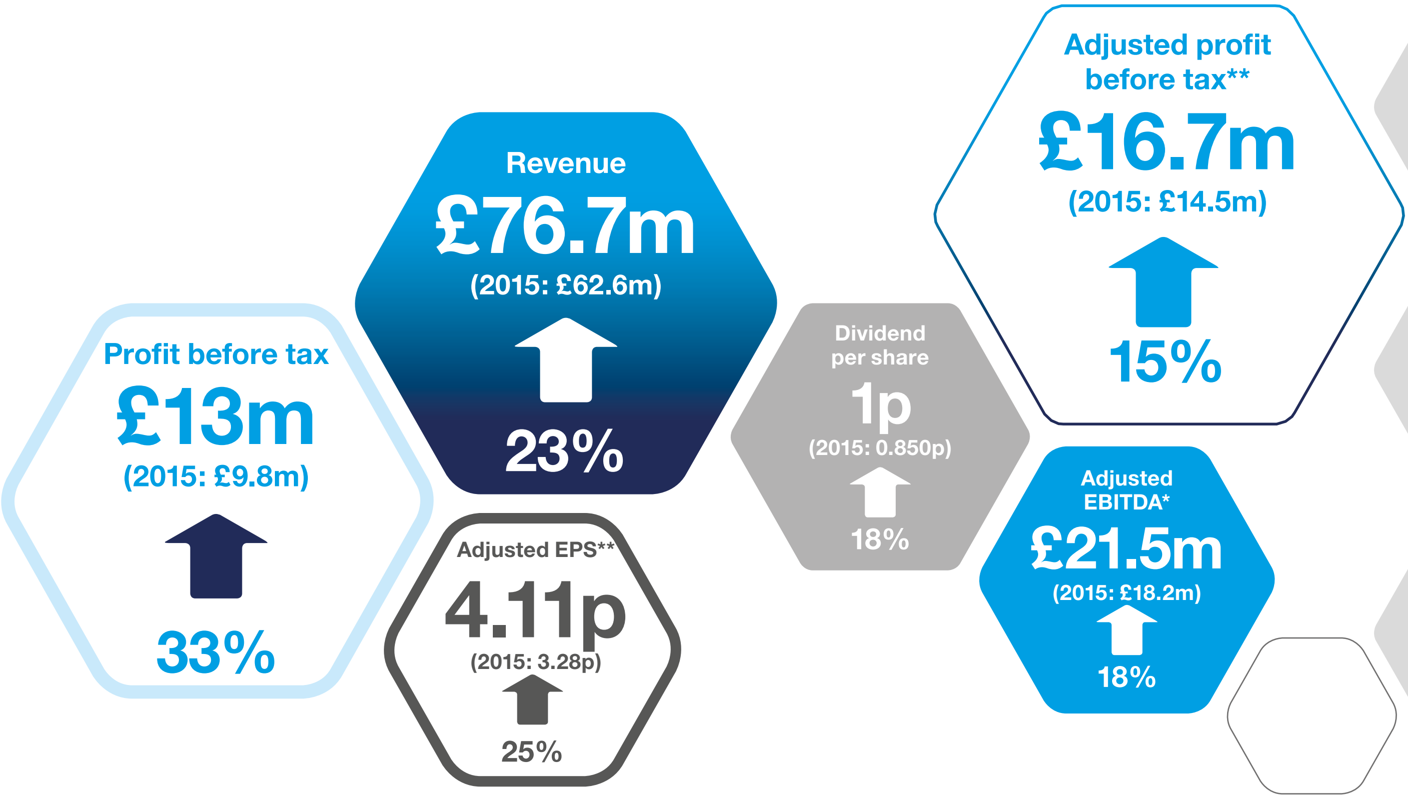
Annual Report & Accounts 2016

Idox plc is a supplier of specialist information management solutions to the public sector and to highly regulated asset intensive industries around the world in the wider corporate sector.

For more information see www.idoxplc.com

Financial and Operational Highlights



Financial Highlights

- Revenues up 23% to £76.7m (2015: £62.6m)
- Adjusted EBITDA* increased 18% to £21.5m (2015: £18.2m)
- Adjusted EBITDA* margin 28.0% (2015: 29.1%)
- Adjusted profit before tax** was £16.7m, up 15% (2015: £14.5m)
- Adjusted EPS** 4.11p up 25% (2015: 3.28p)
- Net debt as at 31 October 2016 stood at £25.0m (31 October 2015 £23.1m; £4.7m net cash outflow on two acquisitions in the second half of the financial year)
- Proposed final dividend of 0.650p (2015: 0.525p) making a total of 1p (2015: 0.850p), an increase of 18% for the financial year

Statutory Equivalents

The above highlights are based on adjusted results. Reconciliations between adjusted and statutory results are contained within these financial statements. The statutory equivalents of the above results are as follows:

- Profit before tax was 33% higher at £13m (2015: £9.8m)
- Basic EPS increased by 49% to 3.30p (2015: 2.21p)

Operational Highlights

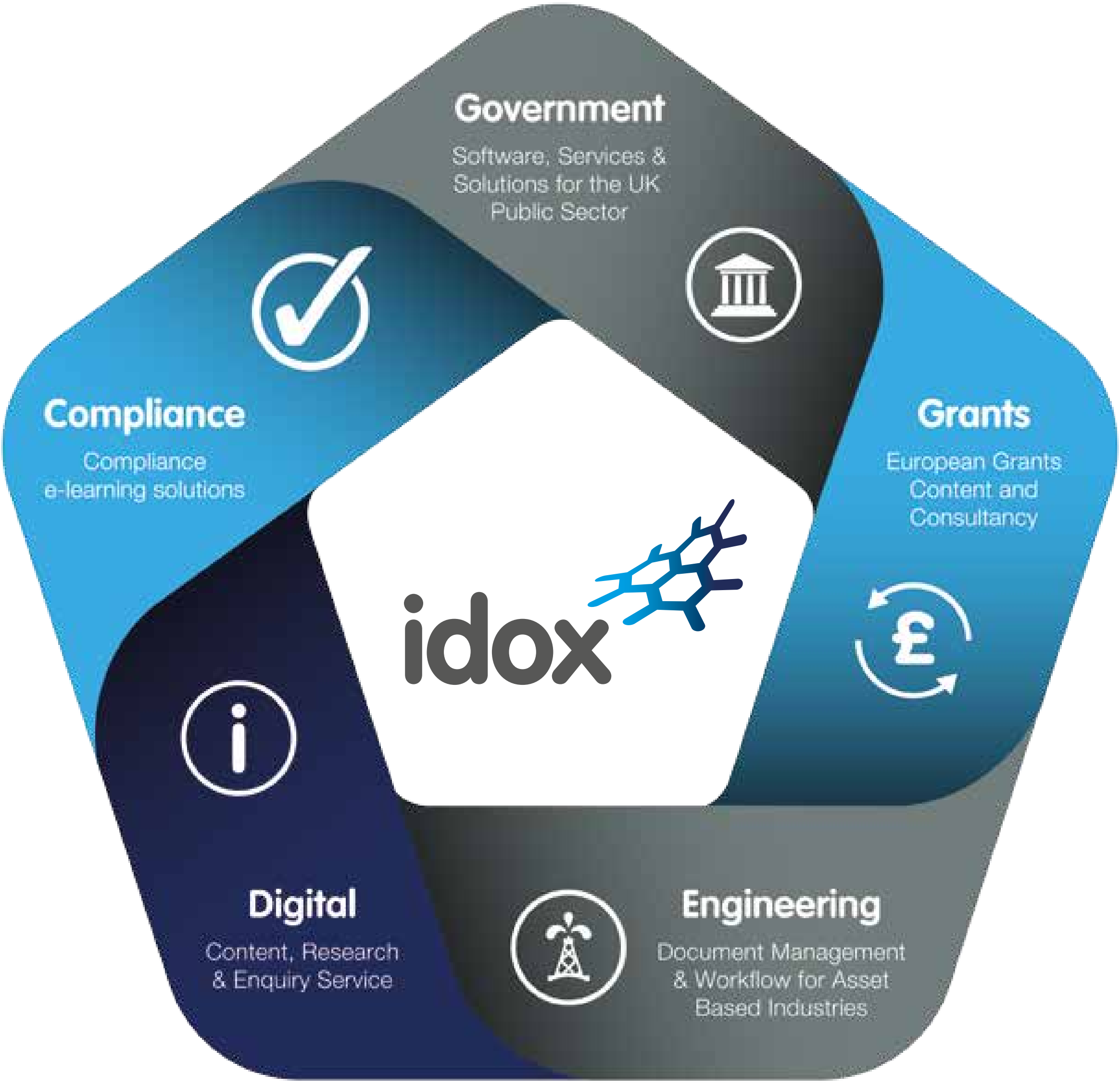
- Recurring and repeating revenues represented 82% of revenues
- Another strong performance from Public Sector Software (PSS):
  - Represented 53% of Group revenues
  - Organic revenue growth of 5% – strong election year and winning of market share
  - Won 90 new local authority customers – 92% of all local authorities now customers
- Acquisitions:
  - Open Objects and Rippleffect enhanced the Group's capabilities in social care and digital services respectively
- Board succession planning completed; Andrew Riley appointed Chief Executive in November 2016, Richard Kellett-Clarke becomes a Non-Executive Director

* Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition, corporate finance and share option costs

** Adjusted profit before tax and adjusted EPS excludes amortisation on acquired intangibles, restructuring and acquisition costs

Our Company at a Glance

What We Do



As a leading supplier of software, services and content to a customer base spanning both the UK and international markets, Idox is committed to transforming the way organisations operate for the better.

We support our customers by delivering solutions that provide the right tools, at the right time, to enable better service delivery and business efficiency across a number of sectors.

Our core areas of operation include Public Services, Engineering, Funding, Commercial and Digital, with broad and demonstrable capabilities and expertise that have supported – and continue to support – a wide range of customers including government departments and agencies, local government, the police and emergency services, health and social care, transport, education and commercial organisations.

Idox is committed to helping the public sector to strengthen, grow and thrive. As a trusted partner for over 30 years, we serve the public sector organisations that are adapting and enhancing services today to deliver tangible benefits and outcomes that achieve the vision of a sustainable, efficient and digitally transformed world of the future.

Where We Operate

Office Locations

United Kingdom
Cambridge, UK
Liverpool, UK
London, UK
Manchester, UK
Theale, UK
Wilmslow, UK
Glasgow, UK
Derry, N.Ireland

Europe
Brussels, Belgium
Paris, France
Rennes, France
Berlin, Germany
Goor, Holland
Utrecht, Holland

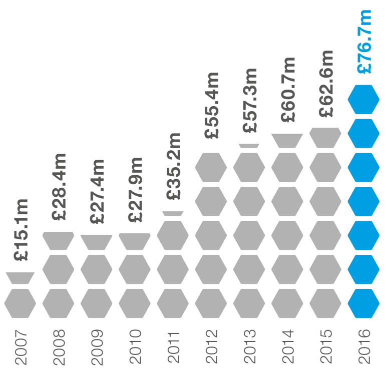
Rest of the World
Houston, USA
Pune, India

OFFICES
16
offices worldwide

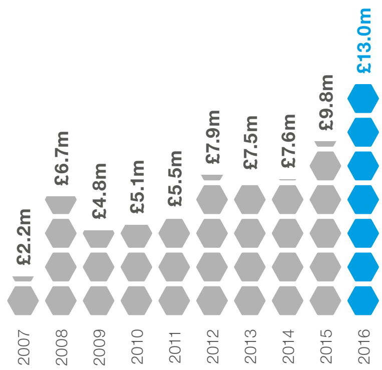
EMPLOYEES
760
Group employees

10 years performance

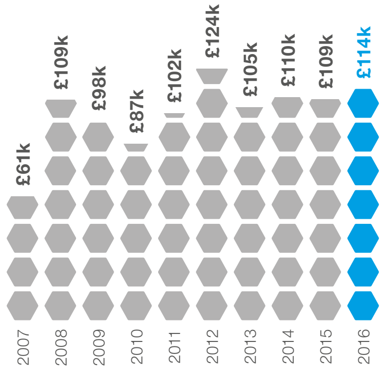
Revenue



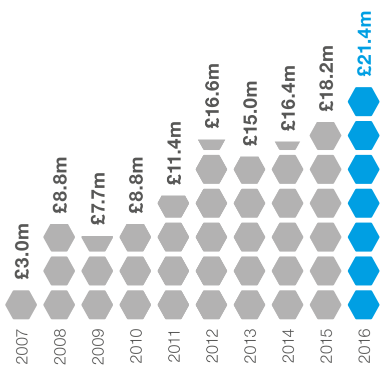
Profit before tax



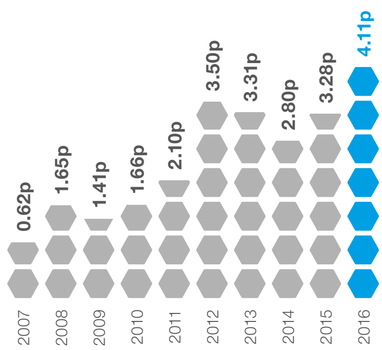
Revenue per head



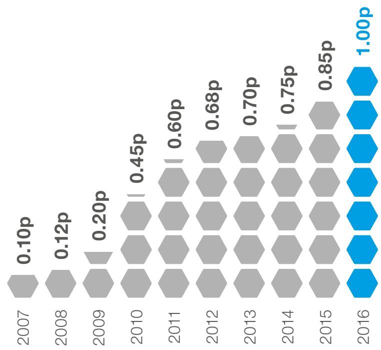
Adjusted EBITDA



Adjusted EPS



Dividend per share



Chairman's Statement

Laurence Vaughan
Chairman

"The Group has made strategic progress towards positioning itself as a key partner for its customers to achieve efficiency savings through the use of digital technology."

I am pleased to report a year of strong progress for Idox, driven by organic growth complemented by contributions from acquisitions. The success of Idox continued to be underpinned by its strategy of positioning itself as a key partner enabling customers to achieve significant efficiencies through digital technologies.

In generally stable markets, the Group continued to benefit from its diversified business model and sources of earnings which helped mitigate challenges in some of our smaller markets.

A summary of our financial key performance indicators is presented below:

	2016	2015	Change
Revenue	£76.7m	£62.6m	23%
Adjusted EBITDA*	£21.5m	£18.2m	18%
Adjusted EBITDA* margin	28%	29%	-1%
Adjusted EPS**	4.11p	3.28p	25%

* Adjusted EBITDA is defined as earnings before depreciation, amortisation, restructuring, acquisition, corporate finance and share option costs

** Adjusted EPS excludes amortisation on acquired intangibles, restructuring and acquisition costs

Results

Idox grew revenue by 23% to a record £76.7m and achieved an 18% increase in Adjusted EBITDA. The overall Group margin was slightly lower than the prior year due to the anticipated change in mix of election and digital services revenues.

As in previous years, a significant percentage (82%; 2015: 88%) of Idox's annual revenues were derived either from recurring contracts with customers or from repeat customers from whom the Group had derived revenues in the prior year; this gives the Group significant revenue visibility and is evidence of Idox's strong relationships and focus on customer service.

Group Strategy

Idox has a strong reputation and market leading positions principally in important segments of the public sector software market in the United Kingdom and Europe. The Group partners with its customers so they can achieve efficiency savings using digital technology.

The Group's strategy is to become a much larger business by establishing and building on its leading market positions by extending its public sector domains and expanding its delivery of digital services across all areas of local government. This will be achieved through a combination of organic and acquisitive growth. This is intended to deliver double digit annual revenue growth with a short to medium term objective of £100m of revenues at sustainable margins.

Acquisitions

During the financial year, two acquisitions were completed in line with our strategy, both of which contributed to the year's financial performance whilst expanding our capabilities and providing cross selling opportunities. The Group has a strong track record of acquisition integration and delivering earnings enhancing contributions from such transactions. The recent acquisitions were:

- Open Objects Software Limited ('Open Objects') in July 2016 broadened our capability in the important social care market where the Group has historically been under-represented
- Rippleffect Studio Limited ('Rippleffect') in August 2016 added e-commerce consultancy expertise to add to our digital capabilities
- In addition, there was a strong contribution from the acquisition of Reading Room, completed just prior to the previous year end in October 2015.

Together these acquisitions have enhanced our capabilities, such that we can now deliver content, domain specific solutions, managed and hosted services and web services to improve processes, productivity and customer engagement in all of our chosen domains.

Dividends

The Board is pleased to propose, subject to shareholder approval at the Company's Annual General Meeting, a final dividend of 0.650p (2015: 0.525p), bringing the total for the year to 1p. This represents an increase of 18% over the previous year total of 0.850p, and is consistent with both our strong performance in the year and our progressive dividend policy to grow dividends in line with earnings growth.

The Board

On 10 November 2016, we announced some significant board changes as part of our succession planning. Richard Kellett-Clarke stepped down as Chief Executive and Andrew Riley, previously the Group's Chief Operating Officer (COO), was appointed Chief Executive. Andrew's appointment ensures continuity of both leadership and strategy and he takes over at a time when the business is in the best shape it has ever been. Andrew joined the Group in 2000 and was Managing Director of Idox's Public Sector Software Division from 2011 before becoming COO. Richard will remain at Idox as a Non-Executive Director, until the end of the current financial year ending 31 October 2017, to ensure an orderly handover and to assist with the integration of recent acquisitions and the ongoing development of the Group's strategy.

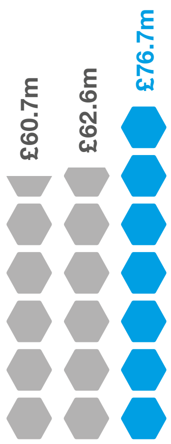
Richard has played a key role in the transformation of Idox over the last ten years, first as Finance Director, then as Chief Operating Officer and most recently as Chief Executive. From joining the Group in 2006 he has been instrumental in establishing and delivering the Group's organic and acquisition growth strategy, resulting in a near fifteen-fold increase in the share price and market capitalisation over that time. We thank him for his significant contribution to the Group.

In January 2016, the Board was pleased to appoint Barbara Moorhouse as a non-Executive Director; she has more than 25 years of management experience across the private and public sectors and replaces Dame Wendy Hall who stepped down in December 2015.

Chairman's Statement continued

Revenue

+23%



Outlook

The Group has started the new financial year strongly building on the good performance and organic and acquisitive growth of 2016. We also believe there is a relatively stable outlook in all our markets notwithstanding recent political developments. We have integrated recent acquisitions and have had early successes winning contracts in the new financial year in a number of our segments in both the UK and Europe. The importance to our customers of achieving efficiency through the effective use of information technology should not be underestimated.

The encouraging adoption of the Government's digital services initiative by the public sector and local government especially, and the early success of blending this with our recently acquired digital capability, has encouraged us to accelerate our developments in this area. We believe this growth in digital engagement will benefit our Public Sector Software business as its products are focused on delivering savings and helping local authorities improve their consumer experiences.

The Board remains confident that the Group is well positioned in its markets and will continue to perform well in 2017 given its strong revenue visibility, order book and pipeline. The Group remains on track to achieve its target of £100m of revenues at sustainable margins in the short to medium term, through a combination of organic growth and acquisitions.

Overall, the outlook for Idox in the coming years is therefore very positive and our expectations for the Group's financial performance are unchanged.

Laurence Vaughan
Chairman
13 December 2016

"In Leeds the majority of applications are now submitted electronically. The major benefits of using iApply are the ease at which applications are retrieved and it makes the application forms much easier to read, as they are the forms set by regulation."

Susan Holden,
Principal Licensing Officer, Leeds City Council

Our Strategic Overview

Market Overview

The Group continues to operate successfully and has grown in challenging markets characterised by continued pressure on local government expenditure.

Our diversity of offerings and tight integration of businesses into a single management structure allows us to take advantage of opportunities and respond to challenges in our markets as demonstrated by this year's performance.

We see no change in outlook for our core markets. Announcements concerning public sector savings over the next three years are in line with our planning and expectations and should drive take-up of our new cost saving solutions.

Our Business Model

Idox is the leading applications provider to UK local government for core functions relating to land, people and property, such as its market leading planning systems and election management software.

Idox provides:

- public sector organisations with tools to manage information and knowledge, documents, content, business processes and workflow as well as connecting directly with the citizen via the web and providing elections management solutions
- decision support content such as grants and planning policy information and corporate compliance services
- engineering document control, project collaboration and facility management applications to many leading companies in industries such as oil and gas, architecture and construction, mining, utilities, pharmaceuticals and transportation in North America and around the world.

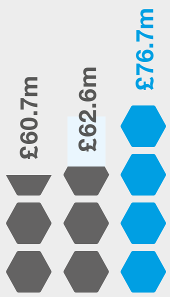
Key Performance Indicators

Financial Indicators:

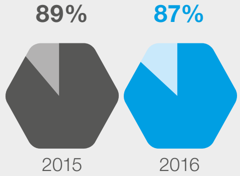
Key financial performance indicators, including the management of profitability, monitored on an ongoing basis by management are set out below:

Revenue

+23%

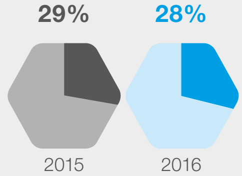


Profitability Ratios



Gross Margin

Gross profit as a percentage of revenue.



Adjusted EBITDA

Profit before interest, tax, depreciation, amortisation, restructuring costs, acquisition costs, corporate finance costs and share option costs as a percentage of revenue.

Our Strategy

Our strategy is to become the partner of choice due to our domain expertise, continued innovation, quality of service and guaranteed delivery.

Through this focus on quality and delivery we expect to demonstrate to our customers improvements in operational efficiency and return on investment which will result in us increasing our market share, growing both organically and internationally.

Over **90%** of UK local authorities are now customers for one or more of the Group's products.

The Board of Directors comprises **29%** female staff members.

The Group employs over **760** staff located in the UK, the USA, Canada, Europe, India and Australia.

Non-financial Indicators:

Idox Group practises an integrated management system centred around its ISO accreditations as follows:

Quality Management

The Group quality policy has been accredited to BS EN ISO 9001:2008 for the development and the sale of products for document, content and information management.

Environmental Management

The Group environmental management system has been assessed and approved to accredited BS EN ISO 14001:2004, the approved systems applying to the following: the development and sale of products for document, content and information management.

Information Security Management

The Group information security management policy has been accredited to BS EN ISO 27001:2005, the approved systems applying to the following: for the development and the sale of products for document, content and information management.

Chief Executive's Review

Andrew Riley
Chief Executive Officer

"Idox performed strongly during the year with double digit growth in both revenue and adjusted profits"

Overview of Operational Performance

We are pleased to report that the Group performed strongly during the year with double digit growth in both revenues and adjusted profits, including good contributions from organic growth and recent acquisitions.

The year saw the continued expansion of our digital services platform which, through a combination of internal development and technology acquisition, is increasingly underpinning deliveries of new products and services across the Group in a more efficient and sustainable way.

Management focus during the year has continued to be in accelerating the expansion of the digital services platform, completing and consolidating recent acquisitions, and in continuing the drive for further productivity improvements and performance across the Group.

Public Sector Software ('PSS')

The Public Sector Software business, which represented 53% of Group revenues for the year, had a particularly strong performance with revenues up 14%. The year saw significant elections activity and we delivered services in support of Local Elections, the EU referendum and a new e-count solution for the Scottish Government to be used in the local elections in May 2017.

The digital service platform has been instrumental in delivering new solutions and add-on products to our existing customers with a combined value of £2.9m. The platform has been used to provide integration for the new national online planning and building standards services for the Scottish Government, as well as providing the infrastructure for a new suite of platform independent mobile applications for use across our core back office software solutions.

The framework has also provided the capability to write new back office applications and underpins the long term upgrade strategy for our existing back office applications. The first of these new systems is a new national election system for Northern Ireland, on which we plan to build a next generation platform for the wider UK and future international expansion.

The iApply service, also based on the digital service platform, was launched earlier in the year to provide a national planning application service; it has been successfully extended to provide online licensing and building control applications, achieving a monthly transaction volume of over 10,000 applications by the end of the financial year. The platform will be expanded during the current financial year to deliver further customer journeys with a vision of delivering a comprehensive suite of services for local government over the next three years.

We have continued to see further market share gains with 90 new local authority customers in the year, 19 new system sales and a further 11 managed service customers.

The integration of the Facilities Management business within the public sector team during the prior year has continued to deliver benefits in terms of improved sales performance and cross selling opportunities. Revenues within Facilities Management grew by 11%. Key contracts wins included Carillion, SSS Managed Services and Pinsent Masons.

Our Transport business (formerly Cloud Amber) was held back in the first half of the year by the need to focus on completing the delivery of two complex sales contracted prior to acquisition. One of these was a new integrated transport management system for a new bus station in Perth Australia. This underground bus station is Australia's first to work more like an airport, with buses departing from different stands for each trip to maximise efficiency with the flow of buses and passengers being fully controlled by our software solutions.

A significant milestone was achieved with our next generation adaptive control platform that has successfully completed field trials throughout a number of key road junctions in Southampton, enabling real time control of traffic lights. This development paves the way for our next generation of fully adaptive artificial intelligence algorithms enabling pioneering policy lead control of the road network.

The business finished the year strongly with a major project win either side of the year end.

Digital

Reading Room has performed well in its first full year within the Group, delivering revenues of £9.1m and an improved EBITDA margin of 13%. The business has been fully integrated and rebranded as Idox Digital and, with the acquisition of Rippleffect, has become a true full service digital agency.

The business is working in collaboration with other parts of the Group, in support of delivering the digital service platform and combined product and service offerings. The main successes have been in delivering Unified Travel Information Portals in Cornwall and Northamptonshire that provide an end to end one stop shop in which all modes of transport, cars, taxis, buses, DRT, flights, trains including walking and cycling are included so that travellers can make informed choices.

Other significant contracts in the period included delivery of the new Royal Family website, and systems for the Ministry of Defence, NHS, British Cycling and RPC.

Chief Executive's Review continued

Grants

The Grants business continued to increase its customer base, and deliver bigger grants on a success fee basis for larger customers.

We have seen acceleration in the adoption of the Research Connect platform within European Universities via our new pan-European sales team.

Compliance

Revenue in our compliance business declined by 28% to £4.4m, which was partly the result of aligning its year end to Idox's after a very strong prior year. This was further compounded by a decline in demand for our core compliance e-learning programmes. Some R&D and sales issues were resolved in the second half of the year, which has resulted in significant new contract wins in the first month of the new financial year, including sales to a major German airline and a leading German tools provider.

Engineering Information Management ('EIM')

The EIM business returned to modest growth with revenues up 3% to £14.1m and a much improved EBITDA margin increasing to 23% from 16%. It has benefited from early and decisive action taken in the prior year to realign the business following the global market decline in oil and gas capital projects activity.

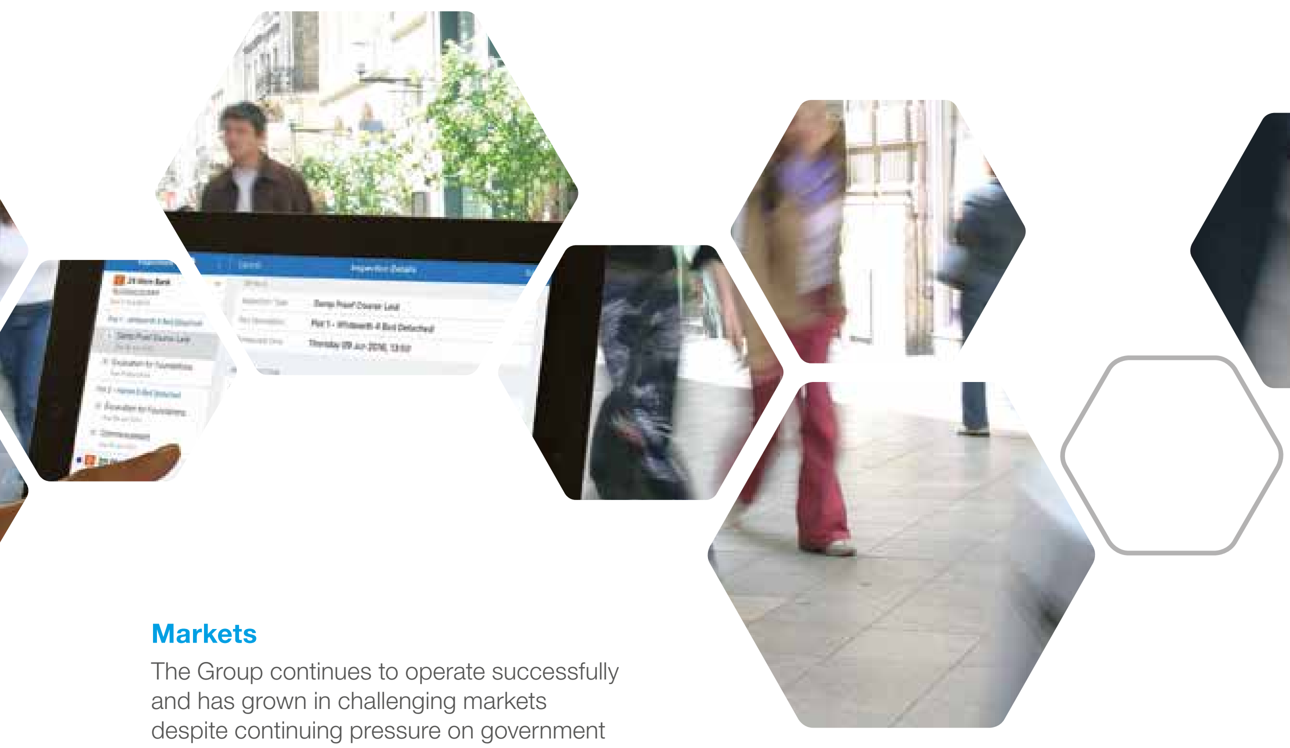
EIM has achieved key contracts wins, including Odebrecht, BNP Paribas, Strabag, Weherhauser, PM Group and a reseller agreement with Amplexor. It also continued to make further productivity gains, and is well poised to benefit from any improvement in its core markets, while continuing to invest in its new Cloud based services.

Acquisitions

The Group has made two acquisitions in the second half of the year: Rippleffect and Open Objects. Both acquisitions have been made to support our objectives of expanding our digital capability and extending our presence within the public sector. Both businesses will have been fully integrated into the Group, ahead of schedule, by the end of calendar year 2016.

Open Objects, acquired in July, provides digital services to the social care and health markets within the UK, enabling citizens and care providers to engage digitally in care provision. In addition to providing significant penetration into the social care and health markets, the acquisition expands the digital service platform's capability, especially within data management. The business supplies solutions to social care departments within the UK and has expanded its presence since acquisition with new wins from Warrington and London Borough of Waltham Forest.

Rippleffect, acquired in August, is a digital agency based in Liverpool that completes our skills and technical capability by providing the Group with an e-commerce capability for use within the digital service platform under the Idox Digital Brand. The business has a focus on sport and has 7 premiership football clubs as customers with wins since acquisition including Middlesbrough FC.



Markets

The Group continues to operate successfully and has grown in challenging markets despite continuing pressure on government expenditure and grant funding. We see no change in outlook for our core markets, whilst the diversity of our offerings and tight integration of our businesses into a single management structure continues to allow us to take advantage of opportunities and respond to challenges.

We have seen minor delays in customer decision making as a consequence of the EU referendum, and we expect this to continue through the period of uncertainty around the nature of the UK's exit. The Board expects the Group to ultimately be a beneficiary due to our key role in implementing the required changes to legislation within our core systems.

Growth Strategy

The Group has refocused on become a leading international supplier of software, services, managed services and content to the wider public sector, whilst continuing to deliver service to private sector customers as well.

Following recent acquisitions, Idox has presence across all UK public sector markets and it is the Board's intention to accelerate the consolidation of the Group's presence within these markets in the same way it has done within the UK Local Government market space. In addition, we will also seek international expansion opportunities.

The Group's investment strategy in the coming year is to continue the development of the digital service platform and to build the commercial teams to facilitate its growth.

The Board believes that channel shift and automation remain fundamental to the delivery of public services and that the Group remains well placed to support not only local government but the wider public sector to achieve this.

The business is on schedule to deliver its target of £100m revenues in the short to medium-term.

Andrew Riley
Chief Executive Officer
13 December 2016

Financial Review

Jane Mackie
Chief Financial Officer

"Group revenues grew by 23% to £76.7m."

Group revenues grew by 23% to £76.7m (2015: £62.6m) driven by 2% organic growth and the impact of four acquisitions. Cloud Amber Ltd and Reading Room Ltd were acquired during 2015 and had a full year impact for the first time in 2016. Open Objects Software Ltd and Rippleffect Studio Ltd were acquired in 2016 and made a contribution in the current year. 27% of Group revenues were generated outside of the UK (2015: 34%) with a change in geographical mix due to the four acquisitions which have the majority of their customer base in the UK. Gross profit earned was 19% higher at £66.6m (2015: £55.9m) and the Group saw a slight decrease in gross margin from 89% to 87% as a result of lower margin election print revenue related to May local elections and the EU Referendum. Earnings before amortisation, depreciation, restructuring, acquisition, corporate finance and share option costs ("Adjusted EBITDA") increased by 18% to £21.5m (2015: £18.2m) with Adjusted EBITDA margins of 28% (2015: 29%).

Performance by Segment

In previous periods, the Group was organised into two main operating segments. Following an internal reorganisation the Group is now organised into five operating segments.

The Public Sector Software (PSS) segment, which accounted for 53% of Group revenues (2015: 57%), delivered revenues of £41.0m (2015: £35.8m) due to 5% organic growth and the contribution of Cloud Amber and Open Objects. Product and services revenue grew 13% to £19.0m (2015: £16.8m). Election revenue accounted for £5.6m (2015: £2.6m) of PSS revenues with the segment delivering on the Scottish eCount project, May local elections and EU Referendum, in comparison to only the UK General Election in 2015. Recurring revenues within the PSS segment were 42% (2015: 45%) decreasing due to the contribution of election revenue in the period. Segmental Adjusted EBITDA increased by 16% to £16.3m (2015: £14.1m) delivering a 40% EBITDA margin (2015: 39%).

The Engineering Information Management (EIM) segment accounted for 18% of Group revenues (2015: 22%) and reported a revenue increase of 4% to £14.1m (2015: £13.6m). The proportion of recurring revenues in the EIM business from maintenance and Software-as-a-Service ("SaaS") were 57% (2015: 56%). Segmental Adjusted EBITDA for the EIM segment increased 50% to £3.3m (2015: £2.2m). EBITDA margin increased to 23% (2015: 16%) reflecting the restructuring in the segment carried out in 2015 and organic revenue growth in the period.

The Digital segment had revenue of £10.9m (2015: £1.1m) which included a full year of Reading Room acquired in November 2015 and an initial revenue contribution of £1.2m from Rippleffect acquired in 2016.

The Grants business in the UK and Netherlands saw 8% growth on the prior period with revenues of £6.4m (2015: £5.9m). The Compliance business in Europe had a decrease in revenues from £6.1m to £4.4m.

Profit Before Tax

Adjusted EBITDA increased 18% to £21.5m (2015: £18.2m), or organically by 6%. Cost of sales increased 51% to £10.1m (2015: £6.7m).

Cost of sales increased 19% excluding acquisitions due to higher election print and postage costs on the prior year. Administrative expenses increased 15% to £52.3m (2015: £45.3m), or excluding acquisitions in the year decreased by 4%. Staff costs increased by 19% to £35.9m (2015; £30.3m), excluding acquisitions staff costs decreased by 6% due to a full year benefit of 2015 restructuring costs from EIM and higher R&D capitalisation. Other overheads increased by 2% on a like-for-like basis.

Financing costs increased 17% to £1.4m (2015: £1.2m) and included interest payable of £0.8m (2015: £0.7m) and bank charges of £0.3m (2015: £0.4m). Finance income decreased to £0.1m (2015: £0.4m) as the prior period included £0.3m of exchange gain on translation of intercompany balances.

Adjusted profit before tax and adjusted earnings per share are alternative performance measures, considered by the Board to be a better reflection of true business performance than looking at the Group's results on a statutory basis only. These measures are widely used by research analysts covering the Company. A full reconciliation between underlying profit and the profit attributable to shareholders is provided in the following table:

	Adjusted profit before tax	
	12 months to 31 October 2016 (audited) £000	**12 months to 31 October 2015 (audited) £000**
Profit before tax for the year	12,983	9,763
Add back:		
Amortisation on acquired intangibles	3,817	3,778
Acquisition credits	(404)	(34)
Restructuring costs	330	1,025
Adjusted profit for the year	16,726	14,532

"Adjusted earnings per share increased by 25% to 4.11p."

Reported profit before tax was up 33% to £13.0m (2015: £9.8m). Amortisation of intangibles remained flat at £3.8m (2015: £3.8m) due to intangibles from prior acquisitions becoming fully amortised offset by amortisation on new intangibles relating to acquisitions. Amortisation on Research and Development was £1.3m (2015: £1.0m) and amortisation on software licences increased to £1.0m (2015: £0.7m). Restructuring charges of £0.3m (2015: £1.0m) relates to the integration of Reading Room, Rippleffect and Open Objects. Acquisition credits of £0.4m include acquisition costs of £0.3m and a £0.7m credit relating to a reduction of the contingent consideration for Cloud Amber as a result of the revenue target being missed as described in the Share Purchase Agreement.

The Group continues to invest in developing innovative technology solutions and has incurred capitalised Research and Development costs of £2.8m (2015: £1.2m). Research and Development costs expensed in the period were £4.5m (2015: £4.1m).

Taxation

The effective tax rate ('ETR') for the period was 9.06% (2015: 19.8%). A significant tax repayment was processed in 2016, in respect of historic R&D claims covering FY13, FY14 and the Reading Room Group's 31 March 2014 year-end. The Reading Room Group had never previously made an R&D claim. Furthermore, the decrease in the deferred tax rate provided for, from 20% to 18%, in advance of decreases in the UK corporation tax main rate to 19% (01 April 2017) and 17% (01 April 2020), resulted in downward pressure on the ETR given the Group's net deferred tax liability position.

Other factors decreasing ETR in 2016 were share option exercises, the utilisation of pre-acquisition losses and a non-taxable write-off of deferred consideration. A factor mitigating the decrease in ETR was the decision not to recognise international losses incurred in the US and Germany during 2016 until potential utilisation becomes more certain.

The higher effective tax rate in 2015 was due to a larger proportion of the overall tax charge being incurred in overseas jurisdictions with a higher rate of corporation tax than the UK. Another factor increasing the tax rate in 2015 was the derecognition of deferred tax assets in the US given uncertainty over the assets' future recoverability.

Earnings Per Share and Dividends

Adjusted earnings per share increased by 25% to 4.11p (2015: 3.28p). Adjusted diluted earnings per share increased by 27% to 3.96p (2015: 3.13p).

Basic earnings per share increased by 49% to 3.30p (2015: 2.21p). Diluted earnings per share increased by 51% to 3.18p (2015: 2.10p).

The Board proposes a final dividend 0.650p, an increase of 24% on the previous final dividend, giving a total dividend for the year of 1p and an 18% growth for the full year. This is in line with our progressive dividend policy for our dividends to track our earnings per share. Subject to shareholder approval at the forthcoming Annual General Meeting, the final dividend is expected to be paid on the 21 April 2017 to shareholders on the register at 31 March 2017.

Balance Sheet and Cashflows

The Group's balance sheet continued to strengthen during the period and at 31 October 2016 net assets were £65.2m compared to £53.6m at 31 October 2015.

Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 63%, up from 53% in the previous year.

The Group ended the period with net debt of £25.0m (2015: £23.1m) after utilising the facility for the acquisition of Open Objects (£3.4m paid in cash and a further £1.6m which will be utilised in 2018) and Rippleffect (£2.0m). The Group's total signed debt facilities at 31 October 2016 stood at £35m, a combination of a £12m term loan and £23m revolving credit facility, split £21.9m with the Royal Bank of Scotland and £13.1m with the Silicon Valley Bank.

Deferred income, representing invoiced maintenance and SaaS contracts yet to be recognised in revenue, stood at £15.9m at 31 October 2016 (2015: £14.6m). Accrued income, increased to £18.8m (2015: £13.2m). £3.8m of the increase relates to a higher volume of longer term contracts with local authorities, £0.7m relates to an EIM contract closed in October 2016 and £0.9m relates to acquisitions.

Jane Mackie
Chief Financial Officer
13 December 2016

Principal Risks and Uncertainties

Risk identification and management continues to be a key role for the Board. Risk management strategy is led by the Board; thereafter management of risk is judiciously managed through dedicated expert professionals in the business.

Idox intends to build on the risk management work undertaken in 2016 and to continue to develop the Group's risk maturity in 2017.

Risk management processes and internal control procedures are established within business practices across all levels of the organisation. Risk identification, assessment and mitigation are performed across Idox with a more detailed assessment at operational level, and through Board led assessment of strategic and market risk.

Risk management and internal controls provide reasonable but not absolute protection against risk. Risk appetite is not static and is regularly assessed by the Board to ensure it continues to be aligned with the Group's goals and strategy.

Board
The Board has overall responsibility for Idox's risk management, processes and reporting. Risk management processes and internal control procedures are the ultimate responsibility of the Board.

Local Management
Annual comprehensive risk reviews are performed by local management teams and reported to the Risk Committee.

Audit Committee
The Audit Committee has responsibility for assessing and challenging the robustness of the internal control environment. It directs and reviews local management, internal audit and Group finance reports on internal control and risk management throughout the year, and reports the principal risks to the Board.

Internal Audit
The Group's internal audit function performs regular audits in country offices to assess culture, financial controls in accordance with local regulatory requirements and Group controls.

Risk Committee
The Risk Committee meets quarterly and discusses the Group's strategy, identifies the principal risks to the strategy and agrees mitigating actions.

Risk Profile

New and existing risks were identified and assessed during 2016. Executive Management, the Risk Committee and the Board performed further analysis to prioritise these risks, with a focus on those principal risks posing the highest current risk to the achievement of the Group's objectives. All risks facing Idox were consolidated onto a risk heat map.

Risks included on the heat map are monitored more closely by Executive Management, the Risk Committee and the Board. Whilst these principal key risks represent a significant portion of the Group's overall risk profile, the Executive Management and the Risk Committee continue to monitor the universe of risks to identify new or emerging risks as well as any changes in risk exposure. The risk profile continued to change throughout the year, in part as a result of the acquisition of Open Objects Software Ltd and Rippleffect Studio Ltd. These represented an enhancement of the Group's digital brand and a move into the health vertical.

Embedding the Risk Culture

Throughout the Group, risk management is an evolving process. This is recognised by ongoing training and advice by divisional and business unit risk representatives, supported by the central risk and assurance team, best practice sharing, gap analysis and internal benchmarking. Successful training and communication help build a culture and ability to further embed processes and procedures throughout the organisation. A more deeply embedded risk management culture supports long-term value creation for all stakeholders.

Cyber Risk

Principal Risks

Information security breach or cyber-attack resulting in loss or theft of data, content or intellectual property.

Management of Risks

Idox operates with a number of complex systems that maintain confidential data. The risk is perceived to have increased due to the higher number of cyber-attacks in the UK.

Idox has cyber, data protection and security policies in place and regularly reviews the effectiveness of these policies. System controls include secure infrastructure, content level protection, access management and monitoring.

There is an enterprise-wide data security programme and defined incident management processes, including those for employees to report security breaches.

In the current year, Idox has focused on achieving ISO 22301: 'Business Continuity Management System'.

In addition to the existing ISO 27001 Information Security Management System certification, Idox is seeking accreditation in respect of the UK government based Cyber Essentials Plus certification in the coming year.

Economic Environment

Principal Risks

The performance of Idox is affected by the economic cycles of the markets of the countries in which it operates. The recent US election and 'Brexit' referendum on the exit of the UK from the Treaty of the European Union have increased the uncertainty in the economic, social and environmental markets in which we operate.

Management of Risks

A diversified geographical footprint and sector focus reduces the risk of exposure due to adverse country or sector-specific conditions.

Idox continues to focus on the diversification of customers and geographical markets. In 2016, the acquisitions of Open Objects Software Ltd and Rippleffect Studio Ltd expanded the Group's customer base and geographical reach.

Idox has budgeted for foreign exchange fluctuations; however this may not mitigate the risk entirely. The Executive team deliver against a framework for future investment for both organic and acquisitive growth. The investment going forward will be focused on: public sector initiatives in international expansion; increasing market share in existing public sector markets; entering new public sector markets; and delivering increased account sales in product & sales initiatives.

Technological Development and Digital Innovation

Principal Risks

Idox risks being outclassed by competitor products that have increased capabilities if the Group fails to deliver continued product development.

Management of Risks

Idox strives to deliver quality products, which provide strong competition in the market, while continuing to invest in quality assurance and research and development functions.

Idox has invested significantly in increasing its capability to become a significant player in the delivery of digital. The Group has focused on extending its digital offerings through the acquisitions of Reading Room Ltd and Rippleffect Studio Ltd and extending the digital application offerings, including iApply, to a broader range of government service provision during the financial year.

Idox is focusing on further developing the launch of planning, building control and taxi licensing services. Investment in technology and digital innovation increases the Group's resilience and competitiveness in the market.

Principal Risks and Uncertainties continued

Retention and Succession

Principal Risks

Due to recent acquisitions, Idox may inherit employees who have levels of training and remuneration that are inconsistent with the wider Group, potentially leading to retention issues and resultant loss of skills and knowledge.

Management of Risks

Idox continues to deliver successful integrations of acquired businesses. Human Resources leads on assessing remuneration packages and training requirements. Where required, mitigating actions are taken to develop or enhance benefits packages to Group employees.

Throughout 2016, Idox has increased resources within the Human Resources function as the Group head count has increased. The Group is developing further capabilities in training and development. Idox has consolidated and centralised staff training to increase Group wide resource capability. Idox continues to identify and eliminate skill gaps through targeted training.

Acquisitions

Principal Risks

Acquisitions/restructuring may not achieve the anticipated returns impacting on projected margin rates.

Management of Risks

Idox has set up a robust M&A team, which works together with our integration function, to carry out due diligence and mitigate risks where possible.

Idox has developed robust and disciplined approaches to identifying and testing potential companies for acquisition. Targets are subject to due diligence processes, and analysed according to Board level agreed investment decision criteria to identify suitable, earnings enhancing acquisitions. They are assessed by the Executive team for strategic fit. The due diligence process is led by experienced M&A Integration Managers and supported by relevant experts in domain knowledge and heads of department. Idox's focus for 2016 is to improve the integration of acquisitions and consolidate our property portfolio.

Business Continuity

Principal Risks

There is a risk that any business may face the failure of business continuity systems, disruption to normal business operations and closure of offices for a significant period of time. This would have a significant impact on our operations and trading capability.

Management of Risks

In order to successfully manage this risk, Idox has developed effective business continuity and incident management plans. The disaster recovery plan provides for re-build in and already contracted secondary location.

Idox's information management team has provided for the replication of key systems data at existing secondary location to reduce key system recovery time. As part of our commitment to risk management, Idox continues to carry out a wider business review of disaster recovery plans to ensure they are fit for purpose.

Regular business continuity plans are updated and delivered to the Board on at least an annual basis.

In the current year, Idox has focused on achieving ISO 22301: 'Business Continuity Management System'

The principal risks involved in delivering the Group's strategy are actively managed and monitored against our risk appetite as follows:

- **Political:** the Group has a large customer base in Local Government. A change in spending priorities by the current or a future Government could materially impact the Group. However, this risk is mitigated due to the contractual nature of the recurring revenue in the Group. The Group has increased diversification of its customer base through acquisitions to mitigate against political risks.
- **Economic:** the software area of the business could be adversely affected if the government reduces grants to local authorities in an economic downturn. However, all indications are that the government will maintain and may increase the grants during such a period. The Group has increased diversification through acquisitions to mitigate against economic risks.
- **Global macro-environment:** the Group operates across a number of countries and its operations are increasingly subject to global competition and political risks. The Group is also affected by economic environments in other territories, which include currency volatility, inflation and recession. The customer base in local government means that political changes can be disruptive and can interfere with activities and operations in a particular country. In order to mitigate these risks, the Group monitors and forecasts for key changes in the territories in which it operates. Idox continues to diversify its business and operations in various territories. Idox risk assesses changing geo-political environments and this allows for timely risk mitigation as and when volatility occurs. The Group gathers information and seeks expert advice where necessary.
- **Operational issues:** the Group produces a wide suite of increasingly sophisticated products and services that integrate with third party systems. Group companies have robust quality standards across all business lines and remain committed to environmental and regulatory compliance. Idox has proactive business continuity plans, however, issues such as increased competition or operational failures could have a material adverse effect on the business. The Group continually monitors and mitigates against these risks through its commitment to develop and market new products and services, while reviewing the current product suite to ensure that it is fit for purpose and responding to technological change.
- **Acquisitions:** the Group has consistently delivered on a successful strategy of growth by acquisition. Idox recognises the success of this approach but remains vigilant to the inherent risk in this approach. The Group could be materially impacted if an acquisition does not perform in line with expectations. To mitigate this risk, for each acquisition, due diligence and integration planning is undertaken and all potential synergies are identified.

Signed on behalf of the Board by:

Andrew Riley
Chief Executive Officer
13 December 2016

Board of Directors

Laurence Edward William Vaughan
(Aged 53)

Non-Executive Chairman

Laurence Vaughan began his career with PricewaterhouseCoopers in audit and consulting before joining a client as its Financial Director. In 1993 he joined Sytner Group Ltd as CEO and later as Sytner's non-Executive Chairman. Sytner reported revenue of over £3.5 billion in 2014. In 2006 Laurence was appointed Chairman of Civica plc which he helped float on AIM. He is also Chairman of Catapult Venture Managers Limited and r2c Online Holdings Limited, a Catapult portfolio Company. Laurence was Executive Chairman of Anglian Home Improvements Limited from September 2013 to April 2015. Laurence holds a BA from Durham University and is a chartered accountant. He is currently Chairman of Catapult Venture Managers Limited and founding partner of Opus Ventures LLP, a private equity business which he established in 2003.

Andrew Riley
(Aged 44)

Chief Executive Officer:

Andrew Riley has been the Managing Director of Idox's Public Sector Software Segment since 2011, having been promoted from Sales & Marketing Director. Prior to joining Idox in 2000, Andrew gained a broad experience in the public sector having been commissioned as an officer into the RAF in 1990, and then holding teaching and training roles, before finally working as an IT manager for a local UK council. Andrew is a graduate of the University of Wales.

Jane Mackie
(Aged 36)

Chief Financial Officer

Jane Mackie first joined the finance team of Idox in 2005 and was appointed as Group Financial Controller and Company Secretary in 2009. Jane was appointed as Chief Financial Officer in February 2014. Prior to this Jane was an assistant audit manager at Grant Thornton in Glasgow where she qualified as a Chartered Accountant in 2004. Jane has a first class degree in Accounting from the University of Strathclyde, where she graduated in 2001.

Richard Kellett-Clarke
(Aged 62)

Non-Executive Director

Richard Kellett-Clarke has 31 years of directorial experience. He joined Idox first as CFO in 2006, then COO in 2007. He was appointed CEO in November 2007. Before this he has held a number of CFO appointments with Brady plc, Pickwick Group Limited, and in subsidiaries of Pearson plc and Invensys plc. In addition, he was a founder and Managing Director of AFX NEWS Ltd, now part of Thomson Reuters Group, IT Director of Financial Times Information, and Founding Director of Sealed Media Ltd, an Internet start up. In 2011 he joined the Board of dotDigital Group plc as a Non–Executive Director.

Rt. Hon. Peter Lilley MP
(Aged 73)

Non-Executive Director
Peter Lilley, MP for Hitchin and Harpenden, was Parliamentary Private Secretary to Ministers for Local Government and after a period at the Treasury served as Secretary of State for Trade and Industry and Secretary of State for Social Security until 1997. He serves on the Advisory Board of YiMei Capital. He is the senior independent Non-Executive Director of Idox and chairs the Nominations and Remuneration Committee.

Jeremy Millard
(Aged 45)

Non-Executive Director
Jeremy Millard is a partner of Smith Square Partners LLP, where he provides corporate finance advice to companies primarily in the Technology sector. Prior to this, he spent five years at Rothschild, based in their London office, advising clients on all aspects of corporate finance, including on a number of major cross-border transactions encompassing Europe, North America and the Middle East. Between 2001 and 2007, Jeremy worked at Hawkpoint Partners, where he had a strong focus on advising mid-market UK listed companies. He has also worked for the UK Ministry of Defence and Mars Snack Foods, qualified as a chartered accountant in 1999, and holds an M.Eng from Cambridge University. He is the Chairman of the Audit Committee.

Barbara Moorhouse
(Aged 58)

Non-Executive Director
Barbara Moorhouse is a Non-Executive director at Agility Trains, the Lending Standards Board and West Hampshire Clinical Commissioning Group. She is a Trustee of Guy's and St Thomas' Charity. Previous NED appointments include Chair of OPM Group. Barbara spent the first 20 years of her career in strategic, commercial and finance roles in the private sector, latterly as Chief Finance Officer in two international listed IT companies. In 2005, she was appointed Director General at the Ministry of Justice and subsequently the Department for Transport. In 2010, Barbara moved to Westminster City Council as Chief Operating Officer. She is a CIMA fellow, holds a treasury qualification from ACT and is a graduate of St Catherine's College Oxford where she read politics, philosophy and economics.

Directors' Report

For the year ended 31 October 2016

The Directors are pleased to submit their report and audited financial statements for the year ended 31 October 2016.

Results and Dividends

The Group's audited financial statements for the year ended 31 October 2016 are set out on pages 36 to 75. The Group's profit for the year after tax amounted to £11.8m (2015: £7.8m). The Directors paid a dividend of 0.350 pence per share in the first half of the 2016 financial year, in respect of the year ended 31 October 2016. The Directors will propose, at the forthcoming AGM, a final dividend of 0.650 pence per share in respect of the year ended 31 October 2016.

Directors and their Interests

The Directors who served during the year and their beneficial interests (including those of their immediate families) in the Company's 1p ordinary share capital were as follows:

	Number of shares	
	31 October 2016	1 November 2015
L Vaughan*	200,000	200,000
R Kellett-Clarke**	12,573,279	12,572,339
J Mackie	58,421	51,633
A Riley	225,126	225,126
Rt. Hon. P B Lilley MP***	533,000	533,000
J Millard	–	–
B Moorhouse	–	–
Prof W Hall (resigned 31 December 2015)	–	27,225

* 200,000 (2015: 200,000) of these shares are held through a Self-Invested Pension Plan.

** 2,761,667 (2015: 2,761,667) of these shares are held through Self-Invested Pension Plans and 9,762,900 (2015: 9,762,900) shares are held through certain members of his family and a family trust.

*** 111,300 (2015: 111,300) of these shares are held through a Self-Invested Pension Plan and 59,250 (2015: 59,250) shares are held through certain members of his family.

In addition to the shareholdings listed above, certain Directors have been granted options over ordinary shares. Full details of these options are given in the Report on Remuneration on pages 27 and 28.

Details of the Directors' service contracts can be found in the Report on Remuneration on pages 27 and 28.

Insurance for Directors and Officers

The Company has purchased and maintains appropriate insurance cover against legal action brought against Directors and Officers.

Substantial Shareholdings

As at 31 October 2016, the Company was aware of the following interests in 3% or more of its issued share capital:

Shareholder	Number of shares	% Holding
Liontrust Asset Management	58,792,361	16.29%
Kestrel Partners	33,216,580	9.20%
Investec Wealth & Investment	31,099,961	8.61%
Herald Investment Management	28,515,149	7.90%
Hargreave Hale Stockbrokers	21,110,000	5.85%
Living Bridge EP	17,433,409	4.83%
Charles Stanley	15,080,406	4.18%
Octopus Investments	12,591,806	3.49%
Richard Kellett-Clarke	12,573,279	3.48%

Transaction in Own Shares

During the year, the Group did not purchase any of its own ordinary shares of 1p to be held as treasury shares in order to satisfy future employee share option exercises.

During the year three share option exercises were satisfied using treasury shares. These exercises combined used a total of 64,000 treasury shares.

The maximum number of shares held in treasury at any time during the year was 3,055,219, which had a cost value of £1,270,634. The current number of shares held in treasury is 2,991,219.

Health, Safety and Environmental Policies

The Group recognises and accepts its responsibilities for health, safety and the environment (H,S&E) and has a dedicated team, which provides advice and support in this area. The team members regularly attend external H,S&E courses and internal reviews are performed on a regular basis to ensure compliance with best practice and all relevant legislation. In the current year, Idox has focused on achieving ISO 45001: 'Health and Safety Management' Standard.

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned.

In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical with that of other employees.

Employee Consultation

The Group consults employees through the National Company Council (NCC). The NCC sits regularly during the year and is made up of representatives voted on the Council by employees. An employee consultation policy is also in place. Employees are encouraged to present their views and suggestions in respect of the Group's performance and policies. In addition, the Group has an intranet, which facilitates faster and more effective communication.

An Employee Share Investment Trust is in place to provide employees with a tax efficient way of investing in the Company. The Company purchases matching shares, which become the property of the employee after a three year vesting period.

Financial Risk Management Objectives and Policies

The Group uses various financial instruments which include cash, equity investments, bank loans and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, exchange rate risk and interest rate risk. The Directors review these risks on an ongoing basis. This policy has remained unchanged from previous years. Further information on financial risk management is disclosed in note 20 of the Group accounts.

Credit Risk

The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade receivables.

In order to manage credit risk, the management review the debt ageing on an ongoing basis, together with the collection history and third party credit references where appropriate.

Liquidity Risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Exchange Rate Risk

The Group monitors its exposure to exchange rate risk on an ongoing basis. The Group has minimal exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions.

Interest Rate Risk

The Group's bank borrowings bear interest at rates linked to LIBOR. On a quarterly basis, the Board reviews the LIBOR rate and discuss whether it is considered necessary to set up hedges to protect against interest rate movements.

Going Concern

The Directors, having made suitable enquiries and analysis of the accounts, consider that the Group has adequate resources to continue in business for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. In making this assessment, the Directors have considered the Group's budget, cash flow forecasts, available banking facility and levels of recurring revenue.

Auditor

A resolution to reappoint Grant Thornton UK LLP as Auditor and to authorise the Directors to agree their remuneration will be placed before the forthcoming Annual General Meeting of the Company.

By order of the Board

Jane Mackie
Chief Financial Officer
13 December 2016

Report on Remuneration

For the year ended 31 October 2016

Remuneration Committee

The Remuneration Committee operates within defined terms of reference. The Remuneration Committee comprises the Chairman and two Non-Executive Directors and normally meets four times a year. It is chaired by Peter Lilley.

Remuneration Policy

The policy of the Group is to set levels of remuneration to attract, retain and motivate Executive Directors and key staff. The packages are designed to be competitive in value to those offered to the Directors of similar sized public companies in related sectors. It is the Board's policy to align the long term interests of managers with those of our shareholders in the granting of options and other equity rewards.

The components of the Executive Directors' remuneration packages are currently a basic salary, bonus, money purchase pension contributions and benefits in kind. The benefits include car allowance, private medical cover, life cover and critical illness cover. The bonus elements are dependent on the Executive Directors achieving performance criteria set out by the Remuneration Committee. The criteria include targets for revenue and profits as well as cash balances. In addition, the Group operates share option schemes for the Executive Directors.

Directors' Remuneration

2016	Basic salary and fees 2016 £000	Bonus* 2016 £000	Benefits in kind 2016 £000	Total 2016 £000	Pension 2016 £000
Executive Directors					
Richard Kellett-Clarke	315	158	11	484	–
Jane Mackie	150	70	10	230	11
Andrew Riley	225	105	11	341	5
Non-Executive Directors					
Laurence Vaughan**	105	–	–	105	4
Wendy Hall (resigned 31 December 2015)	6	–	–	6	–
Peter Lilley	35	–	–	35	–
Jeremy Millard	35	–	–	35	1
Barbara Moorhouse (appointed 6 January 2016)	29	–	–	29	–
	900	333	32	1,265	21

2015	Basic salary and fees 2015 £000	Bonus* 2015 £000	Benefits in kind 2015 £000	Total 2015 £000	Pension 2015 £000
Executive Directors					
Richard Kellett-Clarke	310	50	11	371	–
Jane Mackie	140	10	10	160	7
Andrew Riley (appointed 20 July 2015)	57	–	3	60	1
Non-Executive Directors					
Laurence Vaughan** (appointed 1 August 2015)	26	–	–	26	–
Martin Brooks** (resigned 31 July 2015)	79	–	1	80	–
Peter Lilley	35	–	–	35	–
Wendy Hall	35	–	–	35	–
Jeremy Millard	35	–	–	35	1
	717	60	25	802	9

* Bonus payments disclosed related to prior year performance due to the timing of award.

** Chairman

Report on Remuneration continued

For the year ended 31 October 2016

Directors' Remuneration continued

The amounts in respect of pension represent money purchase pension contributions.

During the current year and the prior year no directors exercised share options.

Non-Executive Directors

The Board, based on a recommendation by the Chairman of the Remuneration Committee or, in the case of the Chairman, the remainder of the Board, determines the remuneration of the Non-Executive Directors.

Service Contracts

The Executive Directors have entered into service contracts with the Group that are terminable by either party on no less than six months prior notice.

Share Options

The Directors believe it is important to incentivise key management and employees.

The following options have been granted to the Directors over ordinary 1p shares in the Company:

Director	At start and end of year	Exercise price	Exercise date from	Exercise date to
Richard Kellett-Clarke	823,922	10.25p	Mar 2010	Mar 2020
Richard Kellett-Clarke	2,500,000	20p	Mar 2011	Mar 2021
Richard Kellett-Clarke	300,000	44p	Sep 2012	Sep 2022
Richard Kellett-Clarke	800,000	38.38p	Feb 2015	Feb 2025
Richard Kellett-Clarke	1,900,000	1p	Mar 2015	Mar 2018
Peter Lilley	243,902	10.25p	Mar 2010	Mar 2020
Peter Lilley	250,000	20p	Mar 2011	Mar 2021
Jane Mackie	195,122	10.25p	Mar 2010	Mar 2020
Jane Mackie	500,000	18p	Mar 2011	Mar 2021
Jane Mackie	500,000	39.12p	Mar 2014	Mar 2024
Jane Mackie	90,000	38.38p	Feb 2015	Feb 2025
Andrew Riley	466,000	7.5p	May 2007	May 2017
Andrew Riley	682,927	10.25p	Mar 2010	Mar 2020
Andrew Riley	1,000,000	20p	Mar 2011	Mar 2021
Andrew Riley	250,000	35p	Apr 2012	Apr 2022
Andrew Riley	240,000	38.38p	Feb 2015	Feb 2025
Andrew Riley	1,700,000	1p	Mar 2015	Mar 2018
Totals	12,441,873			

The mid-market price of the Company's shares at close of business on 31 October 2016 was 61.88p and the low and high share prices during the year were 41.75p and 78.00p, respectively.

The Company recognised total expenses of £597,000 (2015: £415,000) related to equity-settled, share-based payment transactions during the year. Expenses of £597,000 (2015: £309,000) related to share options granted and £nil (2015: £106,000) related to share options exercised. Of the total recognised, expenses of £597,000 (2015: £415,000) related to equity-settled, share-based payment transactions during the year, of which £178,000 (2015: £104,000) related to the LTIP share option scheme.

The pre-tax aggregate gain on exercise of share options during the year was £Nil (2015: £Nil).

Note 22 of the Group accounts contains full disclosure of the Company's share options.

Directors' Share Interests

The Directors' shareholdings in the Company are listed in the Directors' Report on page 24.

Corporate Governance Report

For the year ended 31 October 2016

Corporate Governance

The Group is committed to achieving and maintaining the highest standards of corporate governance. As the Company is listed on the Alternative Investment Market, it is not required to comply with all aspects of the UK Corporate Governance Code (the 'Code') issued in September 2014. The Group does not comply with the Code. However, the Group has reported on corporate governance arrangements by drawing upon best practice available, including those aspects of the Code considered to be relevant to the Group. The Board receives regular advice on best practice corporate governance compliance and this has supported enhanced governance practice. The advice has informed a number of significant changes in our business activities and governance processes this year.

Board of Directors

Subject to the Articles of Association, UK legislation and any directions given by special resolution, the business of the Group is managed by the Board. The Code requires the Group to have an effective Board whose role is to develop strategy and provide leadership to the Group as a whole. It sets out a framework of controls that allows for the identification, assessment and management of risk. Additionally, it ensures the Board takes collective responsibility for the success of the Group.

The Board's main roles are to provide leadership to the management of the Group, determine the Group's strategy and ensure that the agreed strategy is implemented. The Board takes responsibility for approving potential acquisitions, major capital expenditure items, disposals, annual budgets, annual reports, interim statements and financing matters.

The Board appoints its members and those of its principal Committees following the recommendations of the Nomination and Remuneration Committee. It also reviews recommendations of the Board Committees and the financial performance and operation of the Group's businesses. The Board regularly reviews the identification, evaluation and management of the principal risks faced by the Group, and the effectiveness of the Group's system of internal control.

The Board considers the appropriateness of its accounting policies on an annual basis. The Board believes that its accounting policies, in particular in relation to income recognition and research and development, are appropriate.

Financial results with comparisons to budget and forecast results are reported to the Board on a regular basis, together with a commercial report on operational issues. Significant variances from budget or strategy are discussed at Board meetings and actions set in place to address them.

The Board comprises five Non-Executive Directors and two Executive Directors. In November 2016, Idox experienced meaningful change in leadership with the appointment of Andrew Riley as Chief Executive Officer ('CEO'). Richard Kellett-Clarke stepped down in November after a successful 11 year term with Idox, initially as Chief Financial Officer ('CFO'), becoming CEO in November 2007. He has now transitioned into a Non-Executive Director role. Richard will join the two Board committees.

The CEO appointment followed a thorough recruitment process, run by the Nomination and Remuneration Committee working with external recruitment consultants, as part of the Board's long-term succession planning. The Committee interviewed multiple external candidates. However, they were particularly impressed with Andrew's strategic vision for the Group. Andrew joined Idox in 2000. He was Managing Director of Idox's Public Sector Software Division from 2011 and led its successful transformation into one integrated business unit. He was appointed to the Board as Chief Operating Officer ('COO') in July 2015. This change in leadership comes at a time of growth for Idox.

Andrew Riley and Jane Mackie, CFO, form the Executive team. Both have become Directors through internal promotion, demonstrating Idox's growing trend of leadership development.

Board and committee meetings are scheduled in line with the financial calendar of the Group. The timing of meetings ensures the latest operating data is available for review and that appropriate time and focus can be given to matters under consideration. The Board met nine times throughout the year for principal Board meetings to discuss a formal schedule of business. The Group has a highly committed and experienced Board, which is supported by an Executive team, and is supported by qualified executive and senior management teams.

Corporate Governance Report continued

For the year ended 31 October 2016

Role of Chairman and Chief Executive Officer

The Code requires that there should be a clear division of responsibilities between the running of the Board and the executive responsible for the Group's business, so as to ensure that no one person has unrestricted powers of decision.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. Once strategic and financial objectives have been agreed by the Board, it is the CEO's responsibility to ensure they are delivered upon.

To facilitate this, the CEO regularly meets the Executive Management Team ('EMT') which additionally comprises business division directors and senior members of the management team. The day to day operations of the Group are managed by the EMT.

Composition of and Appointments to the Board

The Code requires that there should be a balance of Executive and Non-Executive Directors and when appointing new Directors to the Board, there should be a formal, rigorous and transparent procedure.

The Board comprises the Non-Executive Chairman, the CEO, the CFO and four Non-Executive Directors. Short biographies of the Directors are given on pages 22 and 23.

The Board is satisfied with the balance between Executive and Non-Executive Directors. The Board considers that its composition is appropriate in view of the size and requirements of the Group's business and the need to maintain a practical balance between Executive and Non-Executive Directors.

Each member of the Board brings different skills and experience to the Board and the Board Committees. The Board is satisfied that there is sufficient diversity in the Board structure to bring a balance of skills, experience, independence and knowledge to the Group.

The Code requires that the Board undertakes a formal and rigorous annual evaluation of its own performance and that of its Committees and Directors. The Board continues to annually review its composition, to ensure there is adequate diversity to allow for its proper functioning and that the Board works effectively together as a unit.

When a new appointment to the Board is made, consideration is given to the particular skills, knowledge and experience that a potential new member could add to the existing Board composition. A formal process is then undertaken, which may involve external recruitment agencies, with appropriate consideration being given, in regards to Executive appointments, to internal and external candidates.

Before undertaking the appointment of a Non-Executive Director, the Chairman establishes that the prospective Director can give the time and commitment necessary to fulfil their duties, in terms of availability both to prepare for and attend meetings and to discuss matters at other times.

Board Committees

The Board has established two committees to deal with specific aspects of the Board's responsibilities: the Audit Committee and the Nomination and Remuneration Committee. The Report of the Audit Committee can be found on pages 33 and 34. The Audit Committee is chaired by Jeremy Millard and includes Laurence Vaughan, Barbara Moorhouse, Richard Kellett-Clarke and Peter Lilley. Richard Kellett-Clarke joined the Audit Committee in November 2016.

The Nomination and Remuneration Committee is chaired by Peter Lilley and includes Barbara Moorhouse, Laurence Vaughan and Jeremy Millard. In November 2016, Richard Kellett-Clarke joined as a member of the Committee. The Committee has overall responsibility for making recommendations to the Board of the remuneration packages of the Executive Directors. The Committee's key responsibilities include:

- making recommendations to the Board on any changes to service contracts;
- approving and overseeing any share related incentive schemes within the Group;
- ensuring that remuneration is in line with current industry practice;
- ensuring remuneration is both appropriate to the level of responsibility and adequate to attract and/or retain Directors and staff of the calibre required by the Group;
- reviewing the size, composition and structure required of the Board and making recommendations to the Board with regard to any changes;
- identifying and nominating, for approval by the Board, candidates to fill Board vacancies as they arise.
- giving full consideration to succession planning for Directors; and
- vetting and approving recommendations from the Executive Directors for the appointment of Senior Executives.

The key activity of the Nomination and Remuneration Committee this year was successfully managing the change in CEO leadership within the organisation.

The Audit Committee met four times in the year and the Nominations and Remuneration Committee met four times.

Executive Risk Committee Reporting to the Board

The Board is responsible for risk management and internal controls, supported and informed by the executive Risk Committee. The Board defines risk appetite and monitors the management of significant risks to ensure that the nature and extent of significant risks taken by the Group are aligned with overall goals and strategic objectives. The Risk Committee supports the Board in monitoring risk exposure through regular reviews and has been delegated responsibility for reviewing the effectiveness of risk management processes and controls. The Risk Register is presented to the Board for formal review on a bi-annual basis and progress on matters is presented throughout the year through executive reporting.

Re-election

Under the Code, Directors should offer themselves for re-election at regular intervals. Additionally, under the Group's Articles of Association, at least one third of the Directors who are subject to retirement by rotation are required to retire and may be proposed for re-election at each Annual General Meeting. New Directors, who were not appointed at the previous Annual General Meeting, automatically retire at their first Annual General Meeting and if eligible, can seek re-appointment.

Two Directors will retire from office at the Group's forthcoming Annual General Meeting and stand for re-appointment.

Internal Control

The Board takes responsibility for establishing and maintaining reliable systems of control in all areas of operation. These systems of control, especially of financial control, can only provide reasonable but not absolute assurance against material misstatement or loss.

The key matters relating to the system of internal control are set out below:

- Idox has established an operational management structure with clearly defined responsibilities and regular performance reviews;
- the Group operates a comprehensive system for reporting financial and non-financial information to the Board, including review of strategy plans and annual budgets;
- financial results are monitored against budgets, forecasts and other performance indicators with action dictated accordingly at each meeting;
- a structured approval process based on assessment of risk and value delivered; and
- sufficient resource is focused to maintain and develop internal control procedures and information systems, especially in financial management.

The Board considers that there have been no substantial weaknesses in internal financial controls that have resulted in any material losses, contingencies or uncertainties that need to be disclosed in the accounts.

The Group supports an internal audit function that performs annual audits on its management systems. This function is supported by a management review of the audit findings.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and that this process has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. This process is regularly reviewed by the Board.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Directors have elected to prepare the Company financial statements in accordance with FRS101 "Reduced Disclosure Framework".

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and Company for that period. In preparing these 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 applicable IFRSs have been followed for the Group financial statements and whether UK Accounting Standards have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

Statement of Directors' Responsibilities continued

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions, disclose with reasonable accuracy at any time the financial position of the Group and 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group's Auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information and Development

The Code requires that the Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

The Chairman is responsible for ensuring that all the Directors continually update their skills, knowledge and familiarity with the Group in order to fulfil their role on the Board and the Board's Committees. The Board meets in different offices across the UK in order to meet employees. Updates dealing with changes in legislation and regulation relevant to the Group's business are provided to the Board by external advisors, the CFO and Legal Counsel.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring its procedures, are properly complied with and that the discussions and decisions are appropriately minuted. Directors may seek independent professional advice at the Group's expense in furtherance of their duties as Directors.

Training on matters relevant to their role is available to all Board Directors. New Directors are provided with an induction in order to introduce them to the operations and management of the business.

Investor Relations

Idox is committed to open communication with all its shareholders. The Directors hold regular meetings with institutional shareholders to discuss and review the Group's activities and objectives. Communication with private shareholders is principally through the Annual General Meeting, where participation is encouraged and where the Board is available to answer questions. Idox maintains up-to-date information on the Investor Relations section of its website www.idoxplc.com.

The CEO and CFO meet institutional investors immediately after publication of the annual and interim results, and together with the Chairman, meet with investors and on an ongoing basis as required. In 2016, the then CEO, CFO and COO attended investor roadshows and meetings over the course of 12 days. In respect of the annual and interim results, Directors also undertake consultation on certain matters with major shareholders from time to time. Through these consultations, the Group maintains a regular dialogue with institutional shareholders and analysts. Feedback is reported to the Board so that all Directors develop an understanding of the views of major shareholders. Trading updates and press releases are issued as appropriate and the Group's brokers provide briefings on shareholder opinion and compile independent feedback from investor meetings. Information offered at the analysts' meetings together with financial press releases are available on the Group's website. The Annual General Meeting is used by the Directors to communicate with both institutional and private investors.

Every shareholder has access to a full annual report each year end and an interim report at the half year end. Care is taken to ensure that any price sensitive information is released to all shareholders, institutional and private, at the same time in accordance with London Stock Exchange requirements.

Idox strives to give a full, timely and realistic assessment of its business in all price-sensitive reports and presentations.

AIM Rule Compliance Report

Idox is quoted on AIM, London Stock Exchange's international market for smaller growing companies. Idox complied with the AIM Rules, in particular AIM Rule 31 which requires the following:

- sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- seek advice from Nominated Adviser ("Nomad") regarding its compliance with the Rules whenever appropriate and take that advice into account;
- provide the Nomad with any information it reasonably requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Nominated Advisers, including any proposed changes to the Board and provision of draft notifications in advance;
- ensure that each of the Directors accepts full responsibility, collectively and individually, for compliance with the AIM rules; and
- ensure that each Director discloses without delay all information which the Group needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the Director or could with reasonable diligence be ascertained by the Director.

Report of the Audit Committee

For the year ended 31 October 2016

Overview

This report details the activities of the Committee during the financial year ended 31 October 2016. The report sets out how the Committee has discharged its responsibilities in relation to internal control and risk management.

Membership and Meetings

The Audit Committee is a committee of the Board and is comprised of five Non-Executive Directors: Laurence Vaughan, Peter Lilley, Barbara Moorhouse, Richard Kellett-Clarke and Jeremy Millard. Richard Kellett-Clarke joined the Committee when he took on the role of Non-Executive Director in November 2016. The Audit Committee is chaired by Jeremy Millard. By virtue of his Executive and current Non-Executive responsibilities (full details of which are set out on pages 31 and 32), the Board considers that Jeremy Millard has relevant and recent financial experience to discharge this role.

The Audit Committee invites the Executive Directors, the Chairman, the Auditor and other senior managers to attend its meetings as appropriate. The Company Secretary is also the Secretary of the Audit Committee.

The Audit Committee is considered to have sufficient, recent and relevant financial experience to discharge its functions. The Committee carries out its duties for Idox plc, its major subsidiary undertakings and the Group as a whole as appropriate.

During the period under review, the Audit Committee held four scheduled meetings. The Group's Auditor, Grant Thornton UK LLP, has a standing invitation to attend meeting and representatives were in attendance at all of the four scheduled meetings. The Executive Directors, Richard Kellett-Clarke (became Non-Executive in November 2016), Jane Mackie and Andrew Riley are welcome to attend the meetings if they wish. They were in attendance at all meetings of the Audit Committee in the year.

Roles and Responsibilities

The Audit Committee has a wide remit and its key functions include reviewing and advising the Board on:

- the integrity of the financial statements of the Group, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain;
- the appointment and remuneration of the Auditor and their effectiveness in line with the requirements of the Code;
- the nature and extent of non-audit services provided by the Auditor to ensure that their independence and objectivity are maintained;
- changes to accounting policies and procedures;
- decisions of judgement affecting financial reporting, compliance with accounting standards and with the Companies Act 2006;
- internal control and risk management processes, including principal risks and internal control findings highlighted by management or internal and external audit;
- the content of the Auditor's transparency report, concerning Auditor independence in providing both audit and non-audit services;
- the scope, performance and effectiveness of internal audit and other internal control functions and the Auditor's assessment thereon; and
- the Group's procedures for responding to any allegations made by whistleblowers.

The Audit Committee considers and reviews non-audit services provided by the Auditor, and this is tabled bi-annually at Board for discussion.

The Audit Committee reports to the Board on the effectiveness of the Auditor and receives information from the Executive team in this regard. The Audit Committee and Board also consider the appointment of the Auditor annually prior to recommending the appointment of the Auditor at the Idox Annual General Meeting in February.

Committee Activities in the Financial Year Ending 2016

The Committee met four times during the financial year ended 31 October 2016. In addition to standing items on the agenda, the Committee:

- Received and considered, as part of the review of interim and annual financial statements, reports from the Auditor in respect of the Auditor's review of the interim results, the audit plan for the year and the results of the annual audit. These reports included the scope of the interim review and annual audit, the approach to be adopted by the Auditor to address and conclude upon key estimates and other key audit areas, the basis on which the Auditor assesses materiality, the terms of engagement for the Auditor and an on-going assessment of the impact of future accounting developments for the Group;
- Considered the Annual Report and Accounts in the context of being fair, balanced and understandable;
- Considered the effectiveness and independence of the external audit and recommended to the Board the re-appointment of Grant Thornton as Auditor;
- Considered and agreed the annual internal audit plan and reviewed reports of the work done by the internal auditors in respect of those plans;
- Considered the review of business reporting segments in line with the guidance from our Auditors in respect of identifiable cash generating units;
- The Committee recommended to the Board that for the year ended 31 October 2016 and future years that the parent company and its trading subsidiaries adopt FRS 101 'Reduced Disclosure Framework', based on International Financial Reporting Standards (IFRS) as adopted by the European Union, and that dormant subsidiaries will adopt FRS 102 'Reduced Disclosure Framework'.

Independence and Objectivity of the Auditor

The Committee continues to monitor the work of the Auditor to ensure that the Auditor's objectivity and independence is not compromised by it undertaking inappropriate non-audit work. The current Auditor, Grant Thornton, has been the Auditor since 2000.

Auditor objectivity was safeguarded by the Committee considering several factors:

- the change in the audit team including a new audit partner in the year ended 31 October 2016;
- an appraisal of the standing and experience of the audit partner; and
- the nature and level of services provided by the Auditor and confirmation from the Auditor that they have complied with relevant UK independence standards and fully considered any threats and safeguards in the performance of non-audit work.

Non-audit Fees

The Committee approves all non-audit work commissioned from the external auditors. During the year the fees paid to the Auditor were £130,000 (2015: £119,500) for Group and subsidiary audit services, £34,000 for new acquisitions, £31,000 (2015: £27,730) for interim audit services, and £179,450 (2015: £36,910) for non-audit services.

The majority of the other non-audit services provided by the Auditor were in respect of due diligence work carried out on acquisitions and advising on corporate finance arrangements. The Committee concluded that it was in the interests of the Group to use the Auditor for this work as they were considered to be best placed to provide these services.

Other Matters

The Committee is authorised to seek any information it requires from any Group employee in order to perform its duties. The Committee can obtain, at the Group's expense, outside legal or other professional advice on any matters within its terms of reference.

The Committee may call any member of staff to be questioned at a meeting of the Committee as and when required.

Reporting Responsibilities

The Committee makes whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is required.

The Committee ensures that it gives due consideration to laws and regulations, the provisions of the Combined Code, the requirements of the UK Listing Authority's Listing Rules, Prospectus and Disclosure and Transparency Rules and any other applicable rules as appropriate. The Committee also and oversees any investigation of activities which are within its terms of reference.

The Audit Committee operates within agreed terms of reference; these can be found on the Group's website.

Jeremy Millard
Chairman of the Audit Committee
13 December 2016

Independent Auditor's Report to the Members of Idox plc

For the year ended 31 October 2016

Independent Auditor's Report to the Members of Idox plc

We have audited the Group financial statements of Idox plc for the year ended 31 October 2016 which comprise Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out in page 31 the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 October 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

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

Matters on Which we are Required to Report by Exception

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

- 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.

Other Matter

We have reported separately on the Parent Company financial statements of Idox plc for the year ended 31 October 2016.

Simon Bevan
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

13 December 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2016

	Note	2016 £000	2015 £000
Revenue	2	76,739	62,575
Cost of sales		(10,138)	(6,684)
Gross profit		66,601	55,891
Administrative expenses		(52,316)	(45,347)
Operating profit		14,285	10,544
Analysed as:			
Earnings before depreciation, amortisation, restructuring, acquisition costs, corporate finance costs and share option costs	2	21,452	18,215
Depreciation	3	(584)	(785)
Amortisation	3	(6,052)	(5,480)
Restructuring costs	4	(330)	(1,025)
Acquisition credits	5	404	34
Corporate finance costs		(8)	–
Share option costs	22	(597)	(415)
Finance income	6	55	445
Finance costs	6	(1,357)	(1,226)
Profit before taxation		12,983	9,763
Income tax expense	8	(1,177)	(1,934)
Profit for the year		11,806	7,829
Other comprehensive income for the year			
Items that will be reclassified subsequently to profit or loss:			
Exchange losses on retranslation of foreign operations		295	(276)
Other comprehensive income for the year, net of tax		295	(276)
Total comprehensive income for the year attributable to owners of the parent		12,101	7,553
Earnings per share attributable to owners of the parent during the year			
Basic	9	3.30p	2.21p
Diluted	9	3.18p	2.10p

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Balance Sheet

At 31 October 2016

	Note	2016 £000	2015 £000
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,115	1,077
Intangible assets	11	82,519	74,812
Deferred tax assets	12	2,114	1,649
Other receivables	14	6,094	4,956
Total non-current assets		91,842	82,494
Current assets			
Trade and other receivables	14	33,753	26,713
Cash and cash equivalents	15	3,787	4,084
Total current assets		37,540	30,797
Total assets		129,382	113,291
LIABILITIES			
Current liabilities			
Trade and other payables	16	7,643	7,109
Other liabilities	17	20,214	19,083
Provisions	18	39	29
Current tax		1,468	1,815
Borrowings	19	2,425	2,428
Total current liabilities		31,789	30,464
Non-current liabilities			
Deferred tax liabilities	12	4,351	4,357
Deferred consideration	17	1,600	–
Borrowings	19	26,410	24,831
Total non-current liabilities		32,361	29,188
Total liabilities		64,150	59,652
Net assets		65,232	53,639
EQUITY			
Called up share capital	21	3,640	3,587
Capital redemption reserve		1,112	1,112
Share premium account		13,480	11,741
Treasury reserve		(1,244)	(1,271)
Share options reserve		2,222	1,900
Merger reserve		1,294	1,294
ESOP trust		(274)	(242)
Foreign currency retranslation reserve		57	(238)
Retained earnings		44,945	35,756
Total equity		65,232	53,639

The financial statements were approved by the Board of Directors and authorised for issue on 13 December 2016 and are signed on its behalf by:

Andrew Riley
Chief Executive Officer

The accompanying accounting policies and notes form an integral part of these financial statements.

Company name: Idox plc		Company number: 03984070

Consolidated Statement of Changes in Equity

At 31 October 2016

	Called up share capital £000	Capital redemption reserve £000	Share premium account £000
Balance at 1 November 2014	3,587	1,112	11,741
Share options charge	–	–	–
Exercise of share options	–	–	–
Purchase of treasury shares	–	–	–
Deferred tax movement on share options	–	–	–
ESOP trust	–	–	–
Equity dividends paid	–	–	–
Transactions with owners	–	–	–
Profit for the period	–	–	–
Other comprehensive income			
Exchange gains on retranslation of foreign operations	–	–	–
Total comprehensive income for the period	–	–	–
Balance at 31 October 2015	3,587	1,112	11,741
Issue of share capital	53	–	1,739
Share options charge	–	–	–
Exercise of share options	–	–	–
Purchase of treasury shares	–	–	–
Deferred tax movement on share options	–	–	–
ESOP trust	–	–	–
Equity dividends paid	–	–	–
Transactions with owners	53	–	1,739
Profit for the period	–	–	–
Other comprehensive income	–		
Exchange gains on retranslation of foreign operations	–	–	–
Total comprehensive income for the period	–	–	–
At 31 October 2016	3,640	1,112	13,480

The accompanying accounting policies and notes form an integral part of these financial statements.

Treasury reserve £000	Share options reserve £000	Merger reserve £000	ESOP trust £000	Foreign currency retranslation reserve £000	Retained earnings £000	Total £000
(1,001)	1,636	1,294	(213)	38	30,396	48,590
–	309	–	–	–	–	309
–	(45)	–	–	–	–	(45)
(270)	–	–	–	–	–	(270)
–	–	–	–	–	199	199
–	–	–	(29)	–	–	(29)
–	–	–	–	–	(2,668)	(2,668)
(270)	264	–	(29)	–	(2,469)	(2,504)
–	–	–	–	–	7,829	7,829
–	–	–	–	(276)	–	(276)
–	–	–	–	(276)	7,829	7,553
(1,271)	1,900	1,294	(242)	(238)	35,756	53,639
–	–	–	–	–	–	1,792
–	597	–	–	–	–	597
–	(275)	–	–	–	259	(16)
27	–	–	–	–	–	27
–	–	–	–	–	272	272
–	–	–	(32)	–	–	(32)
–	–	–	–	–	(3,148)	(3,148)
27	322	–	(32)	–	(2,617)	(508)
–	–	–	–	–	11,806	11,806
–						
–	–	–	–	295	–	295
–	–	–	–	295	11,806	12,101
(1,244)	2,222	1,294	(274)	57	44,945	65,232

Consolidated Cash Flow Statement

At 31 October 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the period before taxation	12,983	9,763
Adjustments for:		
Depreciation	584	785
Amortisation	6,052	5,480
Acquisition credits	(722)	(156)
Finance income	(55)	(135)
Finance costs	873	892
Debt issue costs amortisation	100	100
Research and development tax credit	(301)	–
Share option costs	597	309
Movement in receivables	(6,292)	(7,070)
Movement in payables	(271)	(225)
Cash generated by operations	13,548	9,743
Tax on profit paid	(2,456)	(1,670)
Net cash from operating activities	11,092	8,073
Cash flows from investing activities		
Acquisition of subsidiaries	(4,701)	(8,917)
Purchase of property, plant and equipment	(639)	(559)
Purchase of intangible assets	(4,168)	(1,826)
Finance income	55	135
Net cash used in investing activities	(9,453)	(11,167)
Cash flows from financing activities		
Interest paid	(827)	(579)
New loans	13,000	13,000
Loan related costs	(96)	(178)
Loan repayments	(11,524)	(7,538)
Equity dividends paid	(3,148)	(2,668)
Purchase of own shares	–	(344)
Sale of own shares	570	–
Net cash flows from financing activities	(2,025)	1,693
Net movement on cash and cash equivalents	(386)	(1,401)
Cash and cash equivalents at the beginning of the period	4,084	5,855
Exchange gains on cash and cash equivalents	89	(370)
Cash and cash equivalents at the end of the period	3,787	4,084

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Accounts

For the year ended 31 October 2016

1 Accounting Policies

General information

Idox plc is a leading supplier of software and services for the management of local government and other organisations. The Company is a public limited company which is listed on the AIM Market of the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA. The registered number of the Company is 03984070.

The financial statements are prepared in pound sterling.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities, being derivatives at fair value through profit or loss.

As set out on page 26 of the Directors' Report, the financial statements have been prepared on a going concern basis.

International Financial Reporting Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new standards, amendments and interpretations to existing standards have been published that are mandatory for forthcoming financial periods, but which the Group has not adopted early. These are not expected to have a material impact on the Group's consolidated financial statements:

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception – effective for periods commencing on or after 1 January 2016
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations – effective for periods commencing on or after 1 January 2016
- Disclosure Initiative – Amendments to IAS 1 – Presentation of Financial Statements – effective for periods commencing on or after 1 January 2016
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – effective for periods commencing on or after 1 January 2016
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants – effective for periods commencing on or after 1 January 2016
- Amendments to IAS 27 – Equity Method in Separate Financial Statements – effective for periods commencing on or after 1 January 2016
- Annual Improvements 2012-2014 – effective for periods commencing on or after 1 January 2016
- IFRS 9 'Financial instruments' – effective for periods commencing on or after 1 January 2018
- IFRS 15 'Revenue from contracts with customers' – effective for periods commencing on or after 1 January 2018
- IFRS 16 'Leases' – not yet endorsed

Adoption of new and revised standards

There were no additional standards, amendments and interpretations that had a material impact on the Group's financial statements during the year. The following standards, amendments and interpretations were effective in the year but had no material impact on the Group's financial statements:

- Amendments to IAS 19 – Defined Benefits – Employee Contributions
- IFRIC 21 Levies
- Annual Improvements 2010 – 2012
- Annual Improvements 2011 – 2013

Restatement of comparative figures

In previous periods, the Group was organised into two main operating segments. Following the acquisition and integration of Cloud Amber Limited and Reading Room Limited, and an internal reorganisation, the operating segments were revised. As at 31 October 2016, the Group is primarily organised into five operating segments. The segmental analysis for the comparative period to 31 October 2015 has been restated to show results for all five business segments.

Notes to the Accounts continued

For the year ended 31 October 2016

1 Accounting Policies continued

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The Group has evaluated the estimates and assumptions that have been made in relation to the carrying amounts of assets and liabilities in these financial statements. The estimates and assumptions which have the most significant impact on the financial statements which are recognised in the financial statements are as follows:

(i) Intangible assets

The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate cost of capital. Furthermore, management must estimate the expected useful lives of intangible assets and charge amortisation on those assets accordingly. In determining the useful economic life of the intangible software assets, management has given consideration to the length of time that its own software is typically used within its market. In addition, management reviewed competitor products and the length of time they had also been in use.

Consideration was also given as to the likelihood that a new competitor could enter the market with a new product. This was considered unlikely due to the up-front capital investment which would be required to develop a new product, the requirement for reference sites to demonstrate the product, and the long life cycles which products have in the market. For details on the estimates made in relation to intangible assets, see note 11.

(ii) Development costs

The Group reviews half yearly whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each bi-annual review. In addition, all internal activities related to the research and development of new software products are continuously monitored by the Directors. See note 11 for further information.

(iii) Impairment of goodwill

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based upon value-in-use and net realisable value calculations. The value-in-use method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Pre-tax discount rates have been applied and are based on WACC calculations. See note 11 for further commentary.

(iv) Revenue recognition

The Group recognises revenue on certain contracts such as service agreements, prior to an invoice being raised, where work has been completed and there is a high degree of certainty of the contract being completed and the invoice raised and cash received. See paragraph headed 'Revenue' below for more detail on how the Group accounts for revenue.

(v) Contingent consideration

The contingent consideration provision is the maximum undiscounted amount which will be paid, which represents fair value. Where an acquisition involves a potential payment of contingent consideration the estimate of any such payment is based on its fair value. To estimate the fair value an assessment is made as to the amount of contingent consideration which is likely to be paid having regard to the criteria on which any sum due will be calculated.

(vi) Deferred tax

The Group has tax losses available to offset future taxable profits. In estimating the amount of deferred tax to be recognised as an asset the Group estimates the future profitability of the relevant business unit.

Basis of consolidation

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings drawn up to 31 October each year. Under IFRS10, control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its powers over the investee. As each of the subsidiaries are 100% wholly owned, the Group has full control over each of its investees.

All inter-company transactions are eliminated on consolidation.

For business combinations occurring since 1 November 2009, the requirements of IFRS 3R have been applied. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For all acquisitions, the Group will perform a fair value review of all property, plant and equipment and intangible assets to align accounting policies with the Group.

Revenue

Revenue represents the amounts receivable in respect of goods and services provided during the year, stated net of value added tax. Where work has been done, but a billing milestone has not been reached, the income has been accrued and included in amounts recoverable within trade and other receivables.

Revenue is measured at the fair value of the right to consideration. The Group derives its revenue streams from software solutions and information solutions.

Software licence revenue is recognised when the licence is despatched to the customer and there are no ongoing obligations associated with the licence once delivered. Where the licence is bespoke, revenue is recognised when the licence is delivered and the customer has accepted the licence as fully functional.

Software consultancy revenue is recognised on a stage of completion basis. Stage of completion is determined by time spent by service delivery consultants or by reference to the project milestones either included in the contract itself or included within a separate detailed project delivery plan.

Revenue relating to digital services, including search engine optimisation, ecommerce and digital advertising, is recognised at the time of service delivery.

Revenue relating to goods delivered as part of software solutions provided is only recognised once the goods have been received by the customer.

Revenue relating to goods delivered for elections is recognised when the goods have been received by the customer. Consultancy revenue for elections is recognised on a stage of completion basis.

The revenues for maintenance and hosted managed service contracts are spread evenly over the life of the agreement, which is typically one year.

Revenue from software-as-a-service ("SaaS") contracts is recognised evenly over the life of the agreement.

Revenue derived from information solutions content is recognised over the life of the subscription, which is typically one year. Revenue from projects is recognised over the life of the project in accordance with the stage of completion which is determined by reference to the project delivery plan.

Revenue relating to grant applications is recognised on a 'no win-no fee' basis. Revenue is only recognised when confirmation that the grant application has been successful is received.

Revenue relating to hardware is recognised when the hardware is despatched to the customer.

Contract revenue

The amount of profit attributable to the stage of completion of a long term contract is recognised only when the outcome of the contract can be foreseen with reasonable certainty. Management make a judgement on the fair value of the work completed to enable revenue on long term contracts to be recognised in the correct periods. Stage of completion is determined based on management's best estimate of effort expended and progress against project plans at the year end. Provision is made for any losses as they are foreseen.

The contracts for software solutions often contain multiple elements such as software, consultancy and maintenance. Management make appropriate judgements and estimates in relation to the fair value of each of these elements in accordance with IAS 18.

Management have reviewed the requirements of IFRS 15 Revenue from Contracts from Customers which will replace IAS 18 in the financial year commencing 1 November 2018 and they do not expect this to result in any significant changes to the Group's revenue recognition policies.

Notes to the Accounts continued

For the year ended 31 October 2016

1 Accounting Policies continued

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the steering committee, which for the year ended 31 October 2016 comprised the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer.

Goodwill

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of the identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill is carried at cost less accumulated impairment losses. Unallocated goodwill on acquisitions relates mainly to workforce valuation, synergies and economies of scale obtained on combining acquisitions with existing operations.

Goodwill written off to reserves prior to the date of transition to IFRS remains in reserves. There is no re-instatement of goodwill that was amortised prior to transition to IFRS. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

Other intangible assets

Intangible assets with a finite useful life are amortised to the consolidated statement of comprehensive income on a straight-line basis over their estimated useful lives, which are reviewed on an annual basis. Amortisation commences when the asset is available for use. The residual values of intangible assets are assumed to be zero.

(i) Research and development

Expenditure on research (or the research phase of an internal project) is recognised in profit or loss in the period in which it is incurred. Development costs incurred are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed in profit or loss as incurred. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Amortisation commences upon completion of the asset, and is shown separately on the statement of comprehensive income.

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the Directors.

Amortisation is calculated using the straight line method over a period of 5 years.

(ii) Customer relationships
Customer relationships represent the purchase price of customer lists and contractual relationships purchased on the acquisition of CAPS Solutions Limited, Plantech Limited, J4B Software and Publishing Limited, Strand Electoral Management Services Limited, Grantfinder Limited, McLaren Software Limited, Lalpac Limited, Interactive Dialogues NV, Opt 2 Vote Limited, Currency Connect Holding BV, FMx Limited, Artesys International SA, CTSpace Group, Digital Spirit GmbH, Cloud Amber Limited, Reading Room Limited and Open Objects Software Limited. These relationships are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over a period of 20, 10 and 5 years.

(iii) Trade names
Trade names represent the named intangible asset recognised on the acquisition of CAPS Solutions Limited, Plantech Limited, J4B Software and Publishing Limited, Strand Electoral Management Services Limited, Grantfinder Limited, McLaren Software Limited, Lalpac Limited, Interactive Dialogues NV, Opt 2 Vote Limited, Currency Connect Holding BV, FMx Limited, Artesys International SA, CTSpace Group, Digital Spirit GmbH, Cloud Amber Limited, Reading Room Limited, Open Objects Software Limited and Rippleffect Studio Limited. These trade names are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over a period of between 5 and 20 years.

(iv) Software
Software represents the UNI-form, ACOLAID, Enterprise Engineer, CAFM Explorer, electoral and licensing software purchased on the acquisition of CAPS Solutions Limited, Plantech Limited, McLaren Software Limited, Strand Electoral Management Services Limited, Lalpac Limited, Interactive Dialogues NV, Opt 2 Vote Limited, Currency Connect Holding BV, FMx Limited, Artesys International SA, CTSpace Group, Digital Spirit GmbH, Cloud Amber Limited, Open Objects Software Limited and Rippleffect Studios Limited. The software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over a period of between 3 and 10 years. Software also includes software licences purchased which are amortised using the straight line method over a period of 3 years.

(v) Database
Database represents the grant information database purchased on the acquisition of J4B Software & Publishing Limited and Grantfinder Limited. The database is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over a period of 5 years.

(vi) Order backlog
Order backlog includes the managed service contracts and subscription deferred revenue purchased on the acquisition of 11 land and property information solution contracts and Grantfinder Limited. Amortisation on the managed service deferred revenue is calculated based on the weighting and length of each contract purchased. Subscription deferred revenue is calculated using the straight line method over a period of 5 years.

Order backlog includes two managed services contracts acquired from Miria Systems Inc. Amortisation on the managed service deferred revenue is calculated using the straight line method over a period of 5 years.

Impairment
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Notes to the Accounts continued

For the year ended 31 October 2016

1 Accounting Policies continued

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged to the income statement using the following rates and bases so as to write off the cost or valuation of items of property, plant and equipment over their expected useful lives. The rates that are generally applicable are:

Computer hardware	25%, 50% and 100% straight line
Fixtures, fittings and equipment	25% straight line
Library books and journals	33 1/3% and 100% straight line
Motor vehicles	25% straight line

During the year, the Group changed the depreciation rate in relation to certain Computer Hardware to 25%.
Useful economic lives and residual values are reviewed annually.

Employee benefits

Defined contribution pension plans

Contributions paid to private pension plans of certain employees are charged to the income statement in the period in which they become payable. Contributions paid to the Group personal pension plans of employees are charged to the income statement in the period in which they become payable.

Share-based payment transactions

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to the share option reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to reserves. In some circumstances upon exercise of share options, the right to shares are waived and the proceeds are settled in cash.

Reserves

Equity comprises the following:

- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Capital redemption reserve" represents when the entire deferred ordinary share capital was bought in exchange for one ordinary 1p share.
- "Merger reserve" which arose as a result of a Group reconstruction that occurred on 17 November 2000. This represents the issued share capital and share premium account in the Company's subsidiary undertaking, Idox Software Limited.
- "Share options reserve" represents shares to be issued on potential exercise of those share options that have been accounted for under "IFRS 2 Share Based Payments".
- "ESOP trust" represents share capital purchased to satisfy the obligation of the employee share scheme. Purchased shares are classified within the ESOP trust reserve and the cost of shares purchased are presented as a deduction from total equity.
- "Retained earnings" represents retained profits.
- "Treasury reserve" represents shares repurchased by the Company to be held for redistribution as share options. The cost of treasury shares is debited to the Treasury reserve.
- "Foreign currency translation reserve" represents exchange gains and losses on retranslation of foreign operations.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is charged to profit or loss except where it relates to tax on items recognised in other comprehensive income or directly in equity, in which case it is charged to equity or other comprehensive income.

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and 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 balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to other comprehensive income or equity in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity.

Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. All leases held by the Group are operating in nature. Amounts paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Dividend distributions

Interim dividends in respect of equity shares are recognised in the financial statements in the period in which they are paid.

Final dividends in respect of equity shares are recognised in the financial statements in the period that the dividends are formally approved.

Foreign currency translation

The functional and presentation currency of Idox plc and its United Kingdom subsidiaries is the pound sterling (£). Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss.

In the consolidated financial statements, the assets and liabilities of non-sterling functional currency subsidiaries, are translated into pound sterling at the rate of exchange ruling at the balance sheet date. The results of non-sterling functional currency subsidiaries are translated into pound sterling using average rates of exchange. Exchange adjustments arising are taken to the foreign currency translation reserve and reported in other comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified according to the substance of the contractual arrangements entered into.

Trade and other receivables

Trade receivables do not carry any interest and are initially stated at their fair value, as reduced by appropriate allowances for estimated irrecoverable amounts. All receivables are considered for impairment. Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the assets carrying value and the present value of estimated future cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on deposit with a maturity of 3 months or less from inception and are subject to an insignificant risk of changes in value.

1 Accounting Policies continued

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its financial liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the instrument using an effective rate of interest.

Trade and other payables

Trade and other payables are not interest-bearing, are initially stated at their fair value and subsequently at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2 Segmental analysis

In previous periods, the Group was organised into two main operating segments. Following the acquisition and integration of Cloud Amber Limited and Reading Room Limited, and an internal reorganisation, the operating segments were revised. As at 31 October 2016, the Group is primarily organised into five operating segments, which are detailed below. The segmental analysis for the comparative period to 31 October 2015 has been restated to show results for all five business segments.

Financial information is reported to the chief operating decision maker, which in the year ended 31 October 2016 comprised the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, monthly on a business unit basis with revenue and operating profits split by business unit. Each business unit is deemed an operating segment as each offers different products and services.

- Public Sector Software (PSS) – delivering specialist information management solutions and services to the public sector
- Engineering Information Management (EIM) – delivering engineering document management and control solutions to asset intensive industry sectors
- Grants (GRS) – delivering funding solutions to private and third sector customers
- Compliance (COMP) – delivering compliance solutions to corporate, public and commercial customers
- Digital (DIG) – delivering digital consultancy services to public, private and third sector customers

Segment revenue comprises sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the Board represents the profit earned by each segment before the allocation of taxation, Group interest payments and Group acquisition costs. The assets and liabilities of the Group are not reviewed by the chief operating decision maker on a segment basis.

The Group does not place reliance on any specific customer and has no individual customer that generates 10% or more of its total Group revenue.

The segment revenues by geographic location are as follows:

Revenues from external customers	2016 £000	2015 £000
United Kingdom	55,739	41,463
USA	6,361	6,987
Europe	12,271	12,804
Australia	1,008	617
Rest of World	1,360	704
	76,739	62,575

Revenues are attributed to individual countries on the basis of the location of the customer.

Revenues by type	2016 £000	2015 £000
Recurring revenues	32,861	27,613
Non-recurring revenues	43,878	34,962
	76,739	62,575

The segment results by business unit for the year ended 31 October 2016:

	PSS £000	EIM £000	GRS £000	COMP £000	DIG £000	Total £000
Revenue	40,966	14,059	6,433	4,371	10,910	76,739
Profit before interest, tax, depreciation, amortisation, share option costs, acquisition costs and restructuring costs	16,310	3,300	689	135	1,018	21,452
Adjusted segment operating profit	11,961	2,113	309	(277)	179	14,285
Finance income						55
Finance costs						(1,357)
Profit before Tax						12,983

The segment results by business unit for the year ended 31 October 2015:

	PSS £000	EIM £000	GRS £000	COMP £000	DIG £000	Total £000
Revenue	35,803	13,606	5,919	6,101	1,146	62,575
Profit before interest, tax, depreciation, amortisation, share option costs, acquisition costs and restructuring costs	14,127	2,242	571	985	290	18,215
Adjusted segment operating profit	9,540	347	(65)	537	185	10,544
Finance income						445
Finance costs						(1,226)
Profit before Tax						9,763

Notes to the Accounts continued

For the year ended 31 October 2016

3 Operating Profit for the Year

Operating profit for the year has been arrived at after charging:

	2016 £000	2015 £000
Auditor's remuneration:		
Fees payable to the Company Auditor for the audit of the parent company and consolidated annual accounts	56	54
The audit of the Company's subsidiaries, pursuant to legislation	108	60
Audit related services	31	33
	195	147
Corporate Finance fees	136	–
Tax services – compliance	43	35
Tax services – advisory	–	3
Operating lease rentals – buildings & equipment	1,917	1,176
Depreciation – owned	584	785
Amortisation of intangibles	6,052	5,480
Equity-settled share-based payments	597	415
Research & development costs	4,523	4,114

4 Directors and Employees

Staff costs during the year were as follows:

	2016 £000	2015 £000
Wages and salaries	31,226	25,633
Social security costs	3,271	2,744
Pension costs	1,025	921
	35,522	29,298

During the year, share based payment charges of £597,000 (2015: £415,000) were incurred.

During the year, the Group incurred restructuring costs of £330,000 (2015: £1,025,000). The restructuring costs represent redundancy payments to former staff.

The average number of employees of the Group during the year was 676 (2015: 572) and was made up as follows:

	2016 No.	2015 No.
Office and administration (including Directors of the Company and its subsidiary undertakings)	29	24
Sales	33	40
Development	101	101
Operations	513	407
	676	572

Remuneration in respect of Directors was as follows:

	2016 £000	2015 £000
Emoluments	1,265	802
Pension contributions	22	9
Share based payment charge	–	134
	1,287	945

In addition to the remuneration stated above, the Group incurred social security costs in respect of Directors of £162,000 (2015: £103,000).

During the year, no directors exercised share options.

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2016 £000	2015 £000
Aggregate emoluments	484	371
Pension contributions	–	–
	484	371

During the year, the Group incurred social security costs in respect of the highest paid director of £66,000 (2015: £50,000).

During the current year and the prior year, the highest paid director did not exercise any share options.

Details of the remuneration for each Director are included in the Report on Remuneration, which can be found on pages 27 and 28 but does not form part of the audited accounts.

5 Acquisition Costs

Following the implementation of IFRS 3, all acquisition related costs are expensed in the period incurred rather than added to the cost of investment. Acquisition costs relating to individual acquisitions are disclosed in note 23.

Acquisition costs

	2016 £000	2015 £000
Acquisition costs	(318)	(122)
Release of contingent consideration	722	156
	404	34

During the year, the contingent consideration on Cloud Amber Limited was reduced from £1,200,000 to £478,000. The reduction was a result of missing the revenue target as set out in the Share Purchase Agreement. At the reporting date, management's best estimate is that the adjusted contingent consideration will be payable.

6 Finance Income and Costs

	2016 £000	2015 £000
Interest receivable	4	2
Insurance Income	8	–
Dividends receivable	19	16
Foreign exchange differences	–	310
Other income	24	117
Finance income	55	445
Bank loans interest payable	(790)	(714)
Bank charges and loan facility fees	(298)	(358)
Loss on discounting of amounts recoverable from customers	(191)	(154)
Foreign exchange differences	(78)	–
Finance costs	(1,357)	(1,226)

7 Dividends

	2016 £000	2015 £000
Final dividend paid in respect of the year ended 31 October 2015 and 31 October 2014	1,885	1,512
Pence per ordinary share	0.525p	0.425p
Interim dividend paid in respect of the year ended 31 October 2016 and 31 October 2015	1,263	1,156
Pence per ordinary share	0.350p	0.325p

The Directors have proposed the payment of a final dividend of 0.650p per share, which would amount to £2,347,000 (2015: 0.525p).

8 Income Tax

The tax charge is made up as follows:

	2016 £000	2015 £000
Current tax		
UK corporation tax on profits for the period	2,634	2,310
Foreign tax on overseas companies	508	498
Over provision in respect of prior periods	(754)	(259)
Total current tax	2,388	2,549
Deferred tax		
Origination and reversal of temporary differences	(961)	(555)
Adjustment for rate change	(252)	–
Adjustments in respect of prior periods	2	(60)
Total deferred tax	(1,211)	(615)
Total tax charge	1,177	1,934

The differences between the total tax charge above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax, together with the impact on the effective tax rate, are as follows:

	2016 £000	% ETR movement	2015 £000	% ETR movement
Profit before taxation on continuing operations	12,983		9,763	
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20%)	2,597	20.00	1,953	20.00
Effects of:				
Share option deduction	(216)	(1.66)	84	0.86
Tax losses arising (utilised) in year	(113)	(0.87)	0	0.00
International losses not recognised	172	1.32	3	0.03
Other timing differences	5	0.04	150	1.54
Expenses not deductible for tax purposes	118	0.91	103	1.06
Prior year over-provision	(751)	(5.78)	(330)	(3.38)
Non-taxable income	(152)	(1.17)	(46)	(0.47)
Adjustment for tax rate differences	(374)	(2.88)	85	0.86
R&D enhanced relief	(139)	(1.07)	(99)	(1.01)
Foreign tax suffered	30	0.22	31	0.31
	1,177	9.06	1,934	19.80

Notes to the Accounts continued

For the year ended 31 October 2016

8 Income Tax continued

The effective tax rate ('ETR') for the period was 9.06% (2015: 19.80%). A significant tax repayment was processed in 2016, in respect of historic R&D claims covering FY13, FY14 and the Reading Room Group's 31 March 2014 year-end. Furthermore, the decrease in the deferred tax rate provided for, from 20% to 18%, in advance of decreases in the UK corporation tax main rate to 19% (1 April 2017) and 17% (1 April 2020), resulted in downward pressure on the ETR given the Group's net deferred tax liability position.

The higher effective tax rate in 2015 was due to a larger proportion of the overall tax charge being incurred in overseas jurisdictions with a higher rate of corporation tax than the UK. Another factor increasing the tax rate in 2015 was the derecognition of deferred tax assets in the US given uncertainty over the assets' future recoverability.

Movement on trading losses during 2016 are as follows:

	UK unrelieved trading losses £000	Foreign unrelieved trading losses £000	Total unrelieved trading losses £000	Tax effect £000
Recognised trading losses				
As at 1 November 2015	–	2,281	2,281	456
Impact of decrease in deferred tax rate	–	–	–	(45)
Recognised during the year	–	41	41	7
Utilised during the year	–	76	76	14
At 31 October 2016	–	2,398	2,398	432
Unrecognised trading losses				
Losses not recognised	–	(880)	(880)	(158)
At 31 October 2016	–	(880)	(880)	(158)

As noted above, no UK trading losses were brought forward to 2016. Foreign losses of £310,000 were utilised during the year in the US, however, the sterling value of the losses increased to the extent that the closing sterling value of these US losses is higher than at Oct 15, notwithstanding the utilisation during 2016. This explains the positive utilisation contribution above. The closing derecognised overseas losses of £880,000 relate to the US and Germany. The decision was made to derecognise these assets until there is more certainty over their future utilisation. Across the year the total deferred tax asset in respect of unrelieved trading losses has decreased from £456,000 to £432,000.

9 Earnings Per Share

The earnings per ordinary share is calculated by reference to the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during each period, as follows:

	2016 £000	2015 £000
Profit for the year	11,806	7,829
Basic earnings per share		
Weighted average number of shares in issue	357,989,177	354,730,817
Basic earnings per share	3.30p	2.21p
Weighted average number of shares in issue	357,989,177	354,730,817
Add back:		
Treasury shares	3,023,469	2,863,552
ESOP shares	875,044	1,139,245
Weighted average allotted, called up and fully paid share capital	361,887,690	358,733,614
Diluted earnings per share		
Weighted average number of shares in issue used in basic earnings per share calculation	357,989,177	354,730,817
Dilutive share options	13,579,022	17,234,828
Weighted average number of shares in issue used in dilutive earnings per share calculation	371,568,199	371,965,645
Diluted earnings per share	3.18p	2.10p

	2016 £000	2015 £000
Adjusted earnings per share		
Profit for the year	11,806	7,829
Add back:		
Amortisation on acquired intangibles	3,817	3,778
Acquisition credits	(404)	(34)
Restructuring costs	330	1,025
Tax effect	(829)	(961)
Adjusted profit for year	14,720	11,637
Weighted average number of shares in issue – basic	357,989,177	354,730,817
Weighted average number of shares in issue – diluted	371,568,199	371,965,645
Adjusted earnings per share	4.11p	3.28p
Adjusted diluted earnings per share	3.96p	3.13p

10 Property, Plant and Equipment

	Computer hardware £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Library books and journals £000	Total £000
Cost					
At 1 November 2014	1,855	494	11	236	2,596
Additions	464	20	–	72	556
Additions on acquisition	132	198	–	–	330
Internal reallocation to intangible assets	(432)	–	–	–	(432)
Disposals	(1,010)	(198)	(11)	(124)	(1,343)
At 31 October 2015	1,009	514	–	184	1,707
Additions	554	64	–	61	679
Additions on acquisition	65	10	–	–	75
Internal reallocation to intangible assets	(12)	–	–	–	(12)
Disposals	(359)	(105)	–	–	(464)
At 31 October 2016	1,257	483	–	245	1,985
Depreciation					
At 1 November 2014	831	157	11	148	1,147
Provided in the year	536	140	–	109	785
Eliminated on disposal	(996)	(195)	(11)	(124)	(1,326)
Fair value adjustment	22	2	–	–	24
At 31 October 2015	393	104	–	133	630
Provided in the year	355	139	–	90	584
Eliminated on disposal	(359)	(75)	–	–	(434)
Fair value adjustment	63	27	–	–	90
At 31 October 2016	452	195	–	223	870
Net book amount at 31 October 2016	805	288	–	22	1,115
Net book amount at 31 October 2015	616	410	–	51	1,077

The Group has pledged the above assets to secure banking facilities granted to the Group.

11 Intangible Assets

	Goodwill £000	Customer relationships £000	Trade names £000	Software £000	Development costs £000	Database £000	Order backlog £000	Total £000
Cost								
At 1 November 2014	43,869	18,430	7,967	10,947	5,718	569	4,200	91,700
Additions	–	–	–	628	1,203	–	121	1,952
Additions on acquisition	4,921	3,330	1,646	739	491	–	–	11,127
Disposals	–	–	–	(599)	(25)	–	–	(624)
Internal reallocation	–	–	–	432	–	–	–	432
Fair value adjustment	301	–	–	(239)	(59)	–	–	3
At 31 October 2015	49,091	21,760	9,613	11,908	7,328	569	4,321	104,590
Revaluation of opening balance	–	–	–	29	109	–	20	158
Additions	–	–	–	1,393	2,799	–	–	4,192
Additions on acquisition	2,925	245	1,924	3,970	–	–	–	9,064
Internal reallocation	–	–	–	12	–	–	–	12
Fair value adjustment	630	–	–	(238)	–	–	–	392
At 31 October 2016	52,646	22,005	11,537	17,074	10,236	569	4,341	118,408
Amortisation								
At 1 November 2014	647	7,612	3,227	5,908	3,023	554	3,937	24,908
Amortisation for the year	–	1,724	780	1,776	956	15	229	5,480
Disposals	–	–	–	(599)	(11)	–	–	(610)
At 31 October 2015	647	9,336	4,007	7,085	3,968	569	4,166	29,778
Revaluation of opening balance	–	–	–	21	34	–	4	59
Amortisation for the year	–	1,903	740	2,082	1,261	–	66	6,052
At 31 October 2016	647	11,239	4,747	9,188	5,263	569	4,236	35,889
Carrying amount at 31 October 2016	51,999	10,766	6,790	7,886	4,973	–	105	82,519
Carrying amount at 31 October 2015	48,444	12,424	5,606	4,823	3,360	–	155	74,812

During the year, goodwill and intangibles were reviewed for impairment in accordance with IAS 36, 'Impairment of Assets'. There were no impairment charges identified as a result of this review (2015: £Nil).

Fair value adjustments are in relation to Cloud Amber Limited and Reading Room Limited acquired in the year ended 31 October 2016. Further information on these fair value adjustments is provided in note 23.

The Group has pledged the above assets to secure banking facilities granted to the Group.

11 Intangible Assets continued

The remaining useful lives and carrying value of the above intangible assets is as follows:

	2016 Remaining amortisation period (years)	2015 Remaining amortisation period (years)	2016 Carrying value £000	2015 Carrying value £000
CAPS intangibles				
Customer relationships	10.5	11.5	3,079	3,371
Trade names	10.5	11.5	1,310	1,436
Software	0.5	1.5	150	456
Plantech intangibles				
Customer relationships	11	12	636	694
Trade names	11	12	286	312
Software	1	2	84	168
J4B intangibles				
Customer relationships (project)	2.5	3.5	33	46
Trade names	2.5	3.5	51	71
Grantfinder intangibles				
Trade name	3.5	4.5	82	105
Strand intangibles				
Customer relationships	3.8	4.8	870	1,102
LAMP contracts intangibles				
Backlog order book	1	2	3	43
McLaren intangibles				
Customer relationships	4.1	5.1	418	519
Trade names	–	0.1	–	26
Software	–	0.1	–	19
Lalpac intangibles				
Customer relationships	4.5	5.5	741	905
Trade names	4.5	5.5	74	90
Software	4.5	5.5	148	181
Interactive Dialogues intangibles				
Customer relationships	5	6	176	211
Trade names	5	6	103	123
Software	5	6	206	247
CT Space intangibles				
Customer relationships	–	1	–	125
Trade names	5	6	619	743
Software	5	6	743	892
Opt2Vote intangibles				
Customer relationships	0.4	1.4	64	217
Trade names	5.4	6.4	286	339
Software	5.4	6.4	381	451

	2016 Remaining amortisation period (years)	2015 Remaining amortisation period (years)	2016 Carrying value £000	2015 Carrying value £000
Currency Connect intangibles				
Customer relationships	5.4	6.4	1,068	1,266
Trade names	5.4	6.4	141	167
Software	5.4	6.4	152	180
FMx intangibles				
Customer relationships	0.9	1.9	124	259
Trade names	5.9	6.9	132	154
Software	5.9	6.9	197	231
Artesys intangibles				
Trade names	6.4	7.4	193	223
Software	6.4	7.4	229	265
Digital Spirit intangibles				
Customer relationships	8	9	371	418
Trade names	8	9	164	185
Software	8	9	164	185
Cloud Amber intangibles				
Customer relationships	8.7	9.7	889	993
Trade names	8.7	9.7	290	323
Software	8.7	9.7	434	484
Miria contracts intangibles				
Backlog order book	3.7	4.7	104	112
Reading Room intangibles				
Customer relationships	9	10	2,068	2,298
Trade names	9	10	1,178	1,309
Open Objects intangibles				
Customer relationships	4.7	–	229	–
Trade names	13.7	–	807	–
Software	6.7	–	2,450	–
Rippleffect intangibles				
Trade names	11.8	–	1,074	–
Software	2.8	–	1,279	–
Development costs	5	5	4.973	3,360
Software costs	3	3	1,269	1,064

11 Intangible Assets continued

Impairment test for goodwill

For this review, goodwill was allocated to individual Cash Generating Units (CGU) on the basis of the Group's operations as disclosed in the segmental analysis. As the Board reviews results on a segmental level, the Group is monitoring goodwill on the same basis.

The carrying value of goodwill by each CGU is as follows:

Cash Generating Units (CGU)	2016 £000	2015 £000
Public Sector Software	30,191	27,533
Engineering Information Management	11,774	11,774
Grants	5,289	5,289
Compliance	1,865	1,865
Digital	2,880	1,983
	51,999	48,444

The recoverable amount of all CGUs has been determined using value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering the next five financial years. The key assumptions used in the financial budgets relate to revenue and EBITDA growth targets. Cash flows beyond this period are extrapolated using the estimated growth rates stated below. Growth rates are reviewed in line with historic actuals to ensure reasonableness and are based on an increase in market share.

For value-in-use calculations, the growth rates and margins used to estimate future performance are based on financial year 2017 budgets (as approved by the Board) which is management's best estimate of short term performance based on an assessment of market opportunities and macro-economic conditions. In the year to 31 October 2016, the Weighted Average Cost of Capital for each CGU has been used as an appropriate discount rate to apply to cash flows. The same basis was used in the year to 31 October 2015.

The assumptions used for the value- in-use calculations are as follows and are considered appropriate for each of the risk profiles of the respective CGUs:

Cash Generating Unit (CGU)	Discount rate Current year	Growth rate Current year	Discount rate Prior year	Growth rate Prior year
Public Sector Software	11.41%	2%	12.65%	2%
Engineering Information Management	12.89%	2%	11.93%	2%
Grants	10.94%	2%	10.94%	2%
Compliance	10.94%	2%	10.94%	2%
Digital	10.94%	2%	10.94%	2%

Individual Weighted Average Cost of Capital were calculated for each CGU and adjusted for the market's assessment of the risks attaching to each CGU's cash flows. The Weighted Average Cost of Capital is recalculated at each period end.

There have been no impairment charges identified for the year ended 31 October 2016 (2015: None).

Sensitivities have been run on cash flow forecasts for all CGUs. Management are satisfied that the key assumptions of revenue and EBITDA growth rates are achievable and that reasonable possible changes to those key assumptions would not lead to the carrying amount of the relevant CGU exceeding the recoverable amount. A 0% growth rate would result in the following headroom:

Cash Generating Unit (CGU)	Growth rate 0% headroom £000
Public Sector Software	120,141
Engineering Information Management	8,905
Grants	7,744
Compliance	2,619
Digital	20,361

Sensitivities have also been run on the discount rate applied and management are satisfied that a reasonable increase in the discount rate would not lead to the carrying amount of the relevant CGU exceeding the recoverable amount.

12 Deferred Income Tax

Deferred tax assets and liabilities are summarised as follows:

	2016 £000	2015 £000
Deferred tax assets	2,114	1,649
Deferred tax liabilities (non-current)	(4,351)	(4,357)
	(2,237)	(2,708)

The movement in the year in the net deferred tax provision was as follows:

	2016 £000	2015 £000
At 1 November	(2,708)	(2,468)
Credit to income for the year	961	555
Adjustment for changes in rate	252	–
Prior year adjustment	(2)	60
Other movements	93	48
Charged to goodwill for the year	(1,105)	(1,102)
Transferred to equity	272	199
At 31 October	(2,237)	(2,708)

The movement in deferred income tax assets and liabilities during the year is as follows:

	Share-based payments £000	Other temporary differences £000	Tax losses carried forward £000	Accelerated tax depreciation £000	Total deferred tax asset £000	Total deferred tax liability £000
At 1 November 2014	454	50	658	408	1,570	(4,038)
Charge to income	94	(19)	(202)	7	(120)	776
Charge to equity	199	–	–	–	199	–
Changes in rate	–	–	–	–	–	–
Deferred tax recognised on acquisition	–	–	–	–	–	(1,095)
At 31 October 2015	747	31	456	415	1,649	(4,357)
At 1 November 2015	747	31	456	415	1,649	(4,357)
Charge to income	218	56	21	64	359	750
Charge to equity	272	–	–	–	272	–
Changes in rate	(75)	(3)	(46)	(42)	(166)	361
Deferred tax recognised on acquisition	–	–	–	–	–	(1,105)
At 31 October 2016	1,162	84	431	437	2,114	(4,351)

The deferred tax liability relates to deferred tax on intangible assets acquired on acquisition of subsidiaries.

Notes to the Accounts continued

For the year ended 31 October 2016

13 Financial Assets and Liabilities

Categories of financial assets and liabilities

The disclosures detailed below are as required by IFRS 7 ' Financial Instruments: Disclosures'. The carrying amounts presented on the consolidated balance sheet relate to the following categories of assets and liabilities:

Financial assets	**Note**	**2016 £000**	**2015 £000**
Financial assets measured at amortised cost:			
Current:			
Trade and other receivables	14	18,929	16,154
Cash and cash equivalents	15	3,787	4,084
		22,716	20,238
Loans and receivables:			
Non-current:			
Amounts recoverable on contracts	14	6,094	4,956
		6,094	4,956
Current:			
Amounts recoverable on contracts	14	12,677	8,230
		12,677	8,230

Financial liabilities	**Note**	**2016 £000**	**2015 £000**
Financial liabilities measured at amortised cost:			
Non-current:			
Bank borrowings	19	26,410	24,831
		26,410	24,831
Current:			
Bank borrowings	19	2,425	2,428
Trade and other payables	16	7,643	7,109
Other liabilities	17	1,387	1,303
		11,455	10,840
Financial liabilities measured at fair value through profit or loss:			
Non-current:			
Other liabilities*	14	1,600	–
		1,600	–
Current:			
Other liabilities*	14	478	1,200
		478	1,200

* Hierarchy 3 being inputs for the asset or liability which are not based on observable market data. The current year liability relates to deferred consideration on the acquisition of Open Objects Limited and Cloud Amber Limited. The prior year liability relates to a deferred consideration on the acquisition of Cloud Amber Limited.

The Group's financial liabilities per the fair value hierarchy classifications under IFRS 13 'Financial Instruments: Disclosures' are described below:

Category of financial liability	Fair value at 31 October 2016 £000	Level in hierarchy	Description of valuation technique	Inputs used for financial model	Total gains recognised in profit or loss £000
Contingent consideration due on acquisitions	2,078	3	Based on future revenue and probability that vendor will meet obligations under sale and purchase agreement	Management estimate on probability and timescale of vendors meeting revenue targets specified in sale and purchase agreement	722

There have been no changes to valuation techniques or any amounts recognised through 'Other Comprehensive Income'. The adjustment of £722,000 is included in 'Acquisition credits' in the Consolidated Interim Statement of Comprehensive Income.

14 Trade and Other Receivables

	2016 £000	2015 £000
Trade receivables, gross	18,784	15,557
Allowance for credit losses	(437)	(421)
Trade receivables, net	18,347	15,136
Amounts recoverable on contracts	12,677	8,230
Other receivables	582	1,018
Financial assets	31,606	24,384
Prepayments	2,147	2,329
Non-financial assets	2,147	2,329
Trade and other receivables due within one year	33,753	26,713

	2016 £000	2015 £000
Amounts recoverable on contracts	6,094	4,956
Trade and other receivables due after one year	6,094	4,956

The carrying amount of trade and other receivables approximates to their fair value, which has been calculated based on expectations of debt recovery from historic performances feeding into impairment provision calculations.

Trade receivables are reviewed regularly for impairment and judgement made as to any likely impairment based on historic trends and the latest communication with customers.

Amounts recoverable on contracts represent work completed and delivered to the customer but due to the contractual payment terms have not yet been invoiced. Amounts recoverable due after one year have been discounted to amortised cost.

All of the closing Group trade receivables are in UK sterling with the exception of:

	2016	2015
Euros	€5,694,000	€5,187,000
Australian Dollars	AUD10,000	AUD30,000
Emirati Dirham	AED34,000	AED190,000
US Dollars	$2,726,000	$4,801,000
Canadian Dollars	$19,000	$2,000
Swiss Franc	–	CHF1,000

Notes to the Accounts continued

For the year ended 31 October 2016

14 Trade and Other Receivables continued

Credit quality of financial assets

The maximum exposure for the Group to credit risk for trade receivables at the reporting date by type of customer was:

	2016 £000	2015 £000
Local authorities and other public bodies	6,679	5,757
Private companies	12,105	9,800
	18,784	15,557

The ageing of trade receivables at the reporting date for the Group was:

	Gross 2016 £000	Impairment 2016 £000	Gross 2015 £000	Impairment 2015 £000
Not past due	11,375	–	10,424	–
Past due 0 to 30 days	2,485	–	2,088	–
Past due 31 to 60 days	424	–	374	–
More than 61 days	4,500	437	2,671	421
	18,784	437	15,557	421

Movements in the provision for impairment of receivables for the Group were as follows:

	2016 £000	2015 £000
At 1 November 2015	421	144
Charge for the year	1,004	98
Relating to acquisitions	104	220
Utilised	(1,092)	(41)
At 31 October 2016	437	421

The provision allowance in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amounts are considered irrecoverable and are written off against the trade receivable directly. Where trade receivables are past due, an assessment is made of individual customers and the outstanding balance.

15 Cash and Cash Equivalents

	2016 £000	2015 £000
Cash at bank and in hand	3,787	4,084
Cash and cash equivalents per cash flow statements	3,787	4,084

The credit quality of the holders of the cash at bank is A and AA rated.

16 Trade and Other Payables

	2016 £000	2015 £000
Trade payables	3,922	3,084
Accruals	3,721	4,025
	7,643	7,109

The carrying values of trade and other payables are considered to be reasonable approximations of fair value. Accruals represent liabilities which have been recognised at the balance sheet date. The majority of these will be paid during the next six months.

17 Other Liabilities

	2016 £000	2015 £000
Current:		
Social security and other taxes	2,453	2,015
Other payables	1,865	2,503
Deferred income	15,896	14,565
	20,214	19,083

	£000	£000
Non-current:		
Other payables – deferred consideration	1,600	–

Deferred income represents software revenue, where billing milestones have been reached but the appropriate proportion of work has not been completed, and maintenance, managed service and subscription revenues that are spread over the period, typically one year, for which the service is supplied.

18 Provisions

	2016 £000	2015 £000
At 1 November 2015	29	18
Provision made during the year	10	17
Provision utilised during the year	–	(6)
At 31 October 2016	39	29

The opening and closing provisions relate to estimated dilapidation costs expected to arise on exit of leased properties.

Notes to the Accounts continued

For the year ended 31 October 2016

19 Borrowings

All borrowings are held at amortised cost and after set-off for unamortised loan facility fees:

	2016 £000	2015 £000
Current:		
Bank borrowings	2,425	2,428
Non-current:		
Bank borrowings	26,410	24,831
Total borrowings	28,835	27,259

At the balance sheet date, the Group had two loan facilities in place through a two-bank facility with Royal Bank of Scotland and Silicon Valley Bank. The facilities consist of a term loan of £12m and a revolving credit facility of £23m.

At the balance sheet date, the term loan had an outstanding balance of £12m (2015: £14.5m) and during the period the loan was held, the average interest rate was 3.06% (2015: 3.16%).

At the balance sheet date, the revolving credit facility had an outstanding balance of £17m (2015: £13m) and during the period the loan was held, the average interest rate was 2.75% (2015: 3.06%).

There are unamortised loan fees of £190,000 (2015: £290,000) at the balance sheet date.

As security for the above loans, Royal Bank of Scotland and Silicon Valley Bank hold a fixed and floating charge over the assets of Idox plc and certain subsidiaries, a guarantee supported by Idox plc and certain subsidiaries and a share pledge in respect of the entire issued share capital of each subsidiary company.

The Group also has two term loans in place with Oseo, France. At the balance sheet date, the total outstanding amount was £25,000 and the average interest rate paid during the period the facility was held was 8.10%.

The Directors estimate that the fair value of the Group's borrowing is not significantly different to the carrying value.

20 Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, short term deposits and bank borrowings. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments, which mainly comprise trade receivables and trade payables that arise directly from its operations.

Risk management is carried out by the finance department under policies approved by the Board. The Group's finance department identifies, evaluates and manages financial risks. The Board provides guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The Board have evaluated the risks and are satisfied that the risk management objectives are met.

The impact of the risks required to be discussed under IFRS 7 are detailed below:

Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of the operations. The Group has minimal exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk in respect of cash balances held with banks and other highly rated counterparties.

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2016 and 2015, all the Group's borrowings at variable rates were denominated in UK Sterling. The average interest rate during the year ended 31 October 2016 was 3.06% for the term loan and 2.75% for the revolving credit facility. Interest payable in the year was £790,000. If the average interest rate during the year had been 1% different, this would have had an impact of £282,000 on the interest payable during the period.

Credit risk

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Classes of financial assets – carrying amounts	2016 £000	2015 £000
Cash and cash equivalents	3,787	4,084
Trade receivables	18,347	15,136
Amounts recoverable on contracts	18,771	13,186
Other receivables	582	1,018
Financial assets at fair value	41,487	33,424

Credit risk is managed on a Group basis. Credit risks arise from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group's credit risk is primarily attributable to its trade receivables. It is the policy of the Group to present the amounts in the balance sheet net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The Group reviews the reliability of its customers on a regular basis and these reviews take into account the nature of the Group's trading history with the customer.

The credit risk on liquid funds is limited because the majority of funds are held with two banks with high credit-ratings assigned by international credit-rating agencies. Management does not expect any losses from non-performance of these counterparties.

None of the Group's financial assets are secured by collateral or other credit enhancements.

Notes to the Accounts continued

For the year ended 31 October 2016

20 Risk Management Objectives and Policies continued

Liquidity risk

The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis, to ensure that it has sufficient funds to meet obligations of the Group as they fall due.

The Board receives regular debt management forecasts, which estimate the cash inflows and outflows over the next twelve months, so that management can ensure that sufficient financing is in place as it is required. Surplus cash within the Group is put on deposit in accordance with limits and counterparties agreed by the Board, the objective being to maximise return on funds whilst ensuring that the short-term cash flow requirements of the Group are met.

Detailed analysis of the debt facilities taken out and available to the Group are disclosed in note 19.

As at 31 October 2016, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current			Non-current	
	Within 1 month £000	1–3 months £000	3–12 months £000	1–5 years £000	Later than 5 years £000
Bank borrowings	44	1,423	1,701	27,190	–
Trade and other payables	5,718	1,664	261	–	–

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

	Current			Non-current	
	Within 1 month £000	1–3 months £000	3–12 months £000	1–5 years £000	Later than 5 years £000
Bank borrowings	79	222	2,941	26,491	–
Trade and other payables	6,902	35	172	–	–

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Capital for the reporting periods under review is summarised as follows:

	2016 £000	2015 £000
Total equity	65,232	53,639
Less unrestricted cash and cash equivalents (note 15)	(3,787)	(4,084)
	61,445	49,555
Total equity	65,232	53,639
Borrowings (note 19)	28,835	27,259
	94,067	80,898
Capital-to-overall financing ratio	0.65	0.61

21 Share Capital

	2016 £000	2015 £000
Authorised:		
650,000,000 ordinary shares of 1p each (2015: 650,000,000)	6,500	6,500
Allotted, called up and fully paid:		
As at 1 November	3,587	3,587
Issued and allotted during the year	53	–
364,012,063 ordinary shares of 1p each (2015: 358,733,615)	3,640	3,587

Movement in issued share capital in the year

During the year to 31 October 2016, four employees exercised share options across eleven separate exercises. To satisfy the exercise of eight of these transactions, the Company issued and allotted 3,373,686 new ordinary shares of 1p each. The three remaining exercises were settled with treasury shares totalling 64,000 ordinary shares of 1p each.

In addition, a further 1,904,762 new ordinary shares of 1p each were issued and allotted during the year as part of the consideration for Open Objects Software Ltd.

The Company has one class of ordinary share which carries no right to fixed income.

At 31 October 2016, there were 2,259,329 (2015: 2,093,953) shares in issue under ESOP. During the year, the average issue share price was 57p (2015: 40p).

At 31 October 2016, there were 2,991,219 (2015: 3,055,219) shares held in treasury.

22 Share Options

The Company has an unapproved share option scheme for all employees (including Directors). All share options are exercisable at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is quarterly from the date of grant. Per the contractual agreements, the options are settled in equity once exercised.

An Employee Share Investment Trust is in place to allow employees a tax efficient way of investing in the Company. The Company purchases matching shares which become the property of the employee after a three year vesting period.

Details of all share options over 1p Ordinary shares, falling within the measurement and recognition criteria of IFRS 2 "Share-based Payment" and forming part of the unapproved share scheme, including their contractual life and exercise prices are as follows:

At start of year	Granted	Exercised	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
666,000	–	–	–	666,000	7.50p	May 2007	May 2017
385,000	–	44,000	–	341,000	8.125p	Jun 2007	Jun 2017
275,000	–	275,000	–	–	15.00p	Dec 2007	Dec 2017
423,077	–	423,077	–	–	13.00p	Aug 2008	Aug 2018
366,667	–	366,667	–	–	15.00p	Aug 2008	Aug 2018
4,287,337	–	975,610	–	3,311,727	10.25p	Mar 2010	Mar 2020
6,750,000	–	1,000,000	–	5,750,000	20.00p	Mar 2011	Mar 2021
1,005,000	–	40,000	–	965,000	18.00p	Mar 2011	Mar 2021
430,000	–	–	–	430,000	35.00p	Apr 2012	Apr 2022
600,000	–	300,000	–	300,000	44.00p	Sep 2012	Sep 2022
450,000	–	–	250,000	200,000	35.75p	Jul 2013	Jul 2023
500,000	–	–	–	500,000	39.12p	Mar 2014	Mar 2024
460,000	–	13,332	–	446,668	39.00p	Jul 2014	Jun 2024
1,130,000	–	–	–	1,130,000	38.38p	Feb 2015	Feb 2025
–	2,395,000	–	–	2,395,000	50.00p	Apr 2016	Apr 2026
–	700,000	–	–	700,000	50.00p	Apr 2016	Apr 2026
17,728,081	3,095,000	3,437,686	250,000	17,135,395			

The following table sets out the number of share options and associated weighted average exercise price (WAEP) outstanding during the year:

	2016		2015	
	No.	WAEP Pence	No.	WAEP Pence
Outstanding at the beginning of the year	17,728,081	20.23	18,015,203	19.78
Granted during the year	3,095,000	50.00	1,130,000	38.38
Exercised during the year	(3,437,686)	17.43	(559,622)	13.49
Lapsed during the year	(250,000)	35.75	(857,500)	38.97
Outstanding at the end of the year	17,135,395	25.95	17,728,081	20.23
Exercisable at the end of the year	15,313,635	23.15	17,360,025	19.86

The share options outstanding at the end of the year have a weighted average remaining contractual life of 5 years. The share options exercised during the year had a weighted average exercise price of 17.43p and a weighted average market price of 45.44p.

The fair values were calculated using the Black-Schöles Pricing Model and the following information:

Date of issue	Number granted No.	Weighted average share price Pence	Weighted average exercise price Pence	Expected volatility %	Expected life Years	Risk free rate %	Expected dividend yield %	Weighted average fair value at grant date £
Apr 16	2,395,000	56.38	50.00	32.50	8	0.47	1.75	0.18
Apr 16	700,000	56.38	50.00	32.50	8	0.47	1.75	0.18

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised a total charge of £419,000 (2015: £311,000) for equity-settled share-based payment transactions related to the unapproved share option scheme during the year. A charge of £419,000 (2015: £205,000) related to share options granted and £nil (2015: £106,000) related to share options exercised.

Long-Term Incentive Plan (LTIP)

During the year, no further options were granted under the Long-Term Incentive Plan.

The Group recognised a total charge of £178,000 (2015: £104,000) for equity-settled share-based payment transactions related to the LTIP during the year. The total cost was in relation to share options granted and £nil (2015: £Nil) related to share options exercised.

The number of options in the LTIP scheme is as follows:

	2016 No. of options	2015 No. of options
Outstanding at the beginning of the period	3,600,000	–
Granted	–	3,600,000
Forfeited	–	–
Vested	–	–
Outstanding at the end of the period	3,600,000	3,600,000
Exercisable at the end of the period	–	–

Notes to the Accounts continued

For the year ended 31 October 2016

23 Acquisitions

Open Objects Software Limited

On 25 July 2016, the Group acquired the entire share capital of Open Objects Software Limited for a total consideration of £6.24m, being £5.04m in cash and £1.20m in shares. Open Objects offer managed cloud services to the public sector, specialising in social care and health. It is a UK market leader in the provision of Adult Social Care and Family Services software and services to local authorities. The acquisition supports the Group's strategy of extending its Public Sector domains.

Goodwill arising on the acquisition of Open Objects has been capitalised and consists largely of the workforce value, synergies and economies of scale expected from combining the operations of Open Objects with Idox. None of the goodwill recognised is expected to be deductible for income tax purposes. The purchase of Open Objects has been accounted for using the acquisition method of accounting.

	Book value £000	Provisional fair value adjustments £000	Fair value £000
Intangible assets	1	3,646	3,647
Property, plant and equipment	54	(11)	43
Trade receivables	954	–	954
Other receivables	86	–	86
Cash at bank	1,040	–	1,040
TOTAL ASSETS	2,135	3,635	5,770
Trade payables	(73)	–	(73)
Other liabilities	(144)	–	(144)
Deferred income	(1,101)	–	(1,101)
Social security and other taxes	(2)	–	(2)
Deferred tax liability	–	(656)	(656)
TOTAL LIABILITIES	(1,320)	(656)	(1,976)
NET ASSETS			3,794
Purchased goodwill capitalised			2,443
Total consideration			6,237

Satisfied by:	
Cash to vendor	3,437
Issue of share capital	1,200
Earn out consideration	1,600
Total consideration	6,237

Due to the timing of the acquisition, the fair values stated above are provisional based on management's best estimate. The fair value adjustment for the intangible assets includes £3,645,000 in relation to customer relationships, trade names and software. A related deferred tax liability has also been recorded as a fair value adjustment. Adjustments were also processed to align company policies with Idox Group policies. These included £1,000 in respect of intangible assets and £11,000 in relation to property, plant and equipment.

The revenue included in the consolidated statement of comprehensive income since 25 July 2016, contributed by Open Objects was £825,000. Open Objects also made a profit of £159,000 for the same period. If Open Objects had been included from 1 November 2015, it would have contributed £3,078,000 to Group revenue and a profit after tax of £423,000.

The earn out period is 1 April 2017 to 31 March 2018. The earn out arrangement requires the Group to pay the former owners of Open Objects an amount to be determined by revenue in the earn out period, up to a maximum of £1,600,000 in cash. £1,600,000 has been recognised at the date of acquisition, which represents the fair value of the contingent consideration. At the reporting date, management's best estimate, based on forecast revenues, is that the full contingent consideration will be payable.

Acquisition costs of £75,000 have been written off in the consolidated statement of comprehensive income.

Rippleffect Studio Limited

On 22 August 2016, the Group acquired the entire share capital of Rippleffect Studio Limited for a total consideration of £2.039m in cash. Rippleffect is a digital consultancy agency with expertise in the delivery of digital solutions for the sports, leisure and public sector markets including the provision of e-commerce platforms. The acquisition is complementary to Idox's Digital segment and provides new technology. The acquisition also supports the Group's strategy of expansion into sector neutral content and digital platforms.

Goodwill arising on the acquisition of Rippleffect has been capitalised and consists largely of the workforce value, synergies and economies of scale expected from combining the operations of Rippleffect with Idox. None of the goodwill recognised is expected to be deductible for income tax purposes. The purchase of Rippleffect has been accounted for using the acquisition method of accounting.

	Book value £000	Provisional fair value adjustments £000	Fair value £000
Intangible assets	–	2,492	2,492
Property, plant and equipment	17	(8)	9
Trade receivables	609	–	609
Accrued Income	1,277	(879)	398
Other receivables	45	–	45
Cash at bank	(265)	–	(265)
TOTAL ASSETS	1,683	1,605	3,288
Trade payables	(280)	–	(280)
Other liabilities	(54)	(186)	(240)
Deferred Income	–	(603)	(603)
Social security and other taxes	(159)	–	(159)
Deferred tax liability	–	(449)	(449)
TOTAL LIABILITIES	(493)	(1,238)	(1,731)
NET ASSETS			1,557
Purchased goodwill capitalised			482
Total consideration			2,039
Satisfied by:			
Cash to vendor			2,039
Earn out consideration			–
Total consideration			2,039

23 Acquisitions continued

Rippleffect Studio Limited continued

Due to the timing of the acquisition, the fair values stated above are provisional, based on management's best estimate. The fair value adjustment for the intangible assets relates to customer relationships and trade names. A related deferred tax liability has also been recorded as a fair value adjustment. Adjustments were also processed to align company policies with Idox Group policies. These included £8,000 in respect of fixed assets, £879,000 in relation to accrued income, £186,000 in relation to accruals and £603,000 in relation to deferred income.

The fair value of trade receivables is equal to the gross contractual amounts receivable. An initial review of trade receivables has not indicated any recoverability issues.

The revenue included in the consolidated statement of comprehensive income since 22 August 2016, contributed by Rippleffect, was £1,151,000. Rippleffect also made a loss of £82,000 for the same period. If Rippleffect had been included from 1 November 2015, it would have contributed £6,000,000 to Group revenue and a loss after tax of £312,000.

There is no earn out period for Rippleffect.

Acquisition costs of £48,000 have been written off in the consolidated statement of comprehensive income.

Had the above acquisitions occurred at the beginning of the financial year, the revenue of the Group would be £85.8m and the profit before tax of the Group would be £13.1m.

Cloud Amber Limited

During the period, a fair value adjustment was made in respect of the acquisition of Cloud Amber Limited on the 7 July 2016. The adjustment totalled £215,000 and was in relation to the release of a bad debt provision not utilised.

During the period the contingent consideration was adjusted from £1,200,000 to £478,000. The reduction was a result of missing the revenue target as set out in the Share Purchase Agreement. At the reporting date, management's best estimate is that the adjusted contingent consideration will be payable. The adjustment of £722,000 is included in 'Acquisition credits' in the Consolidated Interim Statement of Comprehensive Income.

Reading Room Limited

During the period, there have been several fair value adjustments in respect of the acquisition of Reading Room Limited on 8 October 2015. The adjustments totalled £414,000.

A number of adjustments were processed to align company policies with Idox Group policies. These included £238,000 in respect of intangible assets, £71,000 in respect of property, plant and equipment, £12,000 in respect of the bad debt provision, £193,000 in respect of deferred income and £74,000 in respect of accruals.

Acquisition cash flows

Acquisition cash flows in the year are as follows:

	Net cash outflow £000
Subsidiaries acquired during the year:	
Open Objects Software Limited	2,397
Rippleffect Studio Limited	2,304
	4,701

No additional fair value adjustments have been made in the year in respect of prior year acquisitions.

24 Operating Lease Commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 £000	2015 £000
Amounts due:		
Within one year	2,160	1,565
Between one and five years	3,979	4,477
After five years	1,752	1,747
	7,891	7,789

Operating lease payments represent rentals payable by the Group for office premises, motor vehicle leasing charges and equipment.

25 Capital Commitments

The Group had no capital commitments at 31 October 2016 or 31 October 2015.

26 Contingent Liabilities

There were no material Group contingent liabilities at 31 October 2016 or 31 October 2015.

27 Related Party Transactions

Compensation paid to key management (which comprises the executive management team and the Board) of the Group:

	2016 £000	2015 £000
Salaries and other short term employee benefits including NIC	1,669	1,540
Post-employment benefits	30	23
Share-based payments	–	134
	1,699	1,697

28 Post Balance Sheet Events

There are no material post balance sheet events.

Independent Auditor's Report to the Members of Idox plc

For the year ended 31 October 2016

We have audited the parent company financial statements of Idox plc for the year ended 31 October 2016 which comprise the parent company Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS101 'Reduced Disclosure Framework'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 26, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs for the year ended 31 October 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the Group financial statements of Idox plc for the year ended 31 October 2016.

Simon Bevan
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

13 December 2016

Company Balance Sheet

At 31 October 2016

	Note	2016 £000	2015 £000
Non current assets			
Investments	6	93,236	84,642
Debtors: falling due after one year	7	145	2,039
		93,381	86,681
Current assets			
Debtors: falling due within one year	7	100	131
Creditors: amounts falling due within one year	8	(5,333)	(36,292)
Net current liabilities		(5,233)	(36,161)
Total assets less current liabilities		88,148	50,520
Creditors: amounts falling due after more than one year	9	(26,500)	(25,000)
Net assets		61,648	25,520
Capital and reserves			
Called up share capital	10	3,640	3,587
Capital redemption reserve		1,112	1,112
Share premium account		13,480	11,741
Treasury reserve		(1,244)	(1,271)
Share option reserve	11	2,218	1,900
Retained earnings		42,442	8,451
Shareholders' funds		61,648	25,520

The financial statements were approved by the Board of Directors and authorised for issue on 13 December 2016 and are signed on its behalf by:

Andrew Riley
Chief Executive Officer
13 December 2016

The accompanying accounting policies and notes form an integral part of these accounts.

Company name: Idox plc Company number: 03984070

Company Statement of Changes in Equity

For the year ended 31 October 2016

	Share Capital £000	Capital redemption reserve £000	Share premium account £000	Treasury reserve £000	Share option reserve £000	Profit and loss account £000	Total £000
At 1 November 2014							
Issue of share capital	3,587	1,112	11,741	(1,001)	1,636	7,020	24,095
Share options reserve movement	–	–	–	–	264	–	264
Shares repurchased	–	–	–	(270)	–	–	(270)
Dividends paid	–	–	–	–	–	(2,668)	(2,668)
Transactions with owners	–	–	–	(270)	264	(2,668)	(2,674)
Profit for the year	–	–	–	–	–	4,099	4,099
Total comprehensive income for the year	–	–	–	–	–	4,099	4,099
At 31 October 2015	3,587	1,112	11,741	(1,271)	1,900	8,451	25,520
Issue of share capital	53	–	1,739	–	–	–	1,792
Share options reserve movement	–	–	–	–	318	–	318
Shares repurchased	–	–	–	–	–	–	–
Exercise of options from treasury reserve	–	–	–	27	–	(19)	8
Dividends paid	–	–	–	–	–	(3,149)	(3,149)
Transactions with owners	53	–	1,739	27	318	(3,168)	(1,031)
Profit for the year	–	–	–	–	–	37,159	37,159
Total comprehensive income for the year	–	–	–	–	–	37,159	37,159
At 31 October 2016	3,640	1,112	13,480	(1,244)	2,218	42,442	61,648

The capital redemption reserve for the Group and the Company was created during 2003 when the entire deferred ordinary share capital was bought in exchange for one ordinary 1p share. Other reserves relate to the issued share capital and share premium account in the Company's subsidiary undertaking, Idox Software Limited, and has been treated in accordance with FRS 101 under merger accounting. The share options reserve represents shares to be issued on potential exercise of those share options that have been accounted for under FRS 101.

The purpose of the treasury reserve is to enable the Board to issue share options to employees.

Notes to the Company Financial Statements

For the year ended 31 October 2016

1 Company Information

Idox plc is a company which is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA. The registered number of the Company is 03984070.

2 Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a historical cost basis as modified by the revaluation of certain financial assets and liabilities, being derivatives at fair value through profit or loss.

The financial statements are presented on Sterling (£).

Changes in accounting policies

This is the first year in which the financial statements have been prepared in accordance with FRS 101. The date of transition to FRS 101 is 1 November 2014. An explanation of the transition is included in note 12 to the financial statements. In applying FRS 101 for the first time, the company has applied early the amendment to FRS 101 which permits a first time adopter not to present an opening statement of financial position at the beginning of the earliest comparative period.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS101. Therefore these financial statements do not include:

- A statement of cash flows and related notes
- The requirement to produce a balance sheet at the beginning of the earliest comparative period
- Presentation of comparative reconciliations for fixed assets
- Disclosure of key management personnel compensation
- Certain disclosure in relation to share based payments
- Disclosures in relation to impairment of assets
- The effect of future accounting standards not adopted

Share based payment

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 November 2006 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

Employees to whom share options have been granted provide their services in subsidiary companies of Idox plc. All equity settled share-based payments are recognised as an expense in the profit and loss account of the relevant subsidiary company. In Idox plc, the cost is allocated to investments in subsidiaries.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to reserves.

Notes to the Company Financial Statements continued

For the year ended 31 October 2016

2 Accounting Policies continued

Investments

Fixed asset investments in subsidiary undertakings are stated at cost less provision for impairment.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet.

Share capital is classed as an equity instrument where the contractual terms do not have any terms meeting the definition of a financial liability. Dividends and distributions relating to equity instruments are debited direct to equity.

Interest and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

Treasury reserve

The treasury reserve represents shares repurchased by the Company to be held for redistribution as share options. The cost of treasury shares is debited to the Treasury reserve.

3 Directors and Employees

There are no wages and salaries paid by the parent company.

The Company has no employees and Directors are remunerated by other Group companies. Details of the remuneration for each Director are included in the Report on Remuneration which can be found on pages 27 and 28 but which do not form part of the audited accounts.

4 Dividends

	2016 £000	2015 £000
Final dividend paid in respect of the year ended 31 October 2015 and 31 October 2014	1,885	1,512
Pence per ordinary share	0.525p	0.425p
Interim dividend paid in respect of the year ended 31 October 2016 and 31 October 2015	1,264	1,156
Pence per ordinary share	0.350p	0.325p

The Directors have proposed the payment of a final dividend of 0.650p per share, which would amount to £2,347,000 (2015: 0.525p).

5 Profit for the Financial Year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £37,159,000 (2015: £4,099,000).

6 Investments

	Investment in Group undertakings £000
Cost or market value	
At 1 November 2015	87,699
Additions	8,873
Disposals	(279)
At 31 October 2016	96,293
Impairment	
At 1 November 2015 and 31 October 2016	3,057
Net book amount	
At 31 October 2016	93,236
At 31 October 2015	84,642

Notes to the Company Financial Statements continued

For the year ended 31 October 2016

6 Investments continued

At 31 October 2016 the Company held investments in the following companies:

	Country of registration	Class of share held	Proportion held	Nature of business
i-documentsystems Trustees Limited	England	Ordinary	100%	Corporate trustee of Employee share ownership trust
Idox Software Limited	England	Ordinary	100%	Software services
Cloud Amber Limited	England	Ordinary	100%	Software services
Open Objects Software Limited	England	Ordinary	100%	Software services
Reading Room Limited	England	Ordinary	100%	Software services
Reading Room London Limited	England	Ordinary	100%	Software services
Reading Room Studio Limited	England	Ordinary	100%	Software services
Reading Room Manchester Limited	England	Ordinary	100%	Software services
Rippleffect Studio Limited	England	Ordinary	100%	Software Services
Idox Belgium NV*	Belgium	Ordinary	100%	Information services
Idox Netherlands BV**	Holland	Ordinary	100%	Information services
Currency Connect Holdings BV	Holland	Ordinary	100%	Holding Company
Currency Connect BV	Holland	Ordinary	100%	Information services
Idox Germany GmbH***	Germany	Ordinary	100%	Software services
McLaren Software Limited	Scotland	Ordinary	100%	Software services
McLaren Software Inc	USA	Ordinary	100%	Software services
Idox France SARL****	France	Ordinary	100%	Software services
CT Space Technologies Pty	India	Ordinary	100%	Software services
Interactive Dialogues Limited	England	Ordinary	100%	Dormant Company
Uwsubsidie BV	Holland	Ordinary	100%	Dormant Company
Strand Electoral Management Services Limited	England	Ordinary	100%	Dormant Company
Strand Enterprises Limited	England	Ordinary	100%	Dormant Company
Idox Information Solutions Limited (formerly J4B Software & Publishing Limited)	England	Ordinary	100%	Dormant Company
Grantfinder Limited	England	Ordinary	100%	Dormant Company
Plantech Limited	England	Ordinary	100%	Dormant Company
Opt2Vote Limited	England	Ordinary	100%	Dormant Company
CAPS Solutions Limited	England	Ordinary	100%	Dormant Company
Lalpac Limited	England	Ordinary	100%	Dormant Company
Idox Information Services Limited	England	Ordinary	100%	Dormant Company
McLaren Software Group Limited	Scotland	Ordinary	100%	Holding Company
McLaren Software GmbH	Germany	Ordinary	100%	Dormant Company
McLaren Consulting BV	Holland	Ordinary	100%	Dormant Company
McLaren Software SARL	Switzerland	Ordinary	100%	Dormant Company
FMx Limited	England	Ordinary	100%	Dormant Company
Buildonline Global Limited	England	Ordinary	100%	Dormant Company
Buildonline Ireland Limited	Ireland	Ordinary	100%	Dormant Company
CT Space Limited	England	Ordinary	100%	Dormant Company
CT Space Inc	USA	Ordinary	100%	Dormant Company
Citadon Inc	USA	Ordinary	100%	Dormant Company

* Interactive Dialogues NV was renamed Idox Belgium NV during the year.

** J4B Nederland BV was renamed Idox Netherlands BV during the year.

*** Digital Spirit GmbH was renamed Idox Germany GmbH during the year. CT Space GmbH was merged into Idox Germany GmbH during the year, with CT Space GmbH being immediately dissolved post-merger.

**** CT Space SARL was renamed Idox France SARL during the year. Artesys International SA was merged into Idox France SARL during the year, with Artesys International SA being immediately dissolved post-merger.

7 Debtors

	2016 £000	2015 £000
Falling due within one year:		
Other debtors	100	131
Falling due after one year:		
Other debtors	90	190
Amounts owed by Group undertakings	55	1,849
	145	2,039

Included in the above for the Company is £55,000 (2015: £1,849,000) owed by Group undertakings which is due after more than one year. The Directors consider this loan to be recoverable.

8 Creditors: Amounts Falling due within One Year

	2016 £000	2015 £000
Bank loan	2,500	2,500
Amounts owed to Group undertakings	452	32,213
Other creditors	2,209	1,345
Accruals and deferred income	172	234
	5,333	36,292

During the year the Group performed a review of intercompany balances and elected to waive various balances.

9 Creditors: Amounts Falling due after more than One Year

	2016 £000	2015 £000
Bank loan	26,500	25,000

At the balance sheet date, the Company had two loan facilities in place through a two-bank facility with Royal Bank of Scotland and Silicon Valley Bank. These banking facilities consist of a term loan and a revolving credit facility.

At the balance sheet date, the term loan had an outstanding balance of £12,000,000 and during the period the loan was held, the average interest rate was 3.06%.

At the balance sheet date, the revolving credit facility had an outstanding balance of £17,000,000 and during the period the loan was held, the average interest rate was 2.75%.

There are unamortised loan fees of £190,000 (2015: £290,000) at the balance sheet date.

As security for the above loans, Royal Bank of Scotland and Silicon Valley Bank hold a fixed and floating charge over the assets of Idox plc and certain subsidiaries, a guarantee supported by Idox plc and certain subsidiaries and a share pledge in respect of the entire issued share capital of each subsidiary company.

The Directors' estimate that the fair value of the Company's borrowing is not significantly different to the carrying value.

Notes to the Company Financial Statements continued

For the year ended 31 October 2016

10 Share Capital

	2016 £000	2015 £000
Authorised:		
650,000,000 ordinary shares of 1p each (2015: 650,000,000)	6,500	6,500
Allotted, called up and fully paid:		
As at 1 November	3,587	3,587
Issued and allotted during the year	53	–
364,012,063 ordinary shares of 1p each (2015: 358,733,615)	3,640	3,587

Movement in issued share capital in the year

During the year to 31 October 2016, four employees exercised share options across eleven separate exercises. To satisfy the exercise of eight of these transactions, the Company issued and allotted 3,373,686 new ordinary shares of 1p each. The three remaining exercises were settled with treasury shares totalling 64,000 ordinary shares of 1p each.

In addition, a further 1,904,762 new ordinary shares of 1p each were issued and allotted during the year as part of the consideration for Open Objects Software Ltd.

The Company has one class of ordinary share which carries no right to fixed income.

At 31 October 2016, there were 2,259,329 (2015: 2,093,953) shares in issue under ESOP. During the year the average issue share price was 57p (2015: 40p).

At 31 October 2016, there were 2,991,219 (2015: 3,055,219) shares held in treasury.

11 Share Options

The Company has an unapproved share option scheme for all employees (including Directors). All share options are exercisable at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is quarterly from the date of grant. The options are normally settled in equity once exercised.

An Employee Share Investment Trust is in place to allow employees a tax efficient way of investing in the Company. The Company purchases matching shares which become the property of the employee after a three year vesting period.

Details of all share options over 1p Ordinary shares, falling within the measurement and recognition criteria of FRS 101 "Reduced Disclosure Framework" and forming part of the unapproved share scheme, including their contractual life and exercise prices are as follows:

At start of year	Granted	Exercised	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
666,000	–	–	–	666,000	7.50p	May 2007	May 2017
385,000	–	44,000	–	341,000	8.125p	Jun 2007	Jun 2017
275,000	–	275,000	–	–	15.00p	Dec 2007	Dec 2017
423,077	–	423,077	–	–	13.00p	Aug 2008	Aug 2018
366,667	–	366,667	–	–	15.00p	Aug 2008	Aug 2018
4,287,337	–	975,610	–	3,311,727	10.25p	Mar 2010	Mar 2020
6,750,000	–	1,000,000	–	5,750,000	20.00p	Mar 2011	Mar 2021
1,005,000	–	40,000	–	965,000	18.00p	Mar 2011	Mar 2021
430,000	–	–	–	430,000	35.00p	Apr 2012	Apr 2022
600,000	–	300,000	–	300,000	44.00p	Sep 2012	Sep 2022
450,000	–	–	250,000	200,000	35.75p	Jul 2013	Jul 2023
500,000	–	–	–	500,000	39.12p	Mar 2014	Mar 2024
460,000	–	13,332	–	446,668	39.00p	Jul 2014	Jun 2024
1,130,000	–	–	–	1,130,000	38.38p	Feb 2015	Feb 2025
–	2,395,000	–	–	2,395,000	50.00p	Apr 2016	Apr 2026
–	700,000	–	–	700,000	50.00p	Apr 2016	Apr 2026
17,728,081	3,095,000	3,437,686	250,000	17,135,395			

Notes to the Company Financial Statements continued

For the year ended 31 October 2016

11 Share Options continued

The following table sets out the number of share options and associated weighted average exercise price (WAEP) outstanding during the year:

	2016		2015	
	No.	WAEP Pence	No.	WAEP Pence
Outstanding at the beginning of the year	17,728,081	20.23	18,015,203	19.78
Granted during the year	3,095,000	50.00	1,130,000	38.38
Exercised during the year	(3,437,686)	17.43	(559,622)	13.49
Lapsed during the year	(250,000)	35.75	(857,500)	38.97
Outstanding at the end of the year	17,135,395	25.95	17,728,081	20.23
Exercisable at the end of the year	15,313,635	23.15	17,360,025	19.86

The share options outstanding at the end of the year have a weighted average remaining contractual life of 5 years. The share options exercised during the year had a weighted average exercise price of 17.43p and a weighted average market price of 45.44p.

The fair values were calculated using the Black-Schöles Pricing Model and the following information:

Date of issue	Number granted No.	Weighted average share price Pence	Weighted average exercise price Pence	Expected volatility %	Expected life Years	Risk free rate %	Expected dividend yield %	Weighted average fair value at grant date £
Apr 16	2,395,000	56.38	50.00	32.50	8	0.47	1.75	0.18
Apr 16	700,000	56.38	50.00	32.50	8	0.47	1.75	0.18

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised a total charge of £419,000 (2015: £311,000) for equity-settled share-based payment transactions related to the unapproved share option scheme during the year. A charge of £419,000 (2015: £205,000) related to share options granted and £nil (2015: £106,000) related to share options exercised.

As the share option scheme is a Group scheme, there has been no charge recognised in the parent Company accounts.

Long-Term Incentive Plan (LTIP)

During the year, no further options were granted under the Long-Term Incentive Plan.

The Group recognised a total charge of £178,000 (2015: £104,000) for equity-settled share-based payment transactions related to the LTIP during the year. The total cost was in relation to share options granted and £nil (2015: £Nil) related to share options exercised.

	2016 No. of options	2015 No. of options
Outstanding at the beginning of the period	3,600,000	–
Granted	–	3,600,000
Forfeited	–	–
Vested	–	–
Outstanding at the end of the period	3,600,000	3,600,000
Exercisable at the end of the period	–	–

As the LTIP share option scheme is a Group scheme, there has been no charge recognised in the parent Company accounts.

12 Transition to FRS 101

The Company has adopted FRS 101 for the first time having previously applied UK GAAP, which was effective for periods commencing on or after 1 January 2015. The date of transition to FRS 101 was 1 November 2014. No adjustments have been made to comparatives for the year ended 31 October 2015.

13 Related Party Disclosures

As permitted by FRS 101, related party transactions with wholly owned members of the Group have not been disclosed. Related party transactions regarding remuneration and dividends paid to key management of the Company have been disclosed in note 27 of the Group financial statements.

14 Capital Commitments

The Company had no capital commitments at 31 October 2016 or 31 October 2015.

15 Contingent Liabilities

There were no material Company contingent liabilities at 31 October 2016 or 31 October 2015.

16 Ultimate Controlling Party

There is no ultimate controlling party.

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