31,067)	(12,679)
Cash flows from financing activities			
Proceeds from placing of equity shares	18	20,000	-
Payments for share issue costs	18	(625)	-
Proceeds from issue of shares under the share option schemes	18	397	833
Proceeds from issue of shares under the share incentive scheme	18	90	65
Cost of shares purchased under the share incentive scheme		(3)	(6)
New short-term borrowings	15	6,000	4,750
Repayment of short term borrowings	15	(3,250)	(2,000)
Equity dividends paid	19	(555)	(440)
Net cash generated by financing activities		22,054	3,202
Net increase/(decrease) in cash and cash equivalents during the year		638	(634)
Cash and cash equivalents at the beginning of the year	24	5,532	6,205
Effect of exchange rate changes on cash balances held in foreign currencies		29	(39)
Cash and cash equivalents at the end of the year	24	6,199	5,532

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2019

		2019	2018
	NOTES	£'000	£'000
Assets and liabilities			
Non-current assets			
Intangible assets	9	26	78
Property, plant and equipment	10	221	92
Investments in subsidiaries	11	71,767	51,824
Deferred income tax asset	7	70	70
		72,084	52,064
Current assets			
Trade and other receivables	12	12,693	24,082
Cash and cash equivalents		1,438	2,301
		14,131	26,383
Current liabilities			
Trade and other payables	13	11,877	28,024
Short-term borrowings	15	7,500	4,750
Deferred revenue		823	697
Deferred consideration on business combinations	16	500	460
		20,700	33,931
Net assets		65,515	44,516

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2019 (CONTINUED)

		2019	2018
	NOTES	£'000	£'000
Equity			
Issued share capital	18	2,198	2,027
Share premium account	18	53,948	34,257
Merger reserve	18	1,709	1,709
Share-based payments reserve	20	1,440	1,148
Retained earnings		6,220	5,375
Equity attributable to the owners of the parent		65,515	44,516

Approved and authorised for issue by the Board on 1 October 2019 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 2019

	SHARE CAPITAL	SHARE PREMIUM ACCOUNT	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 2018	2,027	34,257	1,709	1,148	5,375	44,516
Share placing (note 18)	141	19,859	-	-	-	20,000
Share placing issue costs (note 18)	-	(625)	-	-	-	(625)
Shares issued under share option schemes (note 18)	27	370	-	-	-	397
Shares issued under the share incentive scheme (note 18)	3	87	-	-	-	90
Share-based payments (note 20)	-	-	-	1,081	-	1,081
Shares purchased under the share incentive scheme	-	-	-	(3)	-	(3)
Transfer on exercise of share options (note 20)	-	-	-	(722)	722	-
Transfer in respect of share incentive scheme (note 20)	-	-	-	(64)	64	-
Equity dividends paid (note 19)	-	-	-	-	(555)	(555)
Total transactions with owners recognised directly in equity	171	19,691	-	292	231	20,385
Profit for the year	-	-	-	-	77	77
Other comprehensive income for the year	-	-	-	-	537	537
Total comprehensive income for the year	-	-	-	-	614	614
Balance at 30 April 2019	2,198	53,948	1,709	1,440	6,220	65,515

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2018

	SHARE CAPITAL	SHARE PREMIUM ACCOUNT	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 2017	1,981	33,405	1,709	961	3,737	41,793
Shares issued under share option scheme (note 18)	40	793	-	-	-	833
Shares issued under the share incentive scheme (note 18)	6	59	-	-	-	65
Share-based payments (note 20)	-	-	-	1,545	-	1,545
Shares purchased under the share incentive scheme	-	-	-	(6)	-	(6)
Transfer on exercise of share options (note 20)	-	-	-	(1,337)	1,337	-
Transfer in respect of share incentive scheme (note 20)	-	-	-	(15)	15	-
Equity dividends paid (note 19)	-	-	-	-	(440)	440
Total transactions with owners recognised directly in equity	46	852	-	187	912	1,997
Profit for the year	-	-	-	-	401	401
Other comprehensive income for the year	-	-	-	-	325	325
Total comprehensive income for the year	-	-	-	-	726	726
Balance at 30 April 2018	2,027	34,257	1,709	1,148	5,375	44,516

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2019

		2019	2018
	NOTES	£'000	£'000
Cash flows from operating activities			
Profit for the year		77	401
Depreciation of property, plant and equipment	10	71	28
Amortisation of intangible assets	9	52	71
Net finance costs recognised in profit or loss		266	44
Taxation charge recognised in profit or loss		413	291
Business acquisition costs in profit or loss	17	1,268	426
(Increase)/decrease in trade and other receivables		(22)	5
Movement in intra-group balances		1,205	436
Increase/(decrease) in trade and other payables		908	(123)
Increase in deferred revenue		126	283
Cash generated by operations		4,364	1,862
Net finance costs paid		(326)	(102)
Business acquisition costs paid		(915)	(204)
Net cash generated by operating activities		3,123	1,556
Cash flows from investing activities			
Payments for investments in subsidiaries	17	(25,380)	-
Payment of deferred consideration on business combinations	16	(460)	(1,640)
Payment of contingent consideration on business combinations	14	-	(2,057)
Payments for property, plant and equipment	10	(200)	(77)
Net cash used in investing activities		(26,040)	(3,774)
Cash flows from financing activities			
Proceeds from placing of equity shares	18	20,000	-
Payments for share issue costs	18	(625)	-
Proceeds from issue of shares under the share option schemes	18	397	833
Proceeds from issue of shares under the share incentive scheme	18	90	65
Cost of shares purchased under the share incentive scheme		(3)	(6)
New short-term borrowings	15	6,000	4,750
Repayment of short term borrowings	15	(3,250)	(2,000)
Equity dividends paid	19	(555)	(440)
Net cash generated by financing activities		22,054	3,202
Net (decrease)/increase in cash and cash equivalents during the year		(863)	984
Cash and cash equivalents at the beginning of the year	24	2,301	1,317
Cash and cash equivalents at the end of the year	24	1,438	2,301

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 2019 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 Company for the year ended 30 April 2019 was £77,000 (2018: £401,000).

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 2019. 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 EOOD in Bulgaria which makes its financial statements up to 31 December each year as required by Bulgarian law.

GOING CONCERN

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.

REVENUE RECOGNITION

Revenue is recognised at the fair value of the consideration to which the Group is expected to be entitled in exchange for transferring services or goods to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services or goods promised.

Revenue from the sale of perpetual software licences or software development kits on a 'right of use' basis, where no customisation of the software is required, is recognised at a point in time once the licence has been delivered to the customer and the customer can obtain benefit from the licence or kit.

1 | ACCOUNTING POLICIES (CONTINUED)

Revenue from the sale of perpetual software licences on a 'right of use' basis, where customisation of the software is required in order for the customer to obtain benefit from the licence, is recognised over the period of time during which the customisation work is carried out in a manner which reflects the varying level of effort involved.

Revenues from the provision of customisation, configuration or training services are recognised over a period of time as these services are delivered to the customer.

Revenues from supporting perpetual software licences and revenues from the sale of software on a 'right of access' basis including software as a service, software hosting and software sold on a subscription basis are recognised over the period of time that the customer benefits from the provision of these services.

Revenues from the sale of third-party hardware are recognised once the associated performance obligation has been satisfied which will be once the hardware has been delivered and the customer is able to benefit from it.

Software as a service, software hosting, software sold on a subscription basis and support for perpetual licences are invoiced in advance. A deferred revenue liability is recognised in the statement of financial position to represent the element of the service or support revenue deferred to be recognised as revenue in the future.

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.

1 | ACCOUNTING POLICIES (CONTINUED)

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.

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.

1 | ACCOUNTING POLICIES (CONTINUED)

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.

PROPERTY, PLANT AND EQUIPMENT

Property, 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 15% - 33% on a straight line basis
- Motor vehicles at 25% - 33% on a reducing balance basis
- Leasehold improvements over the remaining lease term
- All other plant and equipment assets at 15% - 33% on a straight line basis.

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

The carrying values of property, 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 NON-FINANCIAL 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.

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 initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method less any allowance for expected credit losses.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. The expected loss rate against certain balances is adjusted where there are specific indicators that the trade receivable is either irrecoverable or the risk of loss is high. Indicators include, amongst others, the failure of a debtor to engage in a repayment plan with the Group or a failure to make contractual payments for a period greater than 120 days past due.

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)

TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value. After initial recognition, they are measured at amortised cost using the effective interest method.

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.

The Group has a Share Incentive Scheme under which all eligible employees can be awarded free shares. The fair value of shares awarded under the Scheme is the market value of those shares at the date of grant which is then recognised on a straight line basis over the vesting period. The free shares awarded are issued at nominal value and held in a trust managed by a third party trustee. On vesting, an amount equal to the fair value of the shares at the date the shares were awarded 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.

1 | ACCOUNTING POLICIES (CONTINUED)

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The accounting policies are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 April 2018 with the exception of the changes in respect of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', both of which were adopted on 1 May 2018. The effect of initially applying these standards is noted below.

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. The standard applies a forward-looking impairment model that replaces the current applicable incurred loss model. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The adoption of IFRS 9 did not have a material impact on the reported results of previous years.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. It describes the principles an entity must follow to measure and recognise revenue using a five-step approach. The standard requires revenue to be recognised when goods or services are transferred to customers and the entity has satisfied its performance obligations under the contract, and at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Group has applied IFRS 15 using the full retrospective method (adopting all practical expedients) with no impact on the reported results in the current or previous years.

NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 'Leases' – to be adopted in the financial year ending 30 April 2020

This standard is applicable to annual reporting periods beginning on or after 1 January 2019 and the Group will adopt this standard in the accounts for the year ending 30 April 2020. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration or removal costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset and an interest expense on the recognised lease liability to be included in finance costs. In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, results from operating activities before depreciation, amortisation and share-based payment charges will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under IFRS 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

The Group is proposing to adopt the modified retrospective transition approach making use of the practical expedient not to apply the standard to leases of less than 12 months. The expected impact of applying IFRS 16 is that a right of use asset

1 | ACCOUNTING POLICIES (CONTINUED)

of £2,330,000 and a capitalised lease liability of £2,260,000 will be initially recognised on 1 May 2019. The effect of this on the Statement of Comprehensive Income for the year to 30 April 2020 is estimated to be a reduction in operating costs by approximately £620,000, an increase in depreciation charges by approximately £600,000 and an increase in net finance costs by approximately £50,000.

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 20.

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.

Trade and other receivables

Management judgement is required in considering the recoverability of debts and in the estimation of expected credit losses which may be incurred. Further information is provided in note 12.

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.

Development costs

Management judgement is required in assessing the fair value of development costs capitalised including the future economic benefit expected to be generated by those assets and in calculating the attributable costs. Management judgement is also required in assessing the useful economic lives of these assets for the purposes of amortisation. The carrying value of development costs at 30 April 2019 was £6,752,000.

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.

	2019	2018
	£'000	£'000
Recurring software subscription/SaaS	13,727	8,442
Recurring support & maintenance	17,452	13,793
Total recurring revenues	31,179	22,235
Software – new licences & development kits	9,694	8,339
Professional services	5,307	5,052
Other revenues	487	494
	46,667	36,120

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*	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
United Kingdom	17,682	16,376	70,114	49,998
North America	17,822	9,687	14,834	8,375
Europe	5,429	5,529	4,229	21
Middle East	2,354	1,970	3	2
Rest of the World	3,380	2,558	155	-
Unallocated	-	-	2,483	2,680
	46,667	36,120	91,818	61,076

* 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

	2019	2018
	£'000	£'000
Wages and salaries (note 4)	19,716	15,557
Operating lease charges – land & buildings	929	598
Profit on disposal of property, plant and equipment	(7)	(6)
Foreign exchange (gains)/losses	(67)	40
Other operating costs	7,923	5,747
	28,494	21,936
Depreciation and amortisation:		
Amortisation of acquisition-related intangible assets	7,548	5,819
Amortisation of other intangible assets	1,380	983
Total amortisation of intangible assets	8,928	6,802
Depreciation of property, plant and equipment	463	320
Total depreciation and amortisation	9,391	7,122
Total research and development costs	6,424	5,136
Less: development costs capitalised	(2,683)	(2,246)
Research and development costs expensed	3,741	2,890
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	124	87
- Tax compliance and advisory services	33	16

4 | PARTICULARS OF EMPLOYEES

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

	2019	2018
	NUMBER	NUMBER
Administrative staff	68	50
Sales and marketing	124	97
Technical and support	259	228
	451	375

The aggregate payroll costs of these employees were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	19,770	15,631
Social security costs	2,002	1,650
Other pension costs (note 23)	627	522
	22,399	17,803
Less: internal development costs capitalised	(2,683)	(2,246)
	19,716	15,557
Share based payment costs (note 20)		
- on options granted	802	1,429
- on share incentive scheme	279	116
- national insurance	410	335
	21,207	17,437

5 | NET FINANCE COSTS

	2019	2018
	£'000	£'000
Borrowing facility fees amortised	(35)	(25)
Interest payable on bank borrowings	(233)	(19)
Bank interest receivable	5	4
	(263)	(40)

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS

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

	2019	2018
	£'000	£'000
Directors' remuneration	1,490	1,214
Directors' pension contributions	37	27
	1,527	1,241
Aggregate gains made by directors on the exercise of share options	2,718	1,944

The remuneration of each of the directors of the company during the year ended 30 April 2019 was as follows:

	SALARY OR FEES	BENEFITS IN KIND	BONUSES	NATIONAL INSURANCE ON SHARE OPTIONS	TOTAL
	£'000	£'000	£'000	£'000	£'000
David Hornsby	204	1	120	-	325
Ben Dorks	206	1	100	125	432
Graeme Spenceley	156	-	30	125	311
Barnaby Kent	156	1	55	125	337
Alan Carroll	30	-	-	-	30
Jonathan Wearing	30	-	-	-	30
Tony Rodriguez	25	-	-	-	25
	807	3	305	375	1,490

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS (CONTINUED)

The remuneration of each of the directors of the Company during the year ended 30 April 2018 was as follows:

	SALARY OR FEES	BENEFITS IN KIND	BONUSES	NATIONAL INSURANCE ON SHARE OPTIONS	TOTAL
	£'000	£'000	£'000	£'000	£'000
David Hornsby	185	1	120	-	306
Ben Dorks	181	1	60	89	331
Graeme Spenceley	136	1	30	89	256
Barnaby Kent	136	1	30	89	256
Alan Carroll	24	-	-	-	24
Jonathan Wearing	24	-	-	-	24
Tony Rodriguez	17	-	-	-	17
	703	4	240	267	1,214

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 businesses acquired during the relevant years 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 and the remuneration for Tony Rodriguez was paid to X88 Ltd as set out in note 25.

The remuneration of the highest paid director during the year ended 30 April 2019 was £432,000 (2018: £331,000).

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

	2019	2018
	£'000	£'000
David Hornsby	10	8
Ben Dorks	10	6
Graeme Spenceley	8	6
Barnaby Kent	8	6
Jonathan Wearing	1	1
	37	27

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS (CONTINUED)

The following options over shares in the Company granted to the directors remain outstanding at 30 April 2019:

Director	Notes (see below)	Balance at 30 April 2018	Granted in the year	Exercised in the year	Balance at 30 April 2019	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		
Ben Dorks	b	1,000,000	-	-	1,000,000	22.38	2016 - 2023
	c	600,000	-	600,000	-	1.0	
	d	-	1,200,000	-	1,200,000	1.0	2021 - 2023
		1,600,000	1,200,000	600,000	2,200,000		
Graeme Spenceley	a	800,000	-	-	800,000	9.0	2014 - 2021
	b	795,000	-	-	795,000	22.38	2016 - 2023
	c	600,000	-	600,000	-	1.0	
	e	-	750,000	-	750,000	1.0	2022 - 2024
		2,195,000	750,000	600,000	2,345,000		
Barnaby Kent		-	-	-	-		
	b	1,000,000	-	-	1,000,000	22.38	2016 - 2023
	c	600,000	-	600,000	-	1.0	
	e	-	750,000	-	750,000	1.0	2022 - 2024
		1,600,000	750,000	600,000	1,750,000		

Notes

- options were granted on 20 October 2011 under the Company's EMI share option scheme. All options are exercisable at 30 April 2019.
- options were granted on 30 January 2013 under the Company's EMI share option scheme. All options are exercisable at 30 April 2019.
- options were granted on 23 March 2017 under the Company's 2017 Long Term Incentive Plan. All of these options had been exercised at 30 April 2019.
- options were granted on 22 October 2018 under the Company's 2018 Long Term Incentive Plan. None of these options were exercisable at 30 April 2019.
- options were granted on 28 March 2019 under the Company's 2018 Long Term Incentive Plan Extension. None of these options were exercisable at 30 April 2019.

During the year ended 30 April 2019, 1,201 (30 April 2018: 2,197) "Free" shares were awarded to each of David Hornsby, Ben Dorks, Graeme Spenceley and Barnaby Kent under the Company's Share Incentive Scheme. In addition, during the year ended 30 April 2018, each of these directors purchased 2,117 "Partnership" shares at 85 pence each through the Share Incentive Scheme.

Further information on the Group's share option schemes can be found at note 20 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:

	2019	2018
	£'000	£'000
Current income tax		
UK corporation tax on profit for the current year	610	410
Overseas income tax charge for the current year	377	113
	987	523
Deferred income tax		
Deferred income tax credit for the current year	(991)	(653)
Total taxation credit recognised in the current year	(4)	(130)

The taxation for the year is lower than the average rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019	2018
	£'000	£'000
Profit before taxation	1,381	1,399
Tax on profit at average standard rate of 19% (2018: 19%)	262	266
Expenses not deductible for tax purposes	228	37
Deferred taxation not provided on accelerated capital allowances	19	3
Movement in fair value of contingent consideration not taxable	-	1
Enhanced R&D tax relief	(506)	(422)
Effect on deferred tax from change in current tax rate	(42)	(27)
Different tax rates in overseas jurisdictions	119	45
Deferred tax asset not recognised on new trading losses	(84)	(33)
Taxation credit recognised for the current year	(4)	(130)

7 | TAXATION (CONTINUED)

A further taxation credit of £250,000 (2018: £347,000) 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 £'000	Share-based payments £'000	Total £'000
At 1 May 2017	322	1,026	1,348
Recognised in profit or loss	(242)	13	(229)
Recognised in equity	-	347	347
Offset against deferred tax liabilities	(80)	(1,386)	(1,466)
At 30 April 2018	-	-	-
On acquisition of businesses	292	-	292
Recognised in profit or loss	(292)	-	(292)
Recognised in equity	-	250	250
Offset against deferred tax liabilities	-	(250)	(250)
At 30 April 2019	-	-	-

Deferred income tax assets: Company	Total £'000
At 1 May 2017	79
Recognised in profit or loss	(9)
At 30 April 2018 and 30 April 2019	70

7 | TAXATION (CONTINUED)

The deferred income tax assets at 30 April 2019 above are expected to be utilised after more than one year.

The deferred income tax assets 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 2019 there are also unrecognised deferred income tax assets in respect of trading losses of £525,000 (2018: £519,000) in the Group and £363,000 (2018: £348,000) in the Company.

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

	Intangibles
Group	£'000
At 1 May 2017	(6,274)
Recognised in profit or loss	882
Recognised on business combinations	(1,374)
Foreign exchange differences	(22)
Offset against deferred tax assets	1,466
At 30 April 2018	(5,322)
Recognised in profit or loss	1,283
Recognised on business combinations	(3,478)
Foreign exchange differences	(77)
Offset against deferred tax assets	250
At 30 April 2019	(7,344)

The deferred tax liabilities at 30 April 2019 are expected to crystallise as follows:

Group	£'000
Within 1 year	(1,828)
After more than 1 year	(5,516)
	(7,344)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Legislation to reduce the main rate of UK corporation tax 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 2019	Earnings £'000	Weighted average number of shares	Per-share amount pence
Basic EPS			
Profit for the year attributable to equity holders of the parent	1,385	212,825,943	0.65
Effect of dilutive securities: share options	-	9,647,629	
Diluted EPS			
Profit for the year attributable to equity holders of the parent	1,385	222,473,572	0.62
Year ended 30 April 2018	Earnings £'000	Weighted average number of shares	Per-share amount pence
Basic EPS			
Profit for the year attributable to equity holders of the parent	1,529	199,462,389	0.77
Effect of dilutive securities: share options	-	7,671,592	
Diluted EPS			
Profit for the year attributable to equity holders of the parent	1,529	207,133,981	0.74

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:

	2019 £'000	2018 £'000
Profit for the year attributable to equity holders of the parent	1,385	1,529
Adjustments:		
Costs of acquiring businesses	1,268	426
Share-based payment charges	1,491	1,880
Restructuring costs	479	151
Deferred taxation on share-based payment charges	1	(14)
Amortisation of acquisition-related intangibles (Note 3)	7,548	5,819
Deferred taxation on amortisation of acquisition-related intangibles	(1,500)	(1,109)
Adjusted earnings	10,672	8,682
Weighted average number of shares: Basic adjusted EPS calculation	212,825,943	199,462,389
Effect of dilutive securities: share options	9,647,629	7,671,592
Weighted average number of shares: Diluted adjusted EPS calculation	222,473,572	207,133,981
Adjusted earnings per share:	2019	2018
	pence	pence
Basic	5.01	4.35
Diluted	4.80	4.19

9 | INTANGIBLE ASSETS

Group	Goodwill	Software	Customer relationships	Development costs	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 May 2017	21,521	17,870	24,766	5,723	69,880
Acquisition through business combinations (note 17)	3,199	1,767	3,320	-	8,286
Foreign exchange differences	51	29	52	-	132
Additions from internal development	-	-	-	2,246	2,246
At 30 April 2018	24,771	19,666	28,138	7,969	80,544
Acquisition through business combinations (note 17)	16,869	5,255	14,120	-	36,244
Foreign exchange differences	178	101	186	-	465
Additions from internal development	-	-	-	2,683	2,683
At 30 April 2019	41,818	25,022	42,444	10,652	119,936
Amortisation					
At 1 May 2017	-	7,301	4,614	1,538	13,453
Amortisation expense	-	3,319	2,500	983	6,802
At 30 April 2018	-	10,620	7,114	2,521	20,255
Amortisation expense	-	3,915	3,634	1,379	8,928
Foreign exchange differences	-	2	2	-	4
At 30 April 2019	-	14,537	10,750	3,900	29,187
Net carrying amount					
At 30 April 2019	41,818	10,485	31,694	6,752	90,749
At 30 April 2018	24,771	9,046	21,024	5,448	60,289

Goodwill

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

	£'000
GRC CGU	40,568
Content & clinical CGU	1,250
	41,818

9 | INTANGIBLE ASSETS (CONTINUED)

The GRC CGU comprises the businesses of the acquisitions of Gael, Pentana, Covalent, Pleasetech, IPI Solutions, Logen, Ideagen Software, Ideagen Capture, Proquis, Medforce, InspectionXpert, Morgan Kai and Scannell Solutions.

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

These goodwill amounts were tested for impairment at 30 April 2019 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 2020 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.

GRC 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)	60,483	33,959	13,970
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%	32%	17%

9 | INTANGIBLE ASSETS (CONTINUED)

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)	7,828	5,996	4,615
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	87%	83%	79%

9 | INTANGIBLE ASSETS (CONTINUED)

DEVELOPMENT COSTS

Development costs are internally generated. At 30 April 2019, the carrying amount of ongoing development projects on which amortisation has not yet commenced was £1,946,000 (2018: £1,445,000). At 30 April 2019, the carrying amount of completed development projects on which amortisation is being charged was £4,806,000 (2018: £4,003,000). The weighted average remaining amortisation period of these assets at 30 April 2019 is 2.8 years (2018: 3.1 years).

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

Customer relationships	2019 Remaining amortisation period (years)	2018 Remaining amortisation period (years)	2019 Carrying amount £'000	2018 Carrying amount £'000
Ideagen Capture	1.2	2.2	56	105
Ideagen Software	1.9	2.9	81	123
Proquis	2.7	3.7	110	151
Plumtree	3.6	4.6	395	503
MSS	4.2	5.2	146	180
Pentana	4.5	5.5	709	864
EIBS	5.2	6.2	517	618
Gael	5.7	6.7	5,097	5,992
Covalent	7.3	8.3	1,529	1,739
Logen	7.3	8.3	129	146
IPI Solutions	7.6	8.6	2,083	2,357
Pleasetech	7.9	8.9	4,347	4,897
Medforce	8.9	9.9	3,187	3,349
InspectionXpert	9.3	-	2,428	-
Morgan Kai	9.4	-	9,308	-
Scannell Solutions	9.7	-	1,572	-
			31,694	21,024

9 | INTANGIBLE ASSETS (CONTINUED)

Software	2019 Remaining amortisation period (years)	2018 Remaining amortisation period (years)	2019 Carrying amount £'000	2018 Carrying amount £'000
MSS	-	0.2	-	19
Pentana	-	0.5	-	140
EIBS	0.2	1.2	22	164
Gael	0.7	1.7	990	2,405
Covalent	2.3	3.3	448	646
Logen	-	1.0	-	1
IPI Solutions	2.6	3.6	853	1,180
Pleasetech	2.9	3.9	2,024	2,721
Medforce	3.9	4.9	1,493	1,770
InspectionXpert	4.3	-	1,001	-
Morgan Kai	4.4	-	3,034	-
Scannell Solutions	4.7	-	620	-
			10,485	9,046

9 | INTANGIBLE ASSETS (CONTINUED)

COMPANY

The intangible assets of the Company are as follows:

	Software £'000	Development costs £'000	Total £'000
Cost			
At 1 May 2017	121	489	610
Additions from internal development	-	-	-
At 30 April 2018	121	489	610
Additions from internal development	-	-	-
At 30 April 2019	121	489	610
Amortisation			
At 1 May 2017	121	340	461
Amortisation expense	-	71	71
At 30 April 2018	121	411	532
Amortisation expense	-	52	52
At 30 April 2019	121	463	584
Net carrying amount			
At 30 April 2019	-	26	26
At 30 April 2018	-	78	78

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 2017	244	1,014	39	116	43	1,456
Additions	197	240	-	80	-	517
Acquisition through business combinations	-	6	-	-	-	6
Disposals	-	-	(15)	-	-	(15)
Foreign currency exchange differences	-	1	-	-	-	1
At 30 April 2018	441	1,261	24	196	43	1,965
Additions	43	581	-	55	-	679
Acquisition through business combinations	-	67	-	-	-	67
Disposals	-	-	(16)	-	-	(16)
Foreign currency exchange differences	1	(2)	-	-	-	(1)
At 30 April 2019	485	1,907	8	251	43	2,694
Depreciation						
At 1 May 2017	120	626	26	58	43	873
Depreciation expense	63	212	10	35	-	320
Disposals	-	-	(15)	-	-	(15)
Foreign currency exchange differences	-	-	-	-	-	-
At 30 April 2018	183	838	21	93	43	1,178
Depreciation expense	92	314	3	54	-	463
Disposals	-	-	(16)	-	-	(16)
Foreign currency exchange differences	-	-	-	-	-	-
At 30 April 2019	275	1,152	8	147	43	1,625
Net carrying amount						
At 30 April 2019	210	755	-	104	-	1,069
At 30 April 2018	258	423	3	103	-	787

10 | PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY

	Fixtures and fittings	Office equipment	Leasehold	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 May 2017	23	173	49	245
Additions	7	6	64	77
At 30 April 2018	30	179	113	322
Additions	-	160	40	200
At 30 April 2019	30	339	153	522
Accumulated depreciation				
At 1 May 2017	23	170	9	202
Depreciation expense	1	2	25	28
At 30 April 2018	24	172	34	230
Depreciation expense	2	27	42	71
At 30 April 2019	26	199	76	301
Net carrying amount				
As at 30 April 2019	4	140	77	221
As at 30 April 2018	6	7	79	92

11 | FIXED ASSET INVESTMENTS

COMPANY

	Shares in subsidiaries
Cost	£'000
As at 1 May 2017	54,954
Transfer of shares to other group companies	(4,675)
Capital contributions to subsidiary companies	1,545
As at 30 April 2018	51,824
Additions in the year	25,880
Transfer of shares to other group companies	(7,018)
Capital contributions to subsidiary companies	1,081
As at 30 April 2019	71,767
Net carrying amount	
As at 30 April 2019	71,767
As at 30 April 2018	51,824

At 30 April 2019 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, Ideagen Software Inc, Medforce Technologies Inc, Covalent Software Inc, InspectionXpert Corp and Morgan Kai Group Inc which are incorporated in the United States of America, Ideagen EOOD which is incorporated in Bulgaria and Scannell Solutions Limited which is incorporated in the Republic of Ireland.

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
IPI Solutions Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary, A Ordinary and B Ordinary shares
Ideagen EOOD	Development and sale of software licences, software maintenance and related professional services	Ordinary
Ideagen Software Inc.	Non-trading holding company based in the USA	Ordinary
Ideagen Inc.	Sale of software licences, software maintenance and related professional services	Ordinary
Medforce Technologies Inc	Sale of software licences, software maintenance and related professional services	Ordinary
Ideagen MK Group Limited (formerly Morgan Kai Group Limited)	UK-based holding company for the Morgan Kai companies	Ordinary and Cumulative Preference shares
Ideagen MK Limited (formerly Morgan Kai Limited)	Development and sale of software licences, software maintenance and related professional services	Ordinary
Morgan Kai Group Inc.	Sale of software licences, software maintenance and related professional services	Ordinary
InspectionXpert Corp.	Development and sale of software licences, software maintenance and related professional services	Ordinary A and Ordinary B shares
Scannell Solutions Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary, B Ordinary and convertible Preference shares

11 | FIXED ASSET INVESTMENTS (CONTINUED)

Name of subsidiary	Nature of business	Class of shares
Filebutton Limited	Dormant	'A' Ordinary and 'B' Ordinary
Covalent Software Limited	Dormant	Ordinary, Ordinary A and Ordinary non-voting shares
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

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
Ideagen Software Inc.	251 Little Falls Drive, Wilmington, Delaware 19808, USA
Medforce Technologies Inc	Suite 410, 2 Executive Boulevard, Suffern, NY 10901, USA
Covalent Software Inc.	4505 Chimney Creek Drive, Sarasota, FL34235, USA
Ideagen EOOD	140 GS Rakovski Street, 1000 Sofia, Bulgaria
InspectionXpert Corp.	56 Hunter Street, Suite 330, Apex, North Carolina 27502-2325, USA
Morgan Kai Group Inc.	191 N. Wacker Drive, Chicago, Illinois 60606, USA
Scannell Solutions Limited	National Software Centre, Mahon, Cork, Republic of Ireland T12 R29P

12 | TRADE AND OTHER RECEIVABLES

GROUP

	2019	2018
	£'000	£'000
Trade receivables	14,685	10,507
Prepayments and accrued income	2,862	1,975
	17,547	12,482

Trade receivables includes £385,000 (2018: £nil) which falls due for payment after more than one year.

COMPANY

	2019	2018
	£'000	£'000
Trade receivables	800	1,023
Prepayments and accrued income	595	290
Amounts receivable from subsidiaries	11,298	22,769
	12,693	24,082

The majority of sales invoices are due for payment 30 days after the date of the invoice however, in a small number of cases the due date for payment is extended by specific agreement with the customer. 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.

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

GROUP

	2019	2018
	£'000	£'000
Not yet due	7,003	4,078
1 – 30 days due	3,125	2,756
30 – 60 days overdue	1,647	801
>60 days overdue	4,327	3,703
	16,102	11,338
Allowance for expected credit losses	(1,417)	(831)
	14,685	10,507

12 | TRADE AND OTHER RECEIVABLES (CONTINUED)

COMPANY

	2019	2018
	£'000	£'000
Not yet due	375	154
1 – 30 days overdue	257	460
30 – 60 days overdue	61	135
>60 days overdue	232	344
	925	1,093
Allowance for expected credit losses	(125)	(70)
	800	1,023

The credit loss allowance is measured at an amount equal to lifetime expected credit losses.

The expected rate of credit loss in respect of all debts except those more than 60 days overdue at 30 April 2019 is 0.5% of the gross balances which amounted to £59,000 in the Group and £3,000 in the Company.

The expected rate of credit loss for all debts more than 60 days overdue at 30 April 2019 in the Group was 31.4% (in the Company: 52.6%) of the gross balances which amounted to £1,358,000 in the Group (£122,000 in the Company).

Trade receivables are shown net of an allowance for expected credit losses, movements on which are set out below.

GROUP

	2019	2018
	£'000	£'000
Balance at the start of the year	831	410
On acquisition of businesses	209	22
Impairment losses recognised	553	774
Amounts utilised	(176)	(375)
Balance at the end of the year	1,417	831

12 | TRADE AND OTHER RECEIVABLES (CONTINUED)

COMPANY

	2019	2018
	£'000	£'000
Balance at the start of the year	70	11
Impairment losses recognised	121	201
Amounts utilised	(66)	(142)
Balance at the end of the year	125	70

13 | TRADE AND OTHER PAYABLES

GROUP

	2019	2018
	£'000	£'000
Trade payables	2,181	916
Other taxes and social security	1,636	2,930
Accruals	2,226	1,554
	6,043	5,400

COMPANY

	2019	2018
	£'000	£'000
Trade payables	689	134
Other taxes and social security	525	19
Amounts payable to subsidiaries	9,685	27,092
Accruals	978	779
	11,877	28,024

14 | CONTINGENT CONSIDERATION ON BUSINESS COMBINATIONS

GROUP

	2019	2018
	£'000	£'000
Contingent consideration on the acquisition of InspectionXpert Corp	769	-

Part of the consideration for the acquisition of InspectionXpert Corp in September 2018 is contingent on the achievement of certain revenue targets in the year following acquisition. The contingent amount payable under this arrangement was between \$nil and \$1,000,000. At the date of acquisition, the directors assessed the fair value of the contingent consideration payable under this arrangement at \$1,000,000, which was equivalent to £769,000. This remains the estimated amount payable.

15 | SHORT-TERM BORROWINGS

In April 2018, the Group increased its 3-year revolving credit facility from £3,000,000 to £8,000,000 and this was subsequently further increased to £16,000,000 in January 2019. 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

	2019	2018
	£'000	£'000
Balance at the start of the year	4,750	2,000
New borrowings	6,000	4,750
Amounts repaid	(3,250)	(2,000)
	7,500	4,750

16 | DEFERRED CONSIDERATION ON BUSINESS COMBINATIONS

GROUP

	2019	2018
	£'000	£'000
Deferred consideration on the acquisition of InspectionXpert Corp.	769	-
Deferred consideration on the acquisition of Scannell Solutions Limited	500	-
Deferred consideration on the acquisition of IPI Solutions Limited	-	460
	1,269	460

COMPANY

	2019	2018
	£'000	£'000
Deferred consideration on the acquisition of Scannell Solutions Limited	500	-
Deferred consideration on the acquisition of IPI Solutions Limited	-	460
	500	460

No interest is payable on these deferred consideration balances and they are not subject to any performance criteria. The deferred consideration on the acquisition of InspectionXpert is \$1,000,000 and is payable in September 2019 and the deferred consideration on the acquisition of Scannell Solutions of £500,000, is payable in January 2020. The final £460,000 of deferred consideration on the acquisition of IPI Solutions was paid in December 2018.

17 | BUSINESS COMBINATIONS

Acquisition of InspectionXpert Corp.

On 4 September 2018, the Group acquired 100% of the issued ordinary share capital of InspectionXpert Corp., a company incorporated and domiciled in the United States of America, for total consideration of \$7,000,000 (£5,405,000). The acquisition is expected to enhance the Group's existing business by consolidating its position in the Quality Inspection market, expanding the Group's US presence and bringing strong recurring revenues.

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

	\$'000	£'000
Non-current assets		
Customer relationships intangible	3,377	2,608
Software intangible	1,497	1,156
Property, plant and equipment	3	2
Deferred income tax assets	340	262
Current assets		
Trade and other receivables	275	212
Cash and cash equivalents	72	55
Current liabilities		
Trade and other payables	(159)	(123)
Deferred revenue	(1,446)	(1,116)
Non-current liabilities		
Deferred income tax liabilities	(1,146)	(884)
Net identifiable assets acquired	2,813	2,172

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

	\$'000	£'000
Cash paid at completion	5,000	3,861
Deferred consideration	1,000	772
Contingent consideration	1,000	772
	7,000	5,405

Goodwill arising on the acquisition is as follows:

	\$'000	£'000
Fair value of consideration at date of acquisition	7,000	5,405
Less: fair value of net identifiable assets acquired	(2,813)	(2,172)
Goodwill arising on acquisition	4,187	3,233

17 | BUSINESS COMBINATIONS (CONTINUED)

Goodwill arose on the acquisition of InspectionXpert Corp. 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 £268,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2019. The Group Statement of Comprehensive Income for the year ended 30 April 2019 includes revenue of £2,731,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £956,000 in respect of the business acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of InspectionXpert Corp. had been completed on 1 May 2018 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 InspectionXpert Corp:	£'000
Consideration paid in cash	3,861
Less: cash acquired in subsidiary	(55)
Net cash outflow on acquisition of subsidiary	3,806

Acquisition of Morgan Kai Group Limited

On 27 September 2018, the Company acquired 100% of all classes of the issued ordinary and preference share capital of Morgan Kai Group Limited, a company incorporated and domiciled in the United Kingdom, together with its 100% owned subsidiaries, Morgan Kai Limited, a company incorporated in England, and Morgan Kai Group Inc., a company incorporated and domiciled in the United States, for total consideration of £22,398,000. The acquisition doubles the size of the Group's Audit business thereby strengthening our competitive position, enhances our technology and capabilities and brings strong recurring revenues.

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	9,891
Software intangible	3,440
Property, plant and equipment	55
Deferred income tax assets	30
Current assets	
Trade and other receivables	485
Cash and cash equivalents	1,918
Current liabilities	
Trade and other payables	(797)
Corporation tax	(67)
Deferred revenue	(2,059)
Non-current liabilities	
Deferred income tax liabilities	(2,309)
Net identifiable assets acquired	10,587

17 | BUSINESS COMBINATIONS (CONTINUED)

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

	£'000
Cash paid at completion	22,398

Goodwill arising on the acquisition is as follows:

	£'000
Fair value of consideration at date of acquisition	22,398
Less: fair value of net identifiable assets acquired	(10,587)
Goodwill arising on acquisition	11,811

Goodwill arose on the acquisition of Morgan Kai Group 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 £784,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2019. The Group Statement of Comprehensive Income for the year ended 30 April 2019 includes revenue of £2,992,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £1,129,000 in respect of the business acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Morgan Kai Group Limited had been completed on 1 May 2018 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 Morgan Kai Group Limited:

	£'000
Consideration paid in cash	22,398
Less: cash acquired in subsidiary	(1,918)
Net cash outflow on acquisition of subsidiary	20,480

17 | BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Scannell Solutions Limited

On 11 January 2019, the Group acquired 100% of all classes of the issued ordinary and preference share capital of Scannell Solutions Limited, a company incorporated and domiciled in the Republic of Ireland, for total consideration of £3,481,000. The acquisition is expected to enhance the Group's product roadmap providing technology and content to accelerate the Group's EHSQ strategy.

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

	€'000	£'000
Non-current assets		
Customer relationships intangible	1,775	1,621
Software intangible	722	659
Property, plant and equipment	11	10
Current assets		
Trade and other receivables	93	85
Corporation tax	37	34
Cash and cash equivalents	16	15
Current liabilities		
Trade and other payables	(136)	(125)
Deferred revenue	(392)	(358)
Non-current liabilities		
Deferred income tax liabilities	(312)	(285)
Net identifiable assets acquired	1,814	1,656

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

	€'000	£'000
Cash paid at completion	3,244	2,981
Deferred consideration	547	500
	3,791	3,481

Goodwill arising on the acquisition is as follows:

	€'000	£'000
Fair value of consideration at date of acquisition	3,791	3,481
Less: fair value of net identifiable assets acquired	(1,814)	(1,656)
Goodwill arising on acquisition	1,977	1,825

17 | BUSINESS COMBINATIONS (CONTINUED)

Goodwill arose on the acquisition of Scannell 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 £206,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2019. The Group Statement of Comprehensive Income for the year ended 30 April 2019 includes revenue of £315,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £105,000 in respect of the business acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Scannell Solutions Limited had been completed on 1 May 2018 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 Scannell Solutions:

	£'000
Consideration paid in cash	2,981
Less: cash acquired in subsidiary	(15)
Net cash outflow on acquisition of subsidiary	2,966

Business combination completed during the year ended 30 April 2018

Acquisition of Medforce Technologies Inc.

On 5 April 2018, the Group acquired 100% of the issued ordinary share capital of Medforce Technologies Inc., a company incorporated and domiciled in the United States of America, for total consideration of \$9,000,000 (£6,438,000). The acquisition is expected to enhance the Group's existing business by expanding the Group's geographic footprint, the addition of a complementary solution offering, a talented workforce and strong recurring revenues and further consolidates the Group's position in the healthcare sector. The acquisition also provides infrastructure and a platform for further growth in the important US market.

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

	\$'000	£'000
Non-current assets		
Customer relationships intangible	4,641	3,320
Software intangible	2,470	1,767
Property, plant and equipment	9	6
Current assets		
Trade and other receivables	181	130
Cash and cash equivalents	298	213
Current liabilities		
Trade and other payables	(156)	(111)
Deferred revenue	(995)	(712)
Non-current liabilities		
Deferred income tax liabilities	(1,920)	(1,374)
Net identifiable assets acquired	4,528	3,239

17 | BUSINESS COMBINATIONS (CONTINUED)

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

	\$'000	£'000
Cash paid at completion	9,000	6,438

Goodwill arising on the acquisition is as follows:

	\$'000	£'000
Fair value of consideration at date of acquisition	9,000	6,438
Less: fair value of net identifiable assets acquired	(4,528)	(3,239)
Goodwill arising on acquisition	4,472	3,199

Goodwill arose on the acquisition of Medforce Technologies Inc. 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 £426,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2018. The Group Statement of Comprehensive Income for the year ended 30 April 2018 includes revenue of £266,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £71,000 in respect of the business acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Medforce Technologies Inc. had been completed on 1 May 2017 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 Medforce Technologies Inc:

	£'000
Consideration paid in cash	6,438
Less: cash acquired in subsidiary	(213)
Net cash outflow on acquisition of subsidiary	6,225

18 | EQUITY SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

GROUP AND COMPANY

	2019	2018
	£'000	£'000
Issued and fully paid share capital:		
219,784,656 ordinary shares of £0.01 each (2018: 202,657,783 shares)	2,198	2,087
Share premium account	53,948	34,257

	2019	2018
	Number	Number
Number of shares in issue at beginning of the year	202,657,783	198,117,442
Issued on exercise of share options	2,684,333	3,929,666
Issued under the share incentive scheme	358,033	610,675
Issued on share placing at 142 pence	14,084,507	-
Number of shares in issue at end of the year	219,784,656	202,657,783

The total share issue costs during the year ended 30 April 2019 of £625,000 (2018: £nil) have been deducted from the share premium account.

Ordinary shares issued during the year ended 30 April 2019 on the exercise of share options were as follows:

Date shares issued	Number of shares issued	Issue price (pence)	Share premium account (£)
8 May 2018	39,000	37.63	14,286
15 May 2018	51,667	35.00	17,567
11 June 2018	10,000	37.63	3,663
18 June 2018	65,000	37.63	23,810
3 September 2018	107,000	35.00	36,380
21 September 2018	65,000	45.50	28,925
3 October 2018	25,000	35.00	8,500
4 October 2018	1,800,000	1.00	-
29 January 2019	166,666	50.00	81,666
22 February 2019	325,000	45.50	144,625
22 February 2019	20,000	37.63	7,326
22 February 2019	10,000	35.00	3,400

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

Ordinary shares issued during the year ended 30 April 2018 on the exercise of share options were as follows:

Date shares issued	Number of shares issued	Issue price (pence)	Share premium account (£)
18 May 2017	83,333	35.00	28,333
27 September 2017	150,000	50.00	73,500
16 October 2017	103,333	35.00	35,133
23 October 2017	25,000	37.63	9,158
24 October 2017	1,000,000	32.12	311,200
6 November 2017	18,000	35.00	6,120
4 December 2017	25,000	35.00	8,500
4 December 2017	110,000	32.12	34,323
6 March 2018	15,000	37.63	5,495
10 April 2018	1,800,000	1.00	-
10 April 2018	500,000	50.00	245,000
10 April 2018	100,000	37.63	36,630

Details of outstanding options over the shares of the Company are provided in note 20.

MERGER RESERVE

	2019	2018
	£'000	£'000
Group	1,658	1,658
Company	1,709	1,709

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

Retained earnings

Retained earnings of both the Group and the Company include an amount of £1,336,000 (2018: £1,336,000) which does not represent a realised profit and is not distributable.

19 | DIVIDENDS

A final dividend in respect of the year ended 30 April 2018 of 0.163 pence per ordinary share (in respect of the year ended 30 April 2017: 0.142 pence) was paid to shareholders on 21 November 2018. The total cost of this dividend was £357,000 (in respect of the year ended 30 April 2017: £284,000).

An interim dividend in respect of the year ended 30 April 2019 of 0.09 pence per ordinary share (2018: 0.078 pence) was paid to shareholders on 20 March 2019. The total cost of this dividend was £198,000 (2018: £156,000).

The directors have proposed the payment of a final dividend of 0.188 pence per ordinary share (2018: 0.163 pence) on 26 November 2019 subject to approval by shareholders at the forthcoming Annual General Meeting.

20 | SHARE-BASED PAYMENTS, SHARE OPTIONS AND SHARE INCENTIVE SCHEME

At 30 April 2019 share options granted to directors and employees remain unexercised under four different arrangements. In addition, the Company has issued shares under a Share Incentive Scheme into a separate trust, which is managed by an external trustee, for the benefit of employees.

The share option arrangements are an Enterprise Management Incentive Scheme, the 2016 Share Option Scheme, the 2017 Long Term Incentive Plan, the 2018 Long Term Incentive Plan and the 2018 Long Term Incentive Plan Extension. All options granted under the 2017 Long Term Incentive Plan had been exercised at 30 April 2019.

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 Group.

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

Year ended 30 April 2019

	Number of options	Weighted average exercise price (pence)
Outstanding at 1 May 2018	7,296,000	22.6
Exercised during the year	(717,667)	41.2
Outstanding at 30 April 2019	6,578,333	20.6
Exercisable as at 30 April 2019	6,578,333	20.6

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

Of the options outstanding at 30 April 2019, 2,133,333 (2018: 2,133,333) options have an exercise price of 9 pence, 3,295,000 (2018: 3,295,000) options have an exercise price of 22.38 pence, 635,000 (2018: 828,667) options have an exercise price of 35 pence, 380,000 (2018: 514,000) options have an exercise price of 37.63 pence and 135,000 (2018: 525,000) options have an exercise price of 45.5 pence.

The weighted average remaining contractual life of the options outstanding at 30 April 2019 was 3.8 years (2018: 5.0 years).

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)
39,000	37.63	115.00	13.69
41,667	35.00	122.13	10.16
10,000	35.00	120.00	10.16
75,000	37.63	130.00	13.69
107,000	35.00	154.00	10.16
65,000	45.50	172.00	13.20
25,000	35.00	161.50	10.16
325,000	45.50	127.00	13.20
20,000	37.63	127.00	13.69
10,000	35.00	127.00	10.16
717,667			

Year ended 30 April 2018

	Number of options	Weighted average exercise price (pence)
Outstanding at 1 May 2017	8,817,333	24.5
Exercised during the year	(1,479,666)	33.1
Lapsed during the year	(41,667)	35.0
Outstanding at 30 April 2018	7,296,000	22.6
Exercisable as at 30 April 2018	6,746,000	21.4

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

Of the options outstanding at 30 April 2018, 2,133,333 (2017: 2,133,333) options have an exercise price of 9 pence, 3,295,000 (2017: 3,295,000) options have an exercise price of 22.38 pence, nil (2017: 1,110,000) options have an exercise price of 32.12 pence, 828,667 (2017: 1,100,000) options have an exercise price of 35 pence, 514,000 (2017: 654,000) options have an exercise price of 37.63 pence and 525,000 (2017: 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)
83,333	35.00	95.00	10.16
40,000	35.00	84.00	10.16
63,333	35.00	82.00	10.16
25,000	37.63	80.00	13.69
1,000,000	32.12	80.00	12.12
18,000	35.00	85.00	10.16
25,000	35.00	98.19	10.16
110,000	32.12	98.19	12.12
15,000	37.63	107.00	13.69
100,000	37.63	109.00	13.69
1,479,666			

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 unless otherwise agreed by the Board. 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 Group if they have not been exercised.

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

The following is a summary of the movements in outstanding share options under the Ideagen 2016 Share Option Scheme.

	Number of options	Weighted average exercise price (pence)
Outstanding at 1 May 2017	950,000	50.0
Granted during the year	300,000	50.0
Exercised during the year	(650,000)	50.0
Outstanding at 30 April 2018	600,000	50.0
Granted during the year	550,000	112.0
Exercised during the year	(166,666)	50.0
Outstanding at 30 April 2019	983,334	84.7
Exercisable as at 30 April 2019	133,332	50.0
Exercisable as at 30 April 2018	100,000	50.0

During the year ended 30 April 2019, 166,666 options were exercised when the Ideagen plc share price was 140 pence. During the year ended 30 April 2018, 150,000 options were exercised when the Ideagen plc share price was 82 pence and a further 500,000 options were exercised when the Ideagen plc share price was 109 pence.

During the year, 550,000 (2018: 300,000) options were granted under this scheme with an exercise price of 112 pence (2018: 50 pence) each. The fair values of the options granted 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.

Year ended	30 April 2019	30 April 2018	30 April 2017
Number of options granted in the year	550,000	300,000	950,000
Date of grant	3 May 2018	2 May 2017	1 September 2016
Share price at grant date	112 pence	88.5 pence	54.5 pence
Exercise price	112 pence	50 pence	50 pence
Expected volatility	33%	33%	33%
Expected dividend yield	0.20%	0.21%	0.34%
Expected option life	5 years	5 years	5 years
Risk-free interest rate	1.11%	0.51%	0.23%
Fair value of option	33.73 pence	44.46 pence	16.98 pence

20 | 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.

The average remaining contractual life of the options outstanding at 30 April 2019 was 8.5 years (2018: 8.6 years).

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 were 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.

Any shares issued in respect of the exercise of any of these options cannot be sold until the fourth anniversary of the grant date, except to cover the taxation charges arising on exercise, 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 would apply and all of these options may become exercisable at that point.

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
Number of options granted on 23 March 2017	1,800,000	1,800,000
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.

During the year ended 30 April 2018, the 98 pence share price condition in respect of 1,800,000 of these options was met. Accordingly, these 1,800,000 options were exercised in the year when the Ideagen plc share price was 109 pence.

During the year ended 30 April 2019, the 136 pence share price condition in respect of the remaining 1,800,000 of these options was met. Accordingly, these 1,800,000 options were exercised in the year when the Ideagen plc share price was 152 pence. At 30 April 2019, all of the 2017 Long Term Incentive Plan options had been exercised.

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

Ideagen 2018 Long Term Incentive Plan

On 22 October 2018, the Company introduced the 2018 Long Term Incentive Plan and 1,200,000 share options were granted under the plan at an exercise price of 1 penny to Ben Dorks, Chief Executive Officer.

600,000 of these options were eligible to vest on the Company's share price reaching 196 pence over 30 consecutive business days with the remainder becoming eligible to vest on the Company's share price reaching 259 pence over 30 consecutive business days.

Any shares issued in respect of the exercise of any of these options cannot be sold until the fourth anniversary of the grant date, except to cover the taxation charges arising on exercise, 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 would apply and all of these options may become exercisable at that point.

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 in the following table.

	196 pence share price exercise condition	259 pence share price exercise condition
Number of options granted on 22 October 2018	600,000	600,000
Share price at grant date	156.5 pence	156.5 pence
Exercise price	1 penny	1 penny
Share price condition (barrier)	196 pence	259 pence
Expected volatility	32%	32%
Expected dividend yield	0.15%	0.15%
Expected option life	3 years	3 years
Risk-free interest rate	0.66%	0.66%
Fair value of option	118.6 pence	72.4 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.

At 30 April 2019, none of the options under the 2018 Long Term Incentive Plan had been exercised and none were exercisable.

Ideagen 2018 Long Term Incentive Plan Extension

On 28 March 2019, the Company introduced the 2018 Long Term Incentive Plan Extension and 2,500,000 share options were granted under the plan at an exercise price of 1 penny to certain directors and senior managers.

1,250,000 of these options were eligible to vest on the Company's share price reaching 196 pence over 30 consecutive business days with the remainder becoming eligible to vest on the Company's share price reaching 259 pence over 30 consecutive business days.

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

Any shares issued in respect of the exercise of any of these options cannot be sold until the fourth anniversary of the grant date, except to cover the taxation charges arising on exercise, 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 would apply and all of these options may become exercisable at that point.

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.

	196 pence share price exercise condition	259 pence share price exercise condition
Number of options granted on 28 March 2019	1,250,000	1,250,000
Share price at grant date	146.5 pence	146.5 pence
Exercise price	1 penny	1 penny
Share price condition (barrier)	196 pence	259 pence
Expected volatility	32%	32%
Expected dividend yield	0.17%	0.17%
Expected option life	3 years	3 years
Risk-free interest rate	0.66%	0.66%
Fair value of option	100.6 pence	58.9 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.

At 30 April 2019, none of the options under the 2018 Long Term Incentive Plan Extension had been exercised and none were exercisable.

Share Incentive Scheme

During the year ended 30 April 2018, the company set up a Share Incentive Scheme. All employees are eligible to join the Company's Share Incentive Scheme once they have been employed by the Group for six months. Subject to the Group achieving certain profit targets, "Free Shares" are awarded to all eligible employees. During the years ended 30 April 2019 and 30 April 2018, up to £2,000 worth of Free Shares were awarded to eligible employees when the Ideagen share price was 166.5 pence (2018: 91 pence). There are no vesting conditions attached to the Free Shares other than being continuously employed by the Group for 3 years from the date of award. If an employee leaves the Group within the 3-year period, in certain cases the shares will vest and in other cases they will be forfeited. In addition, employees are able to purchase "Partnership Shares" at prevailing market rates out of their pre-tax income, subject to an annual HMRC limit of £1,800. No share-based payment charge arises in respect of the Partnership Shares. All Free Shares and Partnership Shares are held in a trust which is managed by an external trustee. On leaving employment with the Group the employee must take all of their shares out of the trust.

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

Details of the movements of Free Shares in the Share Incentive Scheme were as follows:

Number of Free Shares

Outstanding at 1 May 2018	500,020
Granted during the year	335,162
Vested during the year	(67,627)
Forfeited during the year	(53,622)
Outstanding at 30 April 2019	713,933
Exercisable as at 30 April 2019	-

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

The total share-based payment charge in the Group Statement of Comprehensive Income was as follows:

	2019	2018
	£'000	£'000
Enterprise Management Incentive Share Option Scheme	3	40
2016 Share Option Scheme	159	158
2017 Long Term Incentive Plan Share Option Scheme	381	1,231
2018 Long Term Incentive Plan Share Option Scheme	199	-
2018 Long Term Incentive Plan Extension Share Option Scheme	60	-
	802	1,429
Share Incentive Scheme	279	116
National insurance costs on exercise of share options	410	335
	1,491	1,880

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 2019 amounted to £1,440,000 (2018: £1,148,000).

The total fair value at the date the share options were granted of the options exercised during the year ended 30 April 2019 was £722,000 (2018: £1,337,000). This was transferred from the share-based payment reserve to retained earnings during the year. In addition, a further £64,000 (2018: £15,000) was transferred from the share-based payment reserve to retained earnings in respect of shares which had vested under the rules of the Share Incentive Scheme.

21 | 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 14 and 16 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. At 30 April 2019, the Group also had a revolving credit facility of up to £16 million and had short-term borrowings of £7.5 million as set out in note 15.

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.

22 | OPERATING LEASE COMMITMENTS

As at 30 April 2019 the Group had the following aggregate commitments under non-cancellable operating leases in respect of land & buildings:

	2019	2018
	£'000	£'000
Within one year	729	615
Between two and five years	1,619	1,008
After more than five years	165	-
	2,513	1,623

23 | 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 £627,000 (2018: £522,000). At 30 April 2019, trade and other payables included £87,000 (2018: £77,000) payable to the Group pension scheme.

24 | NET CASH / (DEBT) RECONCILIATION

The movements in net cash / (debt) during the year were as follows:

GROUP	Cash & Cash equivalents	Borrowings	Net cash/ (debt)
	£'000	£'000	£'000
At 1 May 2018	5,532	(4,750)	782
Cash flow	638	(2,750)	(2,112)
Non-cash movement	29	-	29
At 30 April 2019	6,199	(7,500)	(1,301)

COMPANY	Cash & Cash equivalents	Borrowings	Net cash/ (debt)
	£'000	£'000	£'000
At 1 May 2018	2,301	(4,750)	(2,449)
Cash flow	(863)	(2,750)	(3,613)
At 30 April 2019	1,438	(7,500)	(6,062)

25 | 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 12 and 13. During the year, the Company recharged £1,529,000 (2018: £1,039,000) of costs to its wholly owned subsidiaries and suffered recharges of £2,251,000 (2018: £1,490,000) from its wholly owned subsidiaries. Details of transactions between the Company and other related parties are disclosed below.

At 30 April 2019, trade and other payables in the Company included £6,457 (2018: £5,089) payable to Ultris Limited, a company in which Mr Alan Carroll is a director and major shareholder. This amount is in respect of fees and expenses payable to Mr Alan Carroll as a director of the Company. Amounts charged by Tony Rodriguez for his services as a director of the company are payable to X88 Limited, a company in which Mr Rodriguez is a director and major shareholder. At 30 April 2019 trade and other payables included £2,777 (2018: £nil) payable to X88 Limited for these services. The amounts payable to Ultris Limited and X88 Limited for the services of Mr Carroll and Mr Rodriguez respectively as directors 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: David Hornsby £21,885 (2018: £19,027), Ben Dorks £5,061 (2018: £3,298), Graeme Spenceley £2,095 (2018: £1,379), Barnaby Kent £5,764 (2018: £3,909), Alan Carroll £516 (2018: £449), Jonathan Wearing £10,598 (2018: £9,546) and Tony Rodriguez £nil (2018: £nil).

25 | RELATED PARTY TRANSACTIONS (CONTINUED)

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:

	2019	2018
	£'000	£'000
Salaries, bonuses and fees and related employer national insurance	1,255	1,066
Share based payments	991	1,499
	2,246	2,565

26 | EVENTS AFTER THE END OF THE REPORTING PERIOD

Acquisition of businesses

On 7 June 2019, the Group completed the acquisition of Redland Business Solutions Limited, a company incorporated and domiciled in England. The initial net cash consideration for the purchase was £15.8 million with a further £0.5 million payable 12 months after completion contingent upon the achievement of certain revenue objectives.

The acquisition will strengthen the Group's position in the financial services market and the combination of Redland's Insight platform with Ideagen's existing product set will provide a compelling proposition covering internal audit, risk management, certification and SMCR compliance

A full assessment of the fair values of assets and liabilities acquired has not yet been completed.

The acquisition was funded from the Group's cash resources and from the extension of the Group's existing Revolving Credit Facility with NatWest to £28 million.



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