IDOX PLC

2009 annual report

Annual Report & Accounts 2009

www.IDOXplc.com

Contents

Financial and Operational Highlights

For the year ended 31 October 2009

- **Revenues £32.2m** (2008: £34.0m) **reflecting extended delivery schedules and increased mix of longer term contracts**
- **Normalised pre-tax profit* £6.7m** (2008: £7.6m)
- **Pre-tax profit £4.5m** (2008: £6.6m) **after exceptional restructuring and impairment charge**
- **Normalised EPS 1.64p** (2008: 1.70p)**, Basic EPS 1.01p** (2008: 1.40p)
- **Final dividend proposed of 0.12p, making a total for year of 0.2p, up 74%** (2008: 0.115p)
- **£6.9m cash at period end, £3.2m net funds** (2008: £1.0m) **after £3.0m debt repayment, maiden interim dividend and acquisition of j4b**
- **Won all three large contracts tendered by new Unitary Authorities, totalling £2.0m**
- **Awarded £1.5m contract to deliver Stream 3 of Scottish Government project following successful delivery of Stream 2**
- **Improved efficiency after 17% year-over-year headcount reduction**

* Normalised pre-tax profit is derived by adding back amortisation, share option costs, exceptional restructuring costs and impairment charge.

Chairman's Statement

For the year ended 31 October 2009

IDOX specialises in providing document management, case management, workflow systems, content and web-based portals for local government needs.

Local Authorities represent one of the largest sectors of Government IT spending in the UK, with an annual investment of around £4 billion, according to a November 2009 survey by Kable, the research consultancy. The market is characterised by long-term customer relationships that generate strong and recurring revenue streams.

As a result of its expertise in software development, coupled with a strong understanding of customer requirements and the rapid return on investment of its applications, IDOX has become a leading supplier to the land and property departments of local authorities. The Group has also made substantial inroads into other local authority markets including revenues and benefits.

IDOX's innovative solutions have given local authorities and other bodies the tools to manage information and the ability to connect directly with citizens through online portals, such as Scotland's ePlanning web site. At the same time, local authorities enjoy significant efficiency gains, enabling them to reduce costs while improving services.

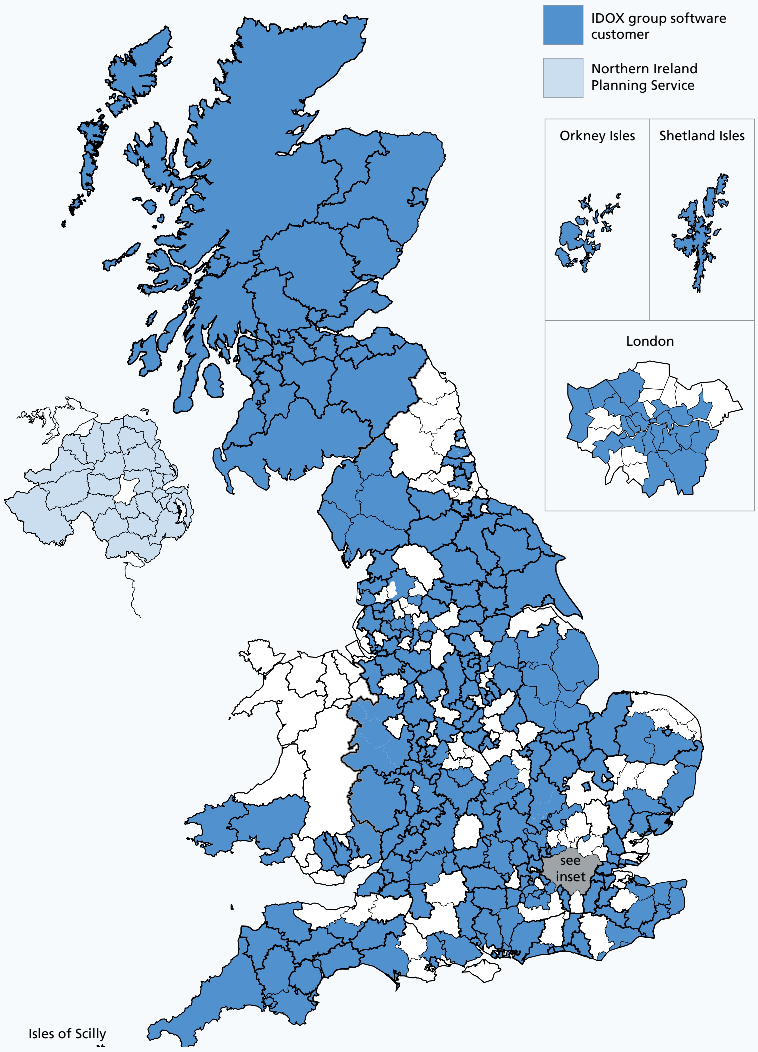
Capitalising on its expertise and market leadership, IDOX will continue to consolidate and advance these capabilities into adjacent public-sector markets and into the private sector by pursuing an organic and acquisitive approach.

The 2009 financial year saw IDOX strengthen its position as a leading partner of Local Authorities needing to improve services and reduce costs through the use of information technology. Its core software and services are now used by 338 local authorities. The Group's strong market position is reflected in the fact that IDOX beat significant competition to win contracts in all of the new Unitary Authorities created by the Local Government Review who have tendered for work.

The 2009 financial year saw IDOX strengthen its position as a leading partner of Local Authorities

IDOX achieved its software sales targets for 2009, built a strong contracted order book, improved its qualified pipeline and increased its level of recurring revenues. However, delays in procurement completions that left little time for implementation before the year end, as well as a shift towards longer-term managed-service contracts, meant that some revenues and profits could not prudently be booked before the end of the financial year.

IDOX GROUP UK LOCAL AUTHORITY CUSTOMERS



The Group proposes to pay a final dividend of 0.12 pence.

Revenues fell by 5% and EBITDA 13% as local authorities responded to the challenging economic climate and delayed IT procurement decisions or opted for longer-term managed-service contracts. However, the 2010 financial year has begun well with the implementation and recognition of orders contracted in 2009.

Tight cost controls and strong management of working capital ensured that the Group's net cash position remained strong at £3.2m, despite the repayment of £3m of debt, the acquisition of j4b for £0.8m cash and the payment of a maiden interim dividend. The Group proposes to pay a final dividend of 0.12 pence.

Martin Brooks
Chairman
25 January 2010

Chief Executive's Report

For the year ended 31 October 2009

The core Software division had a good year, winning notable large contracts including the Scottish Government's Stream 3 ePlanning procurement and all of the new Unitary Authorities created by the Local Government Review who have tendered for work in 2009, namely Cornwall, Shropshire, and Central Bedfordshire. Helped by the launch of new public-access modules, Enterprise modules, and updates to existing products, IDOX increased market share in its core segments through competitor replacements in Medway, North Norfolk, North Kesteven and expanded its presence in other authorities such as Eastleigh, where it implemented a corporate-wide EDRMS solution.

IDOX increased market share in its core segments

The timing and mix of orders was different than expected, with a larger element coming from managed-service contracts spread over a number of years. This shift, combined with new product releases and the additional requirement to hit the deployment timetable for Scotland Stream 2, a complex rollout across Scotland with customer and third-party dependencies, resulted in deliveries and associated revenue recognition falling short of expectations.

However, the Group increased recurring revenues strongly and at the end of the year the level of contracts awaiting delivery was 60% up on a like for like basis.

IDOX's operational capability was stretched in the first half of the year when it delivered on schedule an ePlanning Solution for the Scottish Government that linked its 16 Unitary Authorities. The experience gained from this and the follow-up review of internal processes has already delivered improvements in the Group's operating procedures that will lead to more efficient project management and better managed services.

IDOX won notable large contracts including the Scottish Government's Stream 3 ePlanning procurement

In product development, IDOX achieved several goals. It completed product road maps for its core business lines, introduced and enhanced computerised production systems using in-house Enterprise product technology, introduced quality initiatives across the company, achieved cost savings and successfully delivered important new products on time and to a higher quality standard. Developments planned for 2010

the Group increased recurring revenues strongly and at the end of the year the level of contracts awaiting delivery was 60% up on a like for like basis.

are designed to position IDOX as the most efficient and focused supplier of quality solutions and managed services to Local Government.

Demand for the Solutions business, which accounts for 10% of Group revenues, suffered from the economic downturn with key private and public sector projects being delayed or postponed indefinitely. The acquisition of j4b offset this to some extent with the completion of a major contract for the charities sector after its integration. j4b has also augmented IDOX's subscription business with its Bidtrack product, generated advertising revenues, added new technology with its Content Management System, added web publishing expertise and strengthened the IDOX management team.

The Group's Recruitment business has suffered through layoffs and downsizing in all of its markets. Contract interim placements held up well, but there was a 52% fall in permanent recruitment which, although accounting for just 1% of Group revenues, had a 5% impact on Group operating profits. The integration of the team from Intelligent Resources towards the end of the year, has strengthened the Group's position and the outlook for recruitment in 2010 has already started to improve.

Summary and Outlook

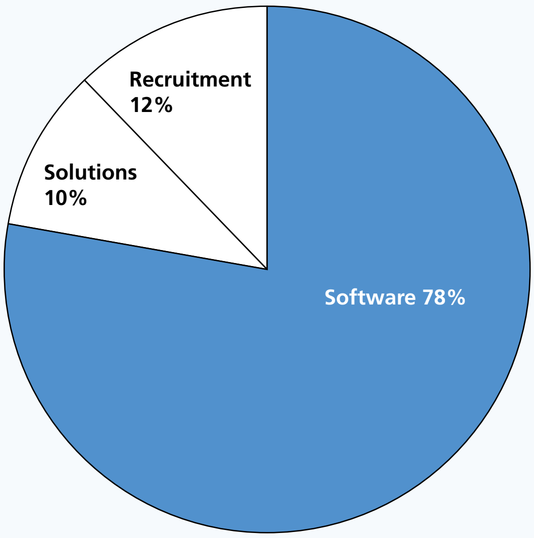
The Board is confident of a good performance in 2010. Although the Government has reiterated its commitment to maintain core funding at previously agreed levels though until 2011, local authorities will face growing pressure to improve services and reduce costs.

Chief Executive's Report cont'd

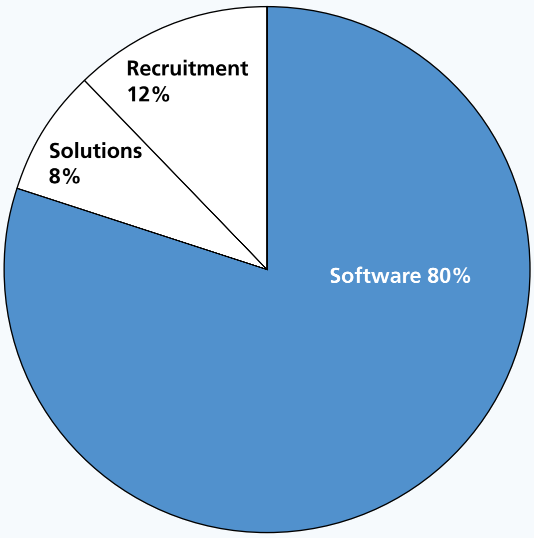
For the year ended 31 October 2009

DIVISIONAL ANALYSIS: REVENUE MIX

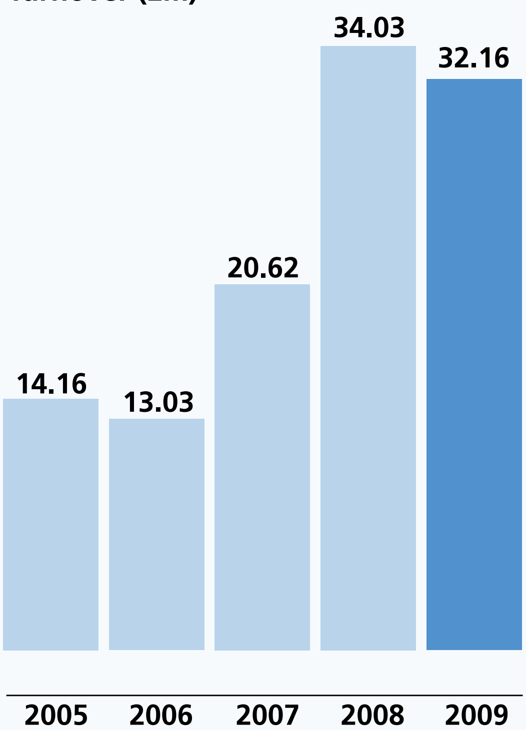
12 months to 31 October 2009



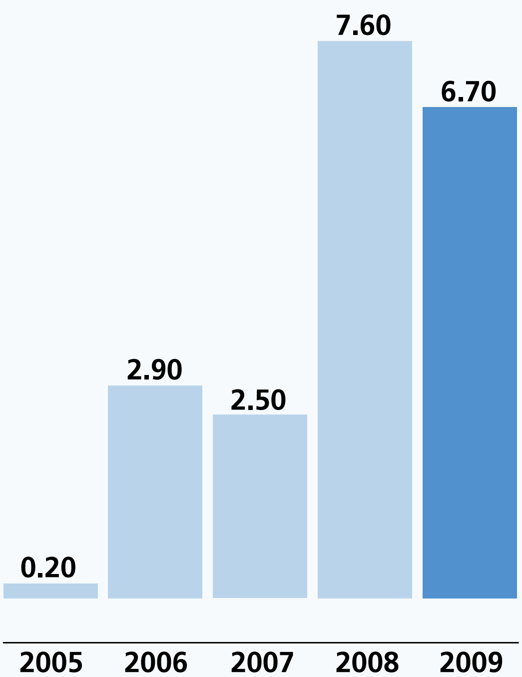
12 months to 31 October 2008



Turnover (£m)



Normalised profit/(loss) before tax (£m)



Chief Executive's Report cont'd

For the year ended 31 October 2009

The Board expects that in the face of such economic pressures, local authorities will increasingly appreciate the rapid return on investment and benefits of service improvements that IDOX software and services provide at relatively little cost.

The effort IDOX invested in product development during the 2009 financial year should generate good returns in 2010, with existing and potential customers benefiting from a wider range of software modules, upgrades and enhanced offerings from the consultancy, recruitment and managed-services businesses.

The 2010 financial year has begun positively. IDOX is delivering on its substantial contracted order book, converting its large pipeline of prospects into sales and seeing signs of recovery in the Solutions and Permanent Recruitment businesses.

Richard Kellett-Clarke
Chief Executive Officer
25 January 2010

Chief Financial Officer's review

For the year ended 31 October 2009

Revenues were £32.2m (2008: £34.0m) reflecting extended delivery schedules on software contracts, an increased mix of longer-term maintenance and managed-service contracts and challenging market conditions that affected the recruitment business.

The Software business, which accounts for 78% of Group revenues, delivered £25.1m (2008: £27.1m), of which around 52% were recurring, up from 46% in the previous year.

Although new software sales were in line with management expectations, the revenue mix contained a higher proportion of maintenance and managed-service contracts that will be recognised over longer periods. In addition, there were a number of larger contract wins, including the third phase of the Scottish Government e-Planning project, where delivery and therefore revenue recognition extends into 2010. As a result, the contracted order book increased by 60% year-on-year to £6.1m.

The Recruitment and Training business reported revenues of £3.8m (2008: £4.4m), reflecting the rapid deterioration in the employment market.

The Solutions division increased revenue to £3.4m (2008: £2.6m) as a result of a six-month contribution from j4b, acquired in April 2009, which provides content to local authorities and other public sector bodies.

The addition of j4b has augmented recurring revenues, which now make up 53% of solutions turnover which together with strong recurring revenues in the Software business, provide a solid foundation for the Group's performance.

Gross margins for the Group were 77% (2008: 79%), reflecting a shifting mix within the recruitment business toward interim placements, which now account for 93% of recruitment revenues (2008: 87%). Software margins of 85% (2008: 88%) were marginally reduced by additional costs associated with the delivery of the Scottish Government Stream 2 project and lower revenue to cover certain fixed external charges.

Even after the current-year acquisition of j4b and a full year of costs from Plantech, acquired in 2008, operating costs were reduced by 5% to £17.4m (2008: £18.4m) as a result of tight cost controls, the completion of the integration of acquisitions and productivity gains. The associated 17% headcount reduction since October 2008, resulted in an exceptional charge of £0.4m. The full benefit of these savings will be felt in 2010.

EBITDA of £7.5m (2008: £8.6m) reflects the revenue decline, although it has been offset to some extent by operating cost savings. However, EBITDA margin remains healthy at 23% (2008: 25%).

Normalised pre-tax profit, excluding amortisation, impairment, share options

The 74% increase in dividend reflects the Board's continuing confidence in the long-term strength of the business and its healthy operating cash generation of 63% (2008: 50%).

costs and exceptional charges, was £6.7m (2008: £7.6m). Pre-tax profit was £4.5m (2008: £6.6m) after an increased amortisation charge following the acquisition of j4b, the amortisation of capitalised Research & Development and the exceptional charge of £0.4m (2008: Nil). In addition there was a goodwill impairment charge of £0.5m relating to the Group's Solutions business.

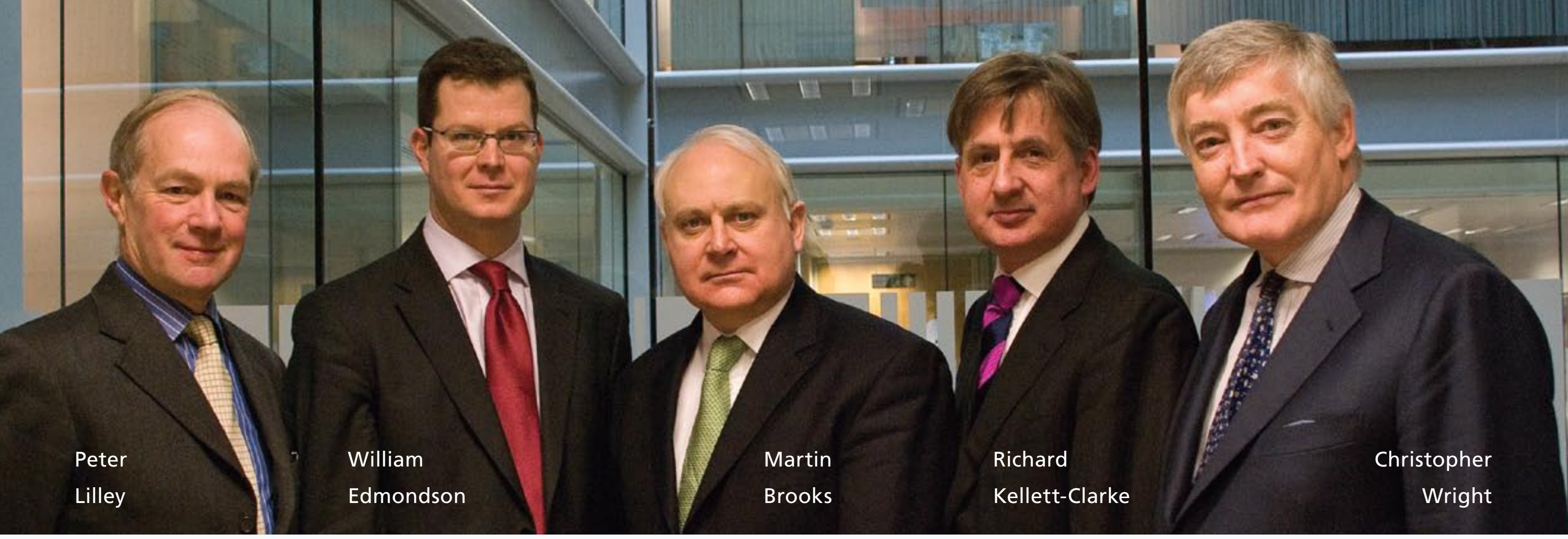
Normalised earnings per share were 1.64p (2008: 1.70p). Basic earnings per share were 1.01p (2008: 1.40p).

A maiden interim dividend of 0.08p per share was paid in August 2009. The Board proposes a final dividend of 0.12p to give a full year dividend of 0.20p (2008: 0.115p). The 74% increase in dividend reflects the Board's continuing confidence in the long-term strength of the business and its healthy operating cash generation of 63% (2008: 50%).

IDOX ended the year with £6.9m cash and net funds of £3.2m after repaying £3.0m of debt and funding from existing cash resources the £0.8m acquisition of j4b, a dividend payment of £0.7m and share buy backs of £0.2m.

Strong working capital management resulted in a significant decrease in debtor days to 47 (2008: 68). The tax charge of £1.0m (2008: £1.8m) reflects a reduction in the Group's effective tax rate from 27% to 23% following recovery of prior-year research and development credits.

William Edmondson
Chief Financial Officer
25 January 2010



Board of Directors

For the year ended 31 October 2009

Chairman:

Martin Brooks (Aged 59)

Martin Brooks was CEO of Financial Times Information, now Interactive Data Corporation, the world's leading supplier of securities valuation data (1994-98). Prior to that he was MD of Extel Financial Ltd; part of a career spanning 30 years in newspapers, information publishing and IT, which started at the Financial Times in 1977. He chaired the publishing arm of The Institute of Chartered Accountants in England and Wales until 2002 and has also been a director or adviser to other companies. He is Non-Executive Chairman of Cornwall Development Company.

Chief Executive Officer:

Richard Kellett-Clarke (Aged 55)

Richard Kellett-Clarke has 25 years of directorial experience. He joined IDOX first as CFO, then was appointed MD of the software division, followed by 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 plc, Pearson PLC and Invensys plc. In addition, he was a founder and Managing Director of AFX NEWS Ltd, now part of Thomson Reuters), IT Director of Financial Times Information, and Founding Director of Sealed Media Ltd. a DRM Internet start up (now part of Oracle).

Chief Financial Officer:

William Edmondson (Aged 40)

William Edmondson previously spent 7 years at Autodesk inc., latterly as Finance Director for the Europe, Middle-East, India & Africa region. Autodesk inc. is the world's leader in 2D and 3D Design software. Prior to that he was a Divisional Controller at ITV plc and Finance Director of a Technology start-up focused on e-security. He is a UK Chartered Accountant, having trained at PriceWaterhouseCoopers.

Non-Executive Director:

Rt. Hon. Peter Lilley MP (Aged 66)

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 is a Non-Executive Director of Melchior Japan Investment Trust plc and Deputy Chairman of Tethys Petroleum Ltd. He is the senior independent Non-Executive Director of IDOX and chairs the Audit Committee.

Non-Executive Director:

Christopher Wright (Aged 52)

Christopher Wright was previously Global Head of Dresdner Kleinwort Capital. He is now Chairman of EMAlternatives LLC, a Director of Merifin Capital, and holds directorships of Roper Industries Inc and other public and private companies in the USA and elsewhere. He is an independent Non-Executive Director and chairs the Renumeration Committee.

Directors' Report

For the year ended 31 October 2009

The Directors are pleased to submit their report and audited financial statements for the year ended 31 October 2009.

Principal activities and review of business

The Company is a holding company. The principal activities of the Group are the development and supply of information and knowledge management products and services. A more detailed review of the business can be found in the Chairman's Statement, the Chief Executive's Statement and Chief Financial Officer's Review on pages 2 to 9.

Results and dividends

The audited financial statements for the year ended 31 October 2009 are set out on pages 21 to 65. The Group's profit for the year after tax amounted to £3,459,000 (2008: £4,784,000). The Directors paid a dividend of 0.08 pence per share in the first half of the 2009 financial year, in respect of the year ended 31 October 2009. The Directors will propose, at the forthcoming AGM, a final dividend of 0.12 pence per share in respect of the year ended 31 October 2009.

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 2009	1 November 2008
C Wright	702,222	702,222
Rt. Hon. P B Lilley MP	533,000	533,000
M Brooks [1]	2,973,206	2,973,206
R G Q Kellett-Clarke [2]	5,484,848	5,484,848
W Edmondson	100,000	-

[1] 2,702,127 (2008: 2,702,127) of these shares are held through a Self Invested Pension Plan.

[2] 1,466,667 (2008: 1,466,667) of these shares are held through Self Invested Pension Plan's and 1,200,000 (2008: 1,200,000) shares are held through certain members of his family and a family trust.

In addition to the shareholdings listed above, Martin Brooks and Richard Kellett-Clarke have been granted options over ordinary shares. Full details of these options are given in the Report on Remuneration on page 16.

Details of the Directors' service contracts can be found in the Report on Remuneration on page 16.

Charitable and political donations

The Group made £2,295 charitable donations during the year (2008: £6,000) and no political donations during the year (2008: £Nil).

Payment of creditors

It is the Group's practice to agree credit terms with all suppliers and to pay all approved invoices within these agreed terms. The average trade creditor days for the year were 64 days (2008: 70 days).

Substantial shareholdings

As at 30 November 2009 the Company was aware of the following interests in 3% or more of its issued share capital:

Shareholder	Number of shares	% Holding
ISIS Equity Partners	33,137,334	9.63
Herald Investment Trust plc	27,966,667	8.13
Highclere International Investors	20,426,488	5.94
Rensburg Sheppards Investment Management	18,936,014	5.50
Constellation Software	16,600,000	4.82
Williams De Broe	14,992,960	4.36
Brewin Dolphin	13,973,414	4.06
Foresight Investment Partners	11,091,873	3.22
Octopus Investments Ltd	10,499,163	3.05

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.

Employee consultation

The policy of informing and consulting with employees is maintained by means of regular team briefs and meetings. Employees are encouraged to present their views and suggestions in respect of the Group's performance. In addition, the Group has an intranet which facilitates faster and more effective communication.

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.

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 and interest rate risk. The directors review these risks on an ongoing basis. This policy has remained unchanged from previous years.

Credit risk

The Group's principal financial assets are cash and trade debtors. 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 debtors.

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.

Interest rate risk
Any funds over and above the current working capital requirements of the Group are invested in high interest deposit accounts. The Group's bank borrowings bear interest at rates linked to the LIBOR.

Principal risks and uncertainties
The principal risks and uncertainties affecting the Group include the following:

- 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.
- Economic – elements of the recruitment area of the business activity could be adversely affected by a further slowdown in the economic environment. However, in the event of an improvement in the economy, some recruitment revenue streams may improve. The software area of the business could be adversely affected if the government reduces the 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.
- Competitors – the Group has a number of competitors for its software products. To mitigate this risk, the Group continues to invest in and develop its software.

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

Indicator	2009	2008	Measure
Revenue (£000)	32,164	34,034	
Profitability ratios			
Gross margin	77%	79%	Gross profit as a percentage of turnover
EBITDA margin	23%	25%	Profit before interest, tax, depreciation, amortisation, restructuring and impairments as a percentage of revenue
Liquidity ratio			
Current ratio	1.06	1.16	Current assets divided by current liabilities
Other indicator			
Debtors days	47	68	Year end trade debtors divided by turnover, multiplied by 365 days

Non-financial indicators	
Quality Management	The IDOX group operates a quality policy that has been accredited to ISO 9001:2000 for the development and the sale of products for document, content and information management, providing innovative e-government and e-business solutions that allow the delivery of information to the citizen and customers across the internet, extranet or intranet.
Environmental Management	The IDOX group operates an environmental management system that 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, providing innovative e-government and e-business solutions that allow the delivery of information to citizen and customers across the internet, extranet or intranet.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement, the Chief Executive's Statement and Chief Financial Officer's Review on pages 2 to 9. The financial position of the Group, its cash flows and liquidity position are described in the Chief Finance Officer's Review on page 8. In addition, notes 1, 11, 17 and 20 to the financial statements include the Group's policies and processes for managing its capital, its financial risk management objectives, details of finance assets and liabilities and its exposures to credit risk and liquidity risk.

The Directors have reviewed the Group's budget and cash flows for 2010 in the context of the Group's banking facilities and covenants, the level of recurring revenue within the business, the outlook for our chosen markets, and our current working capital resources, and are satisfied that it is appropriate to prepare accounts on a going concern basis. There are no events or conditions that may cast significant doubt about the ability of the Group to continue as a going concern.

Disclosure of Information to Auditors

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors 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
Company Secretary
25 January 2010

Registered office
2nd Floor,
160 Queen Victoria Street
London, EC4V 4BF

Report on Remuneration

For the year ended 31 October 2009

Remuneration committee

The Remuneration Committee operates within defined terms of reference. The Remuneration Committee comprises the Chairman and two Non-Executive Directors. It is chaired by Christopher Wright.

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 also to align the interests of managers with those of our shareholders in the grant of option and other equity rewards which underlying securities grantees are very much encouraged to retain over the longer term.

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 turnover and profits as well as for cash balances. In addition, the Group has introduced new share option schemes for the Executive Directors.

Directors' remuneration

	Salary £000	Benefits £000	Total 2009 £000	Total 2008 £000	Pension 2009 £000	Pension 2008 £000
Executive Directors						
Martin Brooks [1]	100	1	101	130	-	-
Richard Kellett-Clarke	170	11	181	309	11	4
William Edmondson [2]	130	9	139	13	4	-
Steve Ainsworth [3]	-	-	-	133		
Non Executive Directors						
Christopher Wright	25	-	25	21	-	-
Peter Lilley	25	-	25	21	-	-
John Wisbey [4]	-	-	-	8		
Nigel Oxbrow [5]	-	-	-	6	-	-
	450	21	471	641	15	4

[1] Chairman
[2] appointed 29 September 2008
[3] appointed 7 June 2007 and resigned 16 November 2007
[4] resigned 28 February 2008
[5] resigned 28 February 2008

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

Report on Remuneration cont'd

For the year ended 31 October 2009

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. The Non-Executive Directors are not eligible to join the pension scheme.

Service contracts

The Executive Directors have entered into service contracts with the Group that are terminable by either party on not 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 of year	Granted during the year	Exercised	Lapsed	At end of year	Exercise price	Exercise date From	Exercise date To
Richard Kellett-Clarke	2,250,000	-	-	-	2,250,000	6.50p	Feb 2007	Oct 2011
Richard Kellett-Clarke	2,250,000	-	-	-	2,250,000	9p	Feb 2007	Oct 2014
Richard Kellett-Clarke	275,000	-	-	-	275,000	15p	Dec 2007	Aug 2010
Richard Kellett-Clarke	769,231	-	-	-	769,231	13p	Aug 2008	May 2013
Richard Kellett-Clarke	666,667	-	-	-	666,667	15p	Aug 2008	May 2013
Martin Brooks	2,250,000	-	-	-	2,250,000	6.50p	Feb 2007	Oct 2011
Martin Brooks	2,250,000	-	-	-	2,250,000	9p	Feb 2007	Oct 2014
Martin Brooks	275,000	-	-	-	275,000	15p	Dec 2007	Aug 2010
Martin Brooks	423,077	-	-	-	423,077	13p	Aug 2008	May 2013
Martin Brooks	366,667	-	-	-	366,667	15p	Aug 2008	May 2013
Totals	11,775,642	-	-	-	11,775,642			

The mid market price of the Company's shares at close of business on 31 October 2009 was 9.88p and the high and low share prices during the year were 12.75p and 7p respectively.

Directors' share interests

The Directors' shareholdings in the Company are listed in the Directors' Report on page 11.

Corporate Governance Report

For the year ended 31 October 2009

Corporate governance

The Group is committed to applying the highest principles of corporate governance commensurate with its size. The Group has adopted the Quoted Company Alliance (QCA) Corporate Governance Guidelines for AIM Companies as published in July 2005. The Group complies with the QCA Corporate Governance Guidelines except whereby:

- the Board does not currently undertake performance evaluation of the Board, its committees, and its individual directors
- the Board held eight Board meetings and two of each Committee meetings during the year. All Directors' attended each Board meeting. Two Directors attended each Committee meeting

Internal Controls

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 plc 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 preparation and review of strategy plans and the preparation and review of 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
- 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 which need to be disclosed in the accounts.

The Board has considered the need for an internal audit function and concluded that there is no current need for such a function within the Group. In the absence of a dedicated function, one member of staff has undergone internal audit training and ad hoc internal audit projects have been carried out cross-departmentally during the year. Furthermore, in compliance with the Group's quality standards, additional internal reviews are carried out.

Following publication of Internal Control: Guidance for Directors on the Combined Code (the "Turnbull Guidance"), 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 and is consistent with the Turnbull Guidance.

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report 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 financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with United Kingdom Company Law. They are also responsible for ensuring that the Annual Report includes information required by the AIM Market Rules.
The maintenance and integrity of the Group's web site is the responsibility of the Directors; the work carried out by the

auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the accounts since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and the dissemination of the accounts and other information included in annual reports may differ from legislation in other jurisdictions.

Accounting Policies

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

Board of Directors

The Board, comprising the Chairman, the Chief Executive Officer, the Chief Finance Officer and two Non-Executive Directors, is responsible for the overall strategy and direction of IDOX plc as well as for approving potential acquisitions, major capital expenditure items and financing matters. The Board has a formal schedule of business reserved to it and meets regularly during the year. The Board is supplied in a timely manner with information in a form and of a suitable quality appropriate to enable it to discharge its duties. Advice from independent sources is available if required. The Board monitors exposure to key business risks and reviews the strategic direction of the Group, the annual budgets as well as their progress against those budgets.

The Board members and their roles are described on page 10. In accordance with the Company's Articles of Association, one third of the Directors are required to retire by rotation at the Annual General Meeting.

Shareholder Relations

IDOX plc 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 plc maintains up-to-date information on the Investor Relations section of its website, www.IDOXplc.com.

Every shareholder is sent a full annual report each year end and at the half year end the interim report is made available on the investor relations website. 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 plc strives to give a full, timely and realistic assessment of its business in a balanced way, in all price-sensitive reports and presentations.

The Group has adopted the Quoted Company Alliance (QCA) suggested terms of reference for the various Board committees as set out by the QCA.

The Audit Committee

The Audit Committee is chaired by Peter Lilley and includes Christopher Wright. The Report of the Audit Committee can be found on page 19.

The Nomination Committee

The Nomination Committee is chaired by Peter Lilley and comprises all Non-Executive Directors.

The Remuneration Committee

The Remuneration Committee is chaired by Christopher Wright and includes Peter Lilley. This Committee determines the remuneration and benefits packages for the Executive Directors and any changes to the service contracts. The Committee also approves any share related incentive schemes within the Group.

Membership and Meetings

The Audit Committee is a committee of the Board and is comprised of two Non-Executive Directors: Peter Lilley and Christopher Wright.

The Audit Committee invites the Executive Directors, the external auditors 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.

During the period under review, the Audit Committee met four times.

Role, Responsibilities and Terms of Reference

The Audit Committee's role is to assist the Board in the effective discharge of its responsibilities for financial reporting and internal control.

Report of the Audit Committee

For the year ended 31 October 2009

The Audit Committee's responsibilities include:

- to review the integrity of the annual and interim financial statements of the Group ensuring they comply with legal requirements, accounting standards and AIM rules, and any other formal announcements relating to the Group's financial performance
- to review the Group's internal financial control and risk management systems
- monitor and review the requirement for an internal audit function
- to review the arrangements for staff to whistle-blow on financial reporting and other matters
- safeguard the auditor's objectivity and independence when non-audit services are provided
- oversee the relationship with the external auditor, including approval of their remuneration, agreeing the scope of the audit engagement, assessing their independence, monitoring the provision of non-audit services, and considering their reports on the Group's financial statements

The Audit Committee operates within agreed terms of reference, which can be found on the Company's website.

Independence of External Auditors
The Committee keeps under review the relationship with the external auditors including:

- the independence and objectivity of the external auditors, taking into account the relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of the non-audit services
- the consideration of audit fees and any fees for non-audit services

The Audit Committee develops and recommends to the Board the Group's policy in relation to the provision of non-audit services by the auditors, and ensures that the provision of such services does not impair the external auditor independence.

Peter Lilley
Chairman of the Audit Committee
25 January 2010

Report of the Independent Auditors to the members of IDOX plc

We have audited the group financial statements of IDOX plc for the year ended 31 October 2009 which comprise the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 17 and 18, 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 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS 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 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 2009.

Mark Cardiff
Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
2 February 2010

Consolidated Income Statement

For the year ended 31 October 2009

	Note	2009 £000	2008 £000
Revenue	2	32,164	34,034
External charges		(7,283)	(7,017)
		24,881	27,017
Staff costs	4	(14,026)	(14,745)
Other operating charges		(3,376)	(3,697)
		7,479	8,575
Depreciation		(372)	(340)
Amortisation		(1,112)	(920)
Goodwill impairment charge	10	(533)	-
Restructuring costs	4	(427)	-
Share option costs		(99)	(108)
Operating profit	3	4,936	7,207
Finance income		125	263
Finance costs		(582)	(901)
Profit before taxation		4,479	6,569
Income tax expense	7	(1,020)	(1,785)
Profit for the period		3,459	4,784
Earnings per share			
Basic	8	1.01p	1.40p
Diluted	8	1.00p	1.38p

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

Consolidated Balance Sheet

At 31 October 2009

	Note	2009 £000	2008 £000
ASSETS			
Non-current assets			
Property, plant and equipment	9	757	500
Intangible assets	10	32,608	31,887
Deferred tax assets	18	315	265
Total non-current assets		33,680	32,652
Current assets			
Trade and other receivables	13	6,462	8,276
Cash and cash equivalents	12	6,947	7,688
Total current assets		13,409	15,964
Total assets		47,089	48,616
LIABILITIES			
Current liabilities			
Trade and other payables	14	3,171	2,845
Other liabilities	15	8,138	8,113
Provisions	16	138	370
Current tax		187	1,086
Deferred tax liabilities	18	-	250
Derivative financial instruments	19	-	96
Borrowings	17	1,000	1,000
Total current liabilities		12,634	13,760
Non-current liabilities			
Trade and other payables	14	-	422
Deferred tax liabilities	18	3,501	3,292
Borrowings	17	2,781	5,696
Total non-current liabilities		6,282	9,410
Total liabilities		18,916	23,170
Net assets		28,173	25,446
EQUITY			
Called up share capital	21	3,442	3,442
Capital redemption reserve		1,112	1,112
Share premium account		9,903	9,883
Treasury reserve		(212)	-
Share options reserve		454	364
Merger reserve		1,294	1,294
ESOP trust		(88)	(96)
Retained earnings		12,268	9,447
Total equity		28,173	25,446

Consolidated Balance Sheet cont'd

At 31 October 2009

The financial statements were approved by the Board of Directors and authorised for issue on 25 January 2010 and are signed on its behalf by:

William Edmondson
Chief Financial Officer

Richard Kellett-Clarke
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

For the year ended 31 October 2009

	Called up share capital £000	Capital redemption reserve £000	Share premium account £000	Treasury reserve £000	Share option reserve £000	Merger reserve £000	ESOP Trust £000	Retained earnings £000	Total £000
The group									
At 1 November 2007	3,420	1,112	9,706	-	359	1,294	(104)	4,903	20,690
Profit for the year	-	-	-	-	-	-	-	4,784	4,784
Total recognised income and expense for the year	-	-	-	-	-	-	-	4,784	4,784
Issue of share capital	22	-	177	-	-	-	-	-	199
Transfer on exercise of share options	-	-	-	-	(103)	-	-	103	-
Share options reserve	-	-	-	-	108	-	-	-	108
Equity dividends paid	-	-	-	-	-	-	-	(343)	(343)
ESOP trust	-	-	-	-	-	-	8	-	8
At 31 October 2008	3,442	1,112	9,883	-	364	1,294	(96)	9,447	25,446
Profit for the year	-	-	-	-	-	-	-	3,459	3,459
Total recognised income and expense for the year	-	-	-	-	-	-	-	3,459	3,459
Deferred tax on share based payments	-	-	-	-	-	-	-	25	25
Issue of share capital	-	-	20	3	-	-	-	-	23
Transfer on exercise of share options	-	-	-	-	(9)	-	-	9	-
Share options reserve	-	-	-	-	99	-	-	-	99
Purchase of treasury shares	-	-	-	(215)	-	-	-	-	(215)
Equity dividends paid	-	-	-	-	-	-	-	(672)	(672)
ESOP trust	-	-	-	-	-	-	8	-	8
At 31 October 2009	3,442	1,112	9,903	(212)	454	1,294	(88)	12,268	28,173

Consolidated Cash Flow Statement

For the year ended 31 October 2009

	2009 £000	2008 £000
Cash flows from operating activities		
Profit for the period before taxation	4,479	6,569
Adjustments for:		
Depreciation	372	340
Amortisation	1,112	920
Goodwill impairment	533	-
Finance income	(125)	(263)
Finance costs	497	816
Debt issue costs amortisation	85	85
Share option costs	99	108
Exchange gains	27	-
Movement in receivables	1,955	(538)
Movement in payables	(1,541)	(1,830)
Cash generated by operations	7,493	6,207
Tax on profit paid	(2,152)	(1,280)
Net cash from operating activities	5,341	4,927
Cash flows from investing activities		
Acquisition of subsidiary net of cash acquired	(795)	(3,833)
Purchase of property, plant and equipment	(595)	(291)
Purchase of intangible assets	(464)	(353)
Finance Income	125	263
Net cash used in investing activities	(1,729)	(4,214)
Cash flows from financing activities		
Proceeds from issue of share capital	20	199
Interest paid	(353)	(816)
Other loan related costs	(144)	-
Loan repayments	(3,000)	(1,000)
Equity dividends paid	(672)	(343)
(Purchase)/sale of own shares	(204)	8
Net cash flows from financing activities	(4,353)	(1,952)
Net movement on cash and cash equivalents	(741)	(1,239)
Cash and cash equivalents at the beginning of the period	7,688	8,927
Cash and cash equivalents at the end of the period	6,947	7,688

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

Notes to the Accounts

For the year ended 31 October 2009

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 London Altenative Investment Market and is incorporated and domiciled in the UK. The address of its registered office is 160 Queen Victoria Street, London. The registered number of the company is 03984070.

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 derivative financial instruments carried at fair value through profit or loss.

As set out on page 14 of the Directors' Report, the financial statements have been prepared on a going concern basis.

Standards adopted early by the Group

The Group has elected to adopt IFRS 8 Operating Segments early. This standard replaces IAS 14 Segment Reporting and aligns segment reporting with the requirements of the US standard SFAS 131, Disclosures about segments of an enterprise and related information. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

International Financial Reporting Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, certain 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. Those which are considered relevant to the Group's operations are as follows:

- IAS 1 Presentation of financial statements – Revision. Amendments to the standard include changes to titles of some of the financial statements and presentational changes to the components of the financial statements. The revision is effective for periods commencing on or after 1 January 2009.
- IAS 23 Borrowing Costs – Revision. This revision eliminates the option to expense borrowing costs to the income statement as incurred and is effective for periods commencing on or after 1 January 2009.
- IAS 27 Consolidated and separate financial statements – Revision. The main amendments relate to the accounting for minority interests and the loss of control of a subsidiary. The revision is effective for periods commencing on or after 1 July 2009.
- IFRS 2 Share based payment – Revision. The amendment redefines vesting conditions and clarifies the accounting treatment in respect of cancellations and non-vesting conditions. The revision is effective for periods commencing on or after 1 January 2009.
- IFRS 3 Business combinations – Revision. This will bring changes to, the accounting for goodwill, the cost of business combinations and the accounting for business combinations achieved in stages. The revision is effective for periods commencing on or after 1 July 2009.
- IFRICs 12, 13, 14 and 15 are also coming in to issue and will be effective from 1 January 2008, 1 July 2008, 1 January 2008 and 1 January 2009 respectively. The issue of these IFRICs is not expected to have an impact on future financial statements.

The directors anticipate that the adoption of these Standards and Interpretations will have no marked impact on the financial statements when they come into effect, other than IAS1 Presentation of financial statements which will lead to presentation and disclosure amendments and IFRS 3 which no longer allows costs of acquisition to be capitalised.

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 10.

(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 balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the directors. See note 10 for further information.

(iii) Impairment of goodwill

The Group is required to test, as 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 10 for further commentary.

Fair value less costs to sell have been determined using an earnings multiplier, derived from comparable software industry data, adjusted for a control premium. See note 10 for further commentary.

(iv) Revenue recognition

The group recognises revenue on certain contracts such as work in progress, 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) Dilapidations

Dilapidation provisions are management's best estimates based on actual costs incurred in existing or similar properties. See note 16 for details of the amounts included in the balance sheet at the year end.

Basis of consolidation

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings drawn up to 31 October each year. Subsidiaries are those entities over which the Group has the power to control the financial and operating policies. Over all its subsidiaries, IDOX plc obtains and exercises control through 100% of the voting rights.

The Group elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 November 2006. Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP.

Assets and liabilities are recognised at the date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

All inter-company transactions are eliminated on consolidation.

The presentational currency of the group is £GBP sterling.

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, information solutions and recruitment services.

IDOX software products revenue is recognised in stages based on contract signing, delivery, configuration and client acceptance. For small value orders, the whole invoice amount is recognised at the billing point. For larger value orders, revenue is reviewed to see if the appropriate amount of work has been completed. For the largest orders, the amount of revenue recognised is dependent on the percentage of completion of the Group's contractual obligations. The revenues for maintenance and managed service contracts are spread over the period of the agreement, which is typically one year.

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. Revenue from information solutions based managed services is recognised on a usage basis as the service is performed.

Recruitment revenue from permanent placements is recognised in the month when the placement starts. Revenue from contract recruitment is recognised as the service is performed.

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. Revenue for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as they are foreseen.

Amounts recoverable on contracts are included in trade and other receivables and represent revenue recognised in excess of payments on account.

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 that makes strategic decisions.

Goodwill

Goodwill representing the excess of the fair value of the consideration given over the fair value of the group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the income statement.

Goodwill written off to reserves prior to 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 income statement 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 as an expense 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 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 within other operating charges.

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.

(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 and j4b Software and Publishing 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 and j4b Software and Publishing 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 20 and 10 years.

(iv) Software

Software represents the UNI-form and ACOLAID software purchased on the acquisition of CAPS Solutions Limited and Plantech 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 10 years.

(v) Database

Database represents the grant information database purchased on the acquisition of j4b Software & Publishing Limited. The database is carried at fair value less accumulated amortisation and accumulated impairment losses. Amortisation 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.

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 generally applicable are:

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

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 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).

All equity-settled share-based payments are ultimately recognised as an expense in the income statement 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 share capital, and where appropriate share premium.

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 in 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 liability of the employee share scheme. Purchased shares are classified within the ESOP trust reserve and 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.

Taxation

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

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 and joint ventures 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 the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Operating leases

All leases are operating in nature. Amounts paid under operating leases are charged to the income statement on a straight line basis over the lease term.

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.

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 and are subject to an insignificant risk of changes in value.

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 contact 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 the income statement 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.

Derivative financial instruments

The Group's activities expose the entity primarily to interest rate risk. The Group previously used interest rate swap contracts to manage these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles in the use of financial derivatives. Derivative financial instruments are accounted for at fair value through profit or loss. The Group does not apply hedge accounting.

2 SEGMENTAL ANALYSIS

As at 31 October 2009, the Group is primarily organised into three main business segments, which are detailed below.

Financial information is reported to the Board on a business unit basis with revenue and operating profits split by business unit. Each business unit is deemed a reportable segment as each offer different products and services.

- Software – delivers software and service solutions to mainly local government customers across a broad range of departments
- Solutions – delivering both an information service and consultancy services to a diverse range of customers across both private and public sectors
- Recruitment – providing personnel with information, knowledge, records and content management expertise to a diverse range of customers

Segment revenue comprises of 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 tax, interest payments and share option charges.

Relevant assets and liabilities are allocated to reportable segments in line with the percentage of total revenue.

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 for the year ended 31 October 2009 are as follows:

	United Kingdom £000	Netherlands £000	Total £000
Revenues from external customers	**31,856**	**308**	**32,164**

No geographic revenue disclosure was required in 2008 as the company did not have any operations outside of the United Kingdom.

The segment results by business unit for the year ended 31 October 2009 are as follows:

	Software £000	Solutions £000	Recruitment £000	Total £000
Revenues from external customers	**25,053**	**3,352**	**3,759**	**32,164**
Interest revenue	22	3	4	29
Interest expense	-	-	-	-
Net interest revenue	22	3	4	29
Depreciation	291	79	2	372
Amortisation	1,039	73	-	1,112
Impairment of goodwill	-	533	-	533

Segment profit/(loss) (see reconciliation below)	5,469	(411)	(33)	5,025
Segment total assets	11,972	1,501	1,684	15,157
Expenditures on segment non-current assets	475	120	-	595
Segment total liabilities	9,062	1,212	1,360	11,634

The segment results for the year ended 31 October 2008 are as follows:

	Software £000	Solutions £000	Recruitment £000	Total £000
Revenues from external customers	27,060	2,556	4,418	34,034
Interest revenue	222	21	20	263
Interest expense	(4)	-	-	(4)
Net interest revenue	218	21	20	259
Depreciation	259	66	15	340
Amortisation	920	-	-	920
Segment profit/(loss) (see reconciliation below)	7,509	(234)	226	7,501
Segment total assets	13,743	1,228	2,165	17,136
Expenditures on segment non-current assets	294	23	3	320
Segment total liabilities	10,203	957	1,655	12,815

Segment result of Recruitment includes an impairment loss in relation to goodwill of Nil (2007: £400,000).

Reconciliations of reportable profit/(loss) and assets and liabilities:

	2009 £000	2008 £000
Profit/(loss):		
Total profit for reportable segments	5,025	7,501
Other financial costs	(546)	(932)
Profit before taxation	4,479	6,569
Assets:		
Total assets for reportable segments	15,157	17,136
Goodwill and intangible assets	31,932	31,480
Total assets	47,089	48,616
Liabilities:		
Total liabilities for reportable segments	11,634	12,815
Borrowings	3,781	6,696
Deferred taxation	3,501	3,659
Total liabilities	18,916	23,170

Other financial costs relate to loan interest and a one off swap interest charge paid by IDOX plc, which along with the loan have not been included in reportable segments. Goodwill and intangible fixed assets (other than development costs) and related deferred tax entries are held at consolidation level only and are therefore shown as reconciling items.

3 OPERATING PROFIT FOR THE YEAR

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

	2009 £000	2008 £000
Auditors' remuneration:		
- Fees payable to the company's auditor of the company's annual accounts	25	26
- The audit of the company's subsidiaries, pursuant to legislation	48	50
- Other services pursuant to legislation	16	16
- Tax services	13	9
Bank facility fee amortisation	85	85
Operating lease rentals – buildings	313	348
Depreciation – property, plant & equipment, owned	372	340
Amortisation of intangibles	1,112	920
Equity-settled share-based payments	99	108
Net exit charge of derivative swap instrument	48	-

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2009 £000	2008 £000
Wages and salaries	12,183	13,073
Social security costs	1,380	1,306
Pension costs	463	366
	14,026	14,745

During the year the group incurred restructuring costs of £427,000 (2008: Nil). The restructuring costs represent redundancy payments to former staff.

The average number of employees of the group during the year was 304 (2008: 296) and is made up as follows:

	2009 No	2008 No
Office and administration (including Directors of the company and its subsidiary undertakings)	43	43
Software sales	32	33
Development	83	87
Operations	89	90
Solutions	32	14
Recruitment	25	29
	304	296

Remuneration in respect of directors was as follows:

	2009 £000	2008 £000
Emoluments	471	521
Pension contributions	15	4
Share based payment charge	99	54
Compensation for loss of office	-	120
	585	699

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

	2009 £000	2008 £000
Aggregate emoluments	181	309
Pension contributions	11	4
	192	313

Details of the remuneration for each director are included in the remuneration report which can be found on page 15 but which do not form part of the audited accounts.

5 FINANCE INCOME AND COSTS

	2009 £000	2008 £000
Interest receivable	29	263
Bank loans interest payable	(353)	(720)
Bank loan facility fee amortisation	(85)	(85)
Fair value gain / (loss) on financial liabilities recognised in profit or loss	96	(96)
Exit charges from derivatives (see note 19)	(144)	-
Net finance costs	(457)	(638)

6 DIVIDENDS

	2009 £000	2008 £000
Final dividend paid in respect of the year ended 31 October 2008 and 31 October 2007	395	343
Pence per ordinary share	0.115p	0.1p
Interim dividend paid in respect of the year ended 31 October 2009	277	-
Pence per ordinary share	0.08p	-

The directors have proposed the payment of a final dividend of 0.12p per share, which would amount to £413,000 (2008: 0.115p).

7 INCOME TAX

The tax charge is made up as follows:

	2009 £000	2008 £000
Current tax		
Corporation tax on profits for the period	1,637	2,149
Over provision in respect of prior periods	(384)	(272)
Total current tax	1,253	1,877
Deferred tax		
Origination and reversal of temporary differences	(321)	(205)
Adjustments in respect of prior periods	88	113
Total deferred tax	(233)	(92)
Total tax charge	1,020	1,785

Unrelieved trading losses of £116,000 (2008: £121,000) which, when calculated at the standard rate of corporation tax in the United Kingdom of 28% (2008: 28%), amounts to £32,000 (2008: £33,880). These remain available to offset against future taxable trading profits.

Factors affecting the tax charge in the period:

	2009 £000	2008 £000
Profit before taxation	4,479	6,569
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 28%)	1,254	1,839
Effects of:		
Expenses not deductible for tax purposes	49	262
Share based payments	(62)	217
Capital allowances in excess of depreciation	-	19
Difference in tax rate	(2)	84
Adjustments to tax charge in respect of prior year	(296)	(158)
Net movement on deferred tax on intangibles	77	(478)
	1,020	1,785

8 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:

	2009 £000	2008 £000
Profit for the year	3,459	4,784
Basic earnings per share		
Weighted average number of shares in issue	342,706,522	342,059,867
Basic earnings per share	1.01p	1.40p
Diluted earnings per share		
Weighted average number of shares in issue used in basic earnings per share calculation	342,706,522	342,059,867
Dilutive share options	3,890,563	5,061,729
Weighted average number of shares in issue used in dilutive earnings per share calculation	346,597,085	347,121,596
Diluted earnings per share	1.00p	1.38p
Normalised earnings per share		
Addback:		
Amortisation	1,112	920
Impairment	533	-
Share option costs	99	108
Restructuring costs	427	-
Normalised profit for year	5,630	5,812
Weighted average number of shares in issue	342,706,522	342,059,867
Normalised earnings per share	1.64p	1.70p

In the prior year financial statements, profit was adjusted for interest rate swaps in the calculation of normalised EPS. This has not been included in this year's normalised EPS calculation. The 2008 comparative normalised EPS has been adjusted to enable a like-for-like comparison to the 2009 amount. As a result, the 2008 amount has reduced from the reported 1.73p in last year's financial statements to 1.70p.

9 PROPERTY, PLANT AND EQUIPMENT

	Computer hardware £000	Fixtures, fittings and equipment £000	Library books and journals £000	Total £000
Cost				
At 1 November 2007	1,320	703	463	2,486
Additions	146	120	25	291
Additions on acquisition	26	10	-	36
At 31 October 2008	1,492	833	488	2,813
Additions	467	8	120	595
Additions on acquisition	26	8	-	34
At 31 October 2009	1,985	849	608	3,442
Depreciation				
At 1 November 2007	1,194	427	352	1,973
Provided in the year	152	123	65	340
At 31 October 2008	1,346	550	417	2,313
Provided in the year	167	139	66	372
At 31 October 2009	1,513	689	483	2,685
Net book amount at 31 October 2009	472	160	125	757
Net book amount at 31 October 2008	146	283	71	500
Net book amount at 1 November 2007	126	276	111	513

The Group has pledged the above assets having a net book value of approximately £757,000 (2008: £500,000) to secure banking facilities granted to the Group.

10 INTANGIBLE FIXED ASSETS

	Goodwill £000	Customer relationships £000	Trade names £000	Software £000	Development costs £000	Database £000	Total £000
Cost							
At 1 November 2007	18,706	5,860	2,500	3,050	-	-	30,116
Additions on acquisition	2,059	1,160	520	840	153	-	4,732
Additions	-	-	-	-	353	-	353
At 31 October 2008	20,765	7,020	3,020	3,890	506	-	35,201
Additions on acquisition	903	254	205	-	-	406	1,768
Additions	-	-	-	45	419	-	464
Fair value adjustment	134	-	-	-	-	-	134
At 31 October 2009	21,802	7,274	3,225	3,935	925	406	37,567
Amortisation and impairment losses							
At 1 November 2007	2,032	146	63	153	-	-	2,394
Amortisation for the year	-	352	152	390	26	-	920
At 31 October 2008	2,032	498	215	543	26	-	3,314
Impairment	533	-	-	-	-	-	533
Amortisation for the year	-	369	162	390	150	41	1,112
At 31 October 2009	2,565	867	377	933	176	41	4,959
Carrying amount at 31 October 2009	19,237	6,407	2,848	3,002	749	365	32,608
Carrying amount at 31 October 2008	18,733	6,522	2,805	3,347	480	-	31,887
Carrying amount at 1 November 2007	16,674	5,714	2,437	2,897	-	-	27,722

During the year, goodwill was reviewed for impairment in accordance with IAS 36, Impairment of assets. Impairment charges of £533,000 (2008: Nil) arose as a result of this review. The impairment charge relates to the Consulting division of TFPL, included within the Solutions business. Given current market conditions, the Directors believe that it is prudent to recognise the impairment charge.

The current year fair value adjustment of £134,000 includes £113,000 which related to an increase in the dilapidation provision in respect of the Southwark Street property acquired with the acquisition of Plantech.

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

	2009 Remaining amortisation period (years)	2008 Remaining amortisation period (years)	2009 Carrying value £000	2008 Carrying value £000
CAPS intangibles:				
Customer relationships	17.5	18.5	5,130	5,421
Trade names	17.5	18.5	2,185	2,312
Software	7.5	8.5	2,285	2,592
Plantech intangibles:				
Customer relationships	18	19	1,042	1,101
Trade names	18	19	468	493
Software	8	9	672	755
j4b intangibles:				
Customer relationships (product)	4.5	-	112	-
Customer relationships (project)	9.5	-	124	-
Trade names	9.5	-	195	-
Database	4.5	-	365	-

For this review goodwill was allocated to individual Cash Generating Units (CGU) on the basis of the Group's operations. The carrying value of goodwill by each CGU is as follows:

	2009 £000	2008 £000
Cash Generating Units (CGU)		
Software	15,970	15,836
IIS	407	407
TFPL Recruitment	1,957	1,957
TFPL Consulting	-	533
j4b	903	-
	19,237	18,773

With the exception of software, the recoverable amount of all CGU's 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. Cash flows beyond this period are extrapolated using the estimated growth rates stated below.

The recoverable amount of the Software CGU has been determined based on fair value less costs to sell using an earnings based multiplier derived from comparable software industry data, and adjusted for a control premium. The key assumption used in this calculation is the earnings based multiplier, which as stated, is derived from comparable software industry data.

For value in use calculations, the growth rates and margins used to estimate future performance are based on 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 2009 the Weighted Average Cost of Capital for the Group has been used as an appropriate discount rate to apply to cash flows. This represents the overall required return on the Group as a whole and is also considered appropriate to each CGU.

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 CGU:

	2009	2008
Discount rate	12.5%	12.5%
Growth rate	2%	2%

These assumptions have been used for the analysis of each CGU.

Sensitivities have been run on both value in use and fair value less cost of sale impairment calculations. Management are satisfied that the key assumptions are achievable and that they would not lead to the carrying amount of the relevant CGU exceeding the recoverable amount. This is with the exception of the TFPL Consulting CGU which, as a result of sensitivity calculations, and based on an assessment of historical results, was, as noted previously, impaired by £533,000.

11 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 Balance Sheet relate to the following categories of assets and liabilities:

Financial assets	Note	2009 £000	2008 £000
Loans and receivables:			
Trade and other receivables	13	5,648	7,039
Cash and cash equivalents	12	6,947	7,688
		12,595	14,727

Financial liabilities	Note	2009 £000	2008 £000
Financial liabilities carried at fair value through profit or loss:			
Derivative financial instruments	19	-	(96)
Financial liabilities measured at amortised cost:			
Non-current:			
Borrowings	17	2,781	5,696
Trade and other payables	14	-	422
		2,781	6,118
Current:			
Borrowings	17	1,000	1,000
Trade and other payables	14	3,171	2,845
		4,171	3,845

12 CASH AND CASH EQUIVALENTS

	2009 £000	2008 £000
Cash at bank and in hand	6,947	7,688
Cash and cash equivalents per cash flow statement	6,947	7,688

13 TRADE AND OTHER RECEIVABLES

	2009 £000	2008 £000
Trade receivables, gross	4,508	6,815
Allowance for credit losses	(380)	(492)
Trade receivables, net	4,128	6,323
Amounts recoverable on contracts	1,360	637
Other receivables	160	79
Financial assets	5,648	7,039
Prepayments and accrued income	814	1,237
Non-financial assets	814	1,237
Trade and other receivables	6,462	8,276

All of the closing Group trade receivables are UK Sterling with the exception of j4b Nederland BV (72,726 Euros).

Amounts recoverable on contracts represent work completed and delivered to the customer, but due to the contractual payment terms have not yet been invoiced.

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:

	2009 £000	2008 £000
Local authorities and other public bodies	3,574	5,377
Private companies	934	1,438
	4,508	6,815

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

	Gross 2009 £000	Impairment 2009 £000	Gross 2008 £000	Impairment 2008 £000
Not past due	2,838	-	3,944	-
Past due 0 to 30 days	414	-	428	-
Past due 31 to 60 days	80	-	380	-
More than 61 days	1,176	380	2,063	492
	4,508	380	6,815	492

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

	2009 £000	2008 £000
At 1 November	492	472
Charge for the year	26	20
Utilised	(138)	-
At 31 October	380	492

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. No provision is required in respect of amounts owed by group undertakings.

The credit quality of the holder of the Cash at bank is AA rated.

14 TRADE AND OTHER PAYABLES

	2009 £000	2008 £000
Trade payables	1,281	1,338
Accruals	1,890	1,929
	3,171	3,267

Of the trade and other payables of £3,171,000 (2008: £3,267,000), current and non-current balances amount to £3,171,000 (2008: £2,845,000) and £Nil (2008: £422,000) respectively. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value. Accruals represent liabilities which have been recognised at the balance sheet date. This amount will reduce the invoices and payments to which the balance relates are received and paid. The majority of this will be released during the next six months.

15 OTHER LIABILITIES

	2009 £000	2008 £000
Social security and other taxes	450	1,329
Other payables	775	449
Deferred income	6,913	6,335
	8,138	8,113

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

16 PROVISIONS

	2009 £000	2008 £000
At 1 November	370	574
Provision made during the year	138	-
Provision released during the year	(147)	-
Provision utilised during the year	(223)	(204)
At 31 October	138	370

The opening provision related to an onerous contract for a five year hosting agreement entered into in 2007 by CAPS Solutions Ltd prior to its acquisition by IDOX plc. During the year further negotiations resulted in the Group terminating the contract early resulting in a release of £147,000 of the outstanding provision.

The remaining year end provision of £138,000 relates to estimated dilapidation costs that are expected to arise on exit of leased properties. This provision was previously held in accruals.

17 BORROWINGS

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

	2009 £000	2008 £000
Current		
Bank borrowings	1,000	1,000
Non-current		
Bank borrowings	2,781	5,696
Total borrowings	3,781	6,696

During the year the Group made an early repayment of £2.5m of the term loan in addition to the scheduled repayment of £0.5m.

The average interest rate paid was 6.51% (2008: 9.42%). Bank borrowings of £3,781,000 (2008: £6,696,000) were arranged at floating interest rates.

As security for the above loans, the Bank of Scotland Plc holds a bond and floating charge over the assets of the Group, a composite guarantee supported by each Group company and a share pledge in respect of the entire issued share capital of each subsidiary company.

The loans are repayable in six monthly instalments. Interest on the loans is payable quarterly in arrears.

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

18 DEFERRED INCOME TAX

Deferred tax assets and liabilities are summarised as follows:

	2009 £000	2008 £000
Deferred tax assets	315	265
Deferred tax liabilities (current)	-	(250)
Deferred tax liabilities (non current)	(3,501)	(3,292)
	(3,501)	(3,542)

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

	2009 £000	2008 £000
At 1 November	(3,277)	(2,663)
Credit to income for the year	308	92
Credit to equity	25	-
Charge to goodwill for the year	(242)	(706)
At 31 October	(3,186)	(3,277)

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

	Share-based payments £000	Other temporary differences £000	Total deferred tax asset £000	Accelerated tax depreciation £000	Total deferred tax liability £000
At 1 November 2007	101	550	651	(3,314)	(3,314)
Charge/(Credit) to income Statement	(80)	(306)	(386)	478	478
Deferred tax recognised on acquisition	-	-	-	(706)	(706)
At 31 October 2008	21	244	265	(3,542)	(3,542)
Charge/(Credit) to income	63	(38)	25	283	283
Charge/(Credit) to equity	25	-	25	-	-
Deferred tax recognised on acquisition	-	-	-	(242)	(242)
At 31 October 2009	109	206	315	(3,501)	(3,501)

There were no unprovided deferred tax assets at 31 October 2009 or 31 October 2008. Included in the previous year accelerated tax depreciation amount of £478,000 is £228,000 arising from the impact of the tax rate change.

19 DERIVATIVE FINANCIAL INSTRUMENTS

The carrying amounts for the Group's derivative financial instruments may be further analysed as follows:

	2009 £000	2008 £000
Fair value:		
Interest rate swap	-	96
Derivative financial liabilities	-	96

In the previous year, the Group utilised interest rates swaps to manage its exposure to interest rate movements on its bank borrowings. With the large fall in interest rates, the group exited from the use of floating-to-fixed interest rate swaps as it was financially beneficial to do so as exemplified by the large reduction in bank loan interest charges. The exit from forward contracts incurred one off charges of £144,000.

The fair value of the contract was estimated using relevant market interest rates.

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 which arise directly from its operations.

Risk management is carried out by the finance department under policies approved by the board of directors. The Group 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 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 group's functional currency. The Group has little exposure to foreign exchange risk.

(ii) Price risk

The Group is not exposed to equity securities price risk because no investments are held by the group. The Group is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk is 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 2009 and 2008, all the Group's borrowings at variable rate were denominated in UK Sterling.

The Group no longer manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps.

With the large fall in interest rates over the financial year, the group exited from the strategy of using floating-to-fixed interest rate swaps as it was financially beneficial to do so as exemplified by the large reduction in bank loan interest charges.

Portfolio of interest rate derivative instruments:

	Pay fixed notional £000	Weighted average fixed interest rate %	Weighted average time to maturity years	Maturity years
2009				
Sterling:				
Interest rate swap	-	-	-	-
2008				
Sterling:				
Interest rate swap	3,000	6.31	2.9	2011

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:

	2009 £000	2008 £000
Classes of financial assets – carrying amounts		
Cash and cash equivalents	6,947	7,688
Trade receivables	4,128	6,323
Amounts recoverable on contracts	1,360	637
Other receivables	160	79
Carrying amount	12,595	14,727

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, such a review takes into account the nature of and the Group's trading history with the customer.

The credit risk on liquid funds is limited because the counterparties are three 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.

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 cashflow requirements of the Group are met.

Detailed analysis of the debt facilities taken out and available to the group are disclosed in note 17.

As at 31 October 2009, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current Within 6 months £000	Current 6 – 12 months £000	Non-current 1 – 5 years £000	Non-current Later than 5 years £000
Bank borrowings	592	661	3,345	-
Trade and other payables	3,171	-	-	-

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

	Current Within 6 months £000	Current 6 – 12 months £000	Non-current 1 – 5 years £000	Non-current Later than 5 years £000
Bank borrowings	569	821	7,178	-
Trade and other payables	3,060	155	422	-
Derivative financial instruments:				
Outflow	(84)	(70)	(118)	-
Inflow	69	37	71	-

The above amounts reflect the contractual undiscounted cashflows, 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:

	2009 £000	2008 £000
Total equity	28,173	25,446
Less unrestricted cash and cash equivalents (note 12)	(6,947)	(7,688)
	21,226	17,758
Total equity	28,173	25,446
Borrowings	3,781	6,696
	31,954	32,142
Capital-to-overall financing ratio	0.66	0.55

21 SHARE CAPITAL

	2009 £000	2008 £000
Authorised:		
650,000,000 ordinary shares of 1p each (2008: 650,000,000)	6,500	6,500
Allotted, called up and fully paid		
As at 1 November	3,442	3,420
Issue of share capital	-	22
344,158,366 ordinary shares of 1p each (2008: 344,158,366)	3,442	3,442

Movement in issued share capital in the year

During the year to 31 October 2009, 1 former employee exercised share options. On 5 June 2009, 300,000 share options were exercised at an exercise price of 7.5p per share. Shares were utilised from the Treasury Reserve to satisfy the exercise of the options. See note 22 for further details on share options.

The company has one class of ordinary shares which carry no right to fixed income.

At 31 October 2009, there were 572,244 (2008: 486,178) shares in issue under ESOP. During the year the average issue share price was 10.8p (2008: 11.9p).

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 usually 1 to 3 years. The options are settled in equity once exercised.

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

At start of year	Exercised	At end of year	Exercise price	Exercise date from	Exercise date to
4,500,000	-	4,500,000	6.50p	Feb 2007	Oct 2011
4,500,000	-	4,500,000	9.00p	Feb 2007	Oct 2014
1,500,000	-	1,500,000	7.50p	May 2007	Feb 2013
266,000	-	266,000	7.50p	May 2007	May 2013
900,000	(300,000)	600,000	7.50p	May 2007	May 2017
615,385	-	615,385	8.13p	Jun 2007	Oct 2014
550,000	-	550,000	15.00p	Dec 2007	Jun 2011
960,000	-	960,000	12.50p	May 2008	May 2018
1,192,308	-	1,192,308	13.00p	Aug 2008	Aug 2014
1,033,334	-	1,033,334	15.00p	Aug 2008	Aug 2014
16,017,027	(300,000)	15,717,027			

The following table sets out the number of share options and associated WAEP outstanding during the year.

	2009 No	2009 WAEP Pence	2008 No	2008 WAEP Pence
Outstanding at the beginning of the year	16,017,027	8.13	16,781,385	8.22
Granted during the year	-	-	3,735,642	-
Exercised during the year	(300,000)	7.5	(1,230,769)	8.13
Forfeited during the year	-	-	(3,269,231)	9.25
Outstanding at the end of the year	15,717,027	8.13	16,017,027	8.13
Exercisable at the end of the year	11,564,029	11.75	11,564,029	11.75

The share options outstanding at the end of the year have a weighted average remaining contractual life of 3.5 years.

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 £
2007:								
Feb 07	4,500,000	6.50	6.50	48.00	3.5	4.25	0.6	0.03
Feb 07	4,500,000	6.50	9.00	48.00	3.5	4.25	0.6	0.03
May 07	2,716,000	7.50	7.50	48.00	3.5	4.25	0.6	0.03
Jun 07	2,865,385	8.13	8.13	48.00	3.5	4.25	0.6	0.03
Jun 07	2,250,000	11.13	11.13	48.00	3.5	4.25	0.6	0.03
2008:								
Dec 07	550,000	8.00	8.00	48.00	3.5	5.00	0.6	0.03
May 08	960,000	12.50	12.50	48.00	3.5	5.00	0.6	0.05
Aug 08	1,192,308	13.00	13.00	48.00	3.5	5.00	0.6	0.06
Aug 08	1,033,334	13.00	15.00	48.00	3.5	5.00	0.6	0.05

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 has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The company recognised total expenses of £99,000 (2008 - £108,000) related to equity-settled share-based payment transactions during the year.

Transitional Provisions

Under the transitional provisions of IFRS 2 share options granted prior 7 November 2002 but not vested at 1 November 2006 fall outwith the measurement and recognition criteria of IFRS 2 "Share-based Payment".

Details of all such share options over 1p Ordinary shares, including their contractual life and exercise prices, are as follows:

At start and end of year	Exercise price	Exercise date from	Exercise date to
1,500,000	12.75p	Nov 2001	Jun 2010
166,667	12.00p	Dec 2003	Dec 2013
1,666,667	12.00p	Jun 2002	Dec 2012
645,159	15.50p	Jul 2004	Jul 2014
516,129	15.50p	Jan 2003	Jul 2013
1,032,258	15.50p	Oct 2004	Feb 2015
1,863,636	11.00p	Apr 2004	Oct 2012
173,913	11.50p	Oct 2006	Oct 2016
4,000,000	10.00p	Sep 2004	May 2014
11,564,429			

For those share options the table below summarises the number of these share options and the associated weighted average exercise price (WAEP) outstanding during the year.

	No	2009 WAEP Pence	No	2008 WAEP Pence
Outstanding at the beginning of the year	11,564,429	11.75	12,564,429	11.75
Granted during the year	-	-	-	-
Exercised during the year	-	-	(1,000,000)	10.00
Outstanding at the end of the year	11,564,429	-	11,564,429	11.75
Exercisable at the end of the year	11,564,429	-	11,564,429	11.75

23 ACQUISITIONS

On 23 April 2009, the Group acquired the entire share capital of j4b Software and Publishing Limited for a consideration of £1.1m, which was satisfied in cash. Goodwill arising on the acquisition of j4b Software and Publishing Limited has been capitalised. The purchase of j4b Software and Publishing Limited has been accounted for using the acquisition method of accounting.

	Book value £000	Fair value adjustments £000	Fair value £000
Intangible assets	-	865	865
Property, plant and equipment	34	-	34
Trade receivables	333	-	333
Investments	13	-	13
Other receivables	63	-	63
Cash at bank	311	-	311
TOTAL ASSETS	754	865	1,619
Trade payables	(57)	-	(57)
Deferred revenue	(212)	(527)	(739)
Corporation tax	(36)	-	(36)
Social security and other taxes	(156)	-	(156)
Accruals	(186)	-	(186)
Deferred tax liability	-	(242)	(242)
TOTAL LIABILITIES	(647)	(769)	(1,416)
NET ASSETS	107	96	203
Purchased goodwill capitalised			903
			1,106
Satisfied by:			
Cash to vendor			815
Costs of acquisition			291
Total consideration			1,106

The fair values stated above are provisional. The fair value adjustment for the intangible assets relates to customer relationships, trade names and software. A related deferred tax liability has also been recorded as a fair value adjustment.

Other adjustments were made to the revenue recognition policy for subscription income in order to bring it in line with group policy.

The profit after taxation of j4b Software and Publishing Limited for the period from 1 January 2009, the beginning of the subsidiary's financial year, to the date of acquisition was £14,000. The profit after taxation for the period ended 31 October 2009 was £137,000, and the profit after taxation since acquisition amounts to £230,000. The goodwill figure represents the premium paid over and above the identified assets where the latter include the value of the j4b brand, customer relationships and databases.

24 OPERATING LEASE COMMITMENTS

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

The group	2009 £000	2008 £000
Amounts due:		
Within one year	120	37
Between one and five years	403	757
After five years	-	-
	523	794

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

25 CAPITAL COMMITMENTS

The Group had no capital commitments at 31 October 2009 (2008: £Nil).

26 CONTINGENT LIABILITIES

The Company has agreed to provide continuing financial support to its subsidiary undertakings, IDOX Software Limited and IDOX Information Services Limited. There were no material Group contingent liabilities at 31 October 2009 or 31 October 2008.

27 POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

28 RELATED PARTY TRANSACTIONS

Remuneration paid to senior management of the group:

	2009 £000	2008 £000
Salaries and other short term employee benefits	1,118	1,314
Post-employment benefits	32	120
Share-based payments	99	108
	1,249	1,542

Martin Brooks, Chairman of IDOX plc, received remuneration of £3,938 in the year to 31 October 09 (2008: £Nil) as Chairman of Cornwall Development Company, a company wholly owned by Cornwall Council. Cornwall Council is a customer of IDOX Software Limited, a wholly owned subsidiary of IDOX plc.

Report of the Independent Auditors to the members of IDOX plc

We have audited the parent company financial statements of IDOX plc for the year ended 31 October 2009 which comprise the company balance sheet 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).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 17 and 18, 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 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/UKNP.

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 as at 31 October 2009;
- 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 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 2009.

Mark Cardiff
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
2 February 2010

Company Balance Sheet

At 31 October 2009

	Note	2009 £000	2008 £000
Fixed assets			
Investments	5	34,541	33,448
Current assets			
Debtors	6	555	419
Creditors: amounts falling due within one year	7	(13,777)	(8,271)
Net current liabilities		(13,222)	(7,852)
Total assets less current liabilities		21,319	25,596
Creditors: amounts falling due after more than one year	8	(2,781)	(5,696)
Net assets		18,538	19,900
Capital and reserves			
Called up share capital	9	3,442	3,442
Capital redemption reserve	11	1,112	1,112
Share premium account	11	9,903	9,883
Treasury reserve	11	(212)	-
Share option reserve	11	454	364
Profit and loss account	11	3,839	5,099
Shareholders' funds		18,538	19,900

The financial statements were approved by the Board of Directors and authorised for issue on 25 January 2010 and are signed on its behalf by:

William Edmondson
Chief Financial Officer

Richard Kellett-Clarke
Chief Executive Officer

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

Company name: IDOX plc Company number: 03984070

Notes to the Company Financial Statement

For the year ended 31 October 2009

1 ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

No profit and loss account is presented for the Company as permitted by Section 408 of the Companies Act, 2006.

The trade and assets of CAPS Solutions Limited and Plantech Limited have both been hived across to the fellow subsidiary company IDOX Software Limited. As a result, the respective carrying values of Idox plc's investments in CAPS Solutions Limited and Plantech Limited are not justified by the individual recoverable amounts of these entities. However, a true and fair override is enacted to reflect that the value of the overall trade and assets now recorded within Idox Software Limited have not diminished and therefore no overall loss of value has occurred.

Investments

Investments, held as non-current assets, are included at cost less amounts written off for any permanent diminution in value.

FRS 20 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 share capital, and where appropriate share premium.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Contributions to defined contribution pension schemes

Contributions paid to private pension plans of certain employees are charged to the profit and loss account in the period in which they become payable. Contributions paid to the group personal pension plans of employees are charged to the profit and loss account in the period in which they become payable.

Notes to the Company Financial Statement cont'd

For the year ended 31 October 2009

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. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. 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. The Group does not apply FRS 26.

Operating leases

Amounts paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2 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 remuneration report which can be found on page 15 but which do not form part of the audited accounts.

3 DIVIDENDS

	2009 £000	2008 £000
Final dividend paid in respect of the year ended 31 October 2008 and 31 October 2007	395	343
Pence per ordinary share	0.115p	0.1p
Final dividend proposed in respect of the year ended 31 October 2009	277	-
Pence per ordinary share	0.08p	-

The directors have proposed the payment of a final dividend of 0.12p per share, which would amount to £413,000 (2008: 0.115p).

4 LOSS 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 loss for the year was £589,000 (2008: loss £1,059,000).

5 INVESTMENTS

	Shares in group undertakings £000
Cost	
At 1 November 2008	**35,048**
Additions	**1,093**
At 31 October 2009	**36,141**
Amounts written off	
At 1 November 2008	**1,600**
Provided in the year	-
At 31 October 2009	**1,600**
Net book amount	
At 31 October 2009	**34,541**
At 31 October 2008	**33,448**

At 31 October 2009 the company held more than 10% of the allotted share capital of the following companies:

	Country of registration	Class of share held	Proportion held	Nature of business
IDOX Software Limited (formerly i-documentsystems Limited)	England	Ordinary	100%	Software services
IDOX Information Services Limited	England	Ordinary	100%	Information services
TFPL Limited	England	Ordinary	100%	Recruitment services
CAPS Solutions Limited	England	Ordinary	100%	Dormant company
i-documentsystems Trustees Limited	England	Ordinary	100%	Corporate trustee of Employee share ownership trust
i-documentsystems Limited (formerly IDOX Software Limited)	England	Ordinary	100%	Dormant company
Information into Intelligence Limited	England	Ordinary	100%	Dormant company
The Planning Exchange Limited	England	Ordinary	100%	Dormant company
Nettgain Solutions Limited	England	Ordinary	100%	Dormant company
Mandoforms Limited	England	Ordinary	100%	Dormant company
j4b Software & Publishing Limited	England	Ordinary	100%	Information services
Plantech Limited	England	Ordinary	100%	Dormant company
Wastedocs Limited	Scotland	Ordinary	100%	Dormant company

All subsidiaries have been consolidated in the Group accounts.

Notes to the Company Financial Statement cont'd

For the year ended 31 October 2009

6 DEBTORS

	2009 £000	2008 £000
Amounts owed by group undertakings	555	419
	555	419

Included in the above for the company is £422,000 (2008: £419,000) which is due after more than one year. The directors consider this loan to be recoverable.

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £000	2008 £000
Bank loan	1,000	1,000
Amounts owed to group undertakings	12,549	7,234
Other creditors	3	-
Accruals and deferred income	225	37
	13,777	8,271

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £000	2008 £000
Bank loan	2,781	5,696

As security for the above loans, the Bank of Scotland Plc holds a floating charge over the assets of the Group, a composite guarantee supported by each Group company and a share pledge in respect of the entire issued share capital of each subsidiary company.

The loans are repayable in six monthly instalments. During the year the Group made an early repayment of £2.5m of the term loan in addition to the scheduled repayment of £0.5m.

Interest on the loans is payable quarterly in arrears. The interest rate charged is 4% above LIBOR.

9 SHARE CAPITAL

	2009 £000	2008 £000
Authorised:		
650,000,000 ordinary shares of 1p each (2008: 650,000,000)	6,500	6,500
Allotted, called up and fully paid		
As at 1 November	3,442	3,420
Issue of share capital	-	22
344,158,366 ordinary shares of 1p each (2008: 341,927,567)	3,442	3,442

Movement in Issued Share Capital in the Year

During the year to 31 October 2009, one former employee exercised share options. On 5 June 2009, 300,000 share options were exercised at an exercise price of 7.5p per share. Shares were utilised from the Treasury Reserve to satisfy the exercise of the options. See note 10 for further details on share options.

The company has one class of ordinary shares which carry no right to fixed income.

10 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 usually 1 to 3 years. The options are settled in equity once exercised.

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

At start of year	Exercised	At end of year	Exercise price	Exercise date from	Exercise date to
4,500,000	-	4,500,000	6.50p	Feb 2007	Oct 2011
4,500,000	-	4,500,000	9.00p	Feb 2007	Oct 2014
1,500,000	-	1,500,000	7.50p	May 2007	Feb 2013
266,000	-	266,000	7.50p	May 2007	May 2013
900,000	(300,000)	600,000	7.50p	May 2007	May 2017
615,385	-	615,385	8.13p	Jun 2007	Oct 2014
550,000	-	550,000	15.00p	Dec 2007	Jun 2011
960,000	-	960,000	12.50p	May 2008	May 2018
1,192,308	-	1,192,308	13.00p	Aug 2008	Aug 2014
1,033,334	-	1,033,334	15.00p	Aug 2008	Aug 2014
16,017,027	(300,000)	15,717,027			

The following table sets out the number of share options and associated WAEP outstanding during the year.

	2009 No	2009 WAEP Pence	2008 No	2008 WAEP Pence
Outstanding at the beginning of the year	16,017,027	8.13	16,781,385	8.22
Granted during the year	-	-	3,735,642	-
Exercised during the year	(300,000)	7.5	(1,230,769)	8.13
Forfeited during the year	-	-	(3,269,231)	9.25
Outstanding at the end of the year	15,717,027	8.14	16,017,027	8.13
Exercisable at the end of the year	11,564,429	11.75	11,564,429	11.75

The share options outstanding at the end of the year have a weighted average remaining contractual life of 3.5 years.

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 £
2007:								
Feb 07	4,500,000	6.50	6.50	48.00	3.5	4.25	0.6	0.03
Feb 07	4,500,000	6.50	9.00	48.00	3.5	4.25	0.6	0.03
May 07	2,716,000	7.50	7.50	48.00	3.5	4.25	0.6	0.03
Jun 07	2,865,385	8.13	8.13	48.00	3.5	4.25	0.6	0.03
Jun 07	2,250,000	11.13	11.13	48.00	3.5	4.25	0.6	0.03
2008:								
Dec 07	550,000	8.00	8.00	48.00	3.5	5.00	0.6	0.03
May 08	960,000	12.50	12.50	48.00	3.5	5.00	0.6	0.05
Aug 08	1,192,308	13.00	13.00	48.00	3.5	5.00	0.6	0.06
Aug 08	1,033,334	13.00	15.00	48.00	3.5	5.00	0.6	0.05

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 has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The company recognised total expenses of £99,000 (2008 - £108,000) related to equity-settled share-based payment transactions during the year.

Transitional Provisions

Under the transitional provisions of IFRS 2 share options granted prior 7 November 2002 but not vested at 1 November 2006 fall outwith the measurement and recognition criteria of IFRS 2 "Share-based Payment".

Details of all such share options over 1p Ordinary shares, including their contractual life and exercise prices, are as follows:

At start of year	Exercised	At end of year	Exercise price	Exercise date from	Exercise date to
1,500,000	-	1,500,000	12.75p	Nov 2001	Jun 2010
166,667	-	166,667	12.00p	Dec 2003	Dec 2013
1,666,667	-	1,666,667	12.00p	Jun 2002	Dec 2012
645,159	-	645,159	15.50p	Jul 2004	Jul 2014
516,129	-	516,129	15.50p	Jan 2003	Jul 2013
1,032,258	-	1,032,258	15.50p	Oct 2004	Feb 2015
1,863,636	-	1,863,636	11.00p	Apr 2004	Oct 2012
173,913	-	173,913	11.50p	Oct 2006	Oct 2016
4,000,000	-	4,000,000	10.00p	Sep 2004	May 2014
11,564,429	-	11,564,429			

For those share options the table below summarises the number of these share options and the associated weighted average exercise price (WAEP) outstanding during the year.

	No	2009 WAEP Pence	No	2008 WAEP Pence
Outstanding at the beginning of the year	11,564,429	11.75	12,564,429	11.75
Granted during the year	-	-	-	-
Exercised during the year	-	-	(1,000,000)	10.00
Outstanding at the end of the year	11,564,429	-	11,564,429	11.75
Exercisable at the end of the year	11,564,429	-	11,564,429	11.75

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 has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. These share options have been limited to employees of subsidiary companies of IDOX plc. As such, share option expenses of £99,000 (2008: £108,000) have been added to the cost of investments in the parent company.

11 SHARE PREMIUM ACCOUNT AND RESERVES

The company	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 2008	1,112	9,883	-	364	5,099	16,458
Share options reserve movement	-	-	-	90	-	90
Shares repurchased	-	-	(215)	-	-	(215)
Exercise of options from treasury reserve	-	20	3	-	-	23
Dividends paid	-	-	-	-	(672)	(672)
Loss for the year	-	-	-	-	(588)	(588)
At 31 October 2009	1,112	9,903	(212)	454	3,839	15,096

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 6 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 FRS20 (IFRS2) Share Based Payments.

The purpose of the Treasury Reserve is to enable the board to issue share options to employees.

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£000	£000
Loss for the financial year	(588)	(1,059)
Dividends paid	(672)	(343)
Exercise of options from treasury reserve	23	199
Treasury shares purchased	(215)	-
Shares option reserve movement	90	108
Net increase/(decrease) in shareholders' funds	(1,362)	(1,095)
Shareholders' funds at 1 November 2008	19,900	20,995
Shareholders' funds at 31 October 2009	18,538	19,900

13 RELATED PARTY DISCLOSURES

As the parent company of a wholly-owned group, the Company is exempt from the requirements of FRS 8 to disclose transactions with other members of the Group headed by IDOX plc.

As in the prior year, no transactions with other related parties, including key management personnel, were undertaken with the company.

IDOX plc Software and Services at a glance

software

IDOX plc is a supplier of software solutions and information services to the public sector and the leading applications provider to local government for core functions relating to land, people and property. Over 70% of UK local authorities are customers. IDOX plc is committed to providing public-sector organisations with the tools to access and manage information & knowledge, documents & content, business processes & workflow as well as connecting directly with the citizen via the web.

From standalone solutions for individual functions through to integrated corporate solutions, the Company's market leading IDOX, UNI-*form* and Plantech portfolio delivers improved data quality, stream-lined information-sharing, enhanced employee productivity and increased responsiveness to the public.

information services

IDOX plc operates the most comprehensive information service on all aspects of policy and practice in local government in the United Kingdom. This encompasses everything from forward planning and development management issues to the modernisation agenda, from economic development to lifelong learning and from social inclusion issues to health and housing. It is widely used by researchers, policy makers and practitioners in local and central government, regional development agencies, consultancies, universities and professional firms. Thousands of articles from some 500 professional journals are available electronically searchable by keyword and abstract.

The service also manages specialist electronic 'reading rooms' and content management solutions for organisations to facilitate better communication and to form electronic communities of interest. Examples include reading rooms on labour market research and evaluations of economic development projects.

j4b Software and Publishing Limited, the recent acquisition, specialises in online systems to support economic development for Government, Private and Third sectors. It has particular expertise in publishing grant support information and developing innovation portals across Europe.

managed services

IDOX plc continues to work in partnership with its local authority clients extending its Managed Services expertise. UKPlanning delivers Planning & Building Control departments with a cost effective, efficient and risk free means of administering applications and realising e-Planning targets quickly. Applications are scanned and indexed, or completed online, and published on the council's websites and www.UKPlanning.com for public review and comment.

Unity provides an offsite fully managed and resilient UNI-*form* Case Management system to local authorities ensuring 24 by 7 by 365 availability at a lower cost to in-house alternatives.

consultancy

Our experienced consultancy team works with management in the public and private sectors in all areas of records management, content management, knowledge management and library and information services. We help organisations to make better use of their knowledge, information, library, records, web content resources and technologies. We work in partnership with clients and software providers and systems integrators.

We provide advice on the current state of clients' information and knowledge assets and offer strategic guidance on future directions. This includes design policies and procedures, information architectures, taxonomies and metadata frameworks, implementation, data migration and project management expertise.

recruitment

TFPL Intelligent Resources is the recruitment service which includes the UK and international executive search & selection, interim & contract placement, recruitment advertising for Insight roles (Analysis & Consulting, Primary & Secondary Research, Intelligence), Knowledge & Information Management (Thought Leadership, Content & Web Management, Library & Information Services), Records Management (Risk Management, RM Services, Archives), Publishing & Content Provision (Sales, Marketing & Development, Products, Licensing & Services, Publishing Strategy & Editorial) and related Technology.

With the boundaries between analytical disciplines, information management, operational processes and information technology becoming more blurred, we specialise in finding staff that bridge these multidisciplinary roles.

training

TFPL's training service offers a range of public access and bespoke training solutions, providing you with a flexible and cost effective approach to training.

Our wide range of courses include:

- Knowledge management
- Information architecture & taxonomy
- Content management
- Records management
- Library & information management services
- Social computing
- SharePoint.

Company Information

Secretary and Registered Office:	J Mackie 2nd Floor 160 Queen Victoria Street London EC4V 4BF
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Corporate Solicitors:	Memery Crystal 44 Southampton Buildings London WC2A 1AP
Registrars:	Share Registrars Limited Suite E, 1st Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Company Registration Number:	3984070

Financial Calendar:	Annual General Meeting - 25 February 2010 Announcement of 2010 Interim Results - July 2010 Announcement of 2010 Annual Report - December 2010

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