Idox plc

Annual Report & Accounts 2011

idox

One company: Infinite possibilities

Contents

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One company: Infinite possibilities

Financial and Operational Highlights

For the year ended 31 October 2011

- **Revenues up 23% to £38.6m** (2010: £31.3m)**; strong acquisition performance and successful management of core revenues**
- **EBITDA rose by 33% to £11.6m** (2010: £8.7m)
- **Adjusted pre-tax profit* up 36% to £10.9m** (2010: £8.0m)
- **Profit before tax £5.6m** (2010: £4.9m) **after a higher non-cash amortisation charge related to acquisitions made and a higher non-cash share option charge**
- **Adjusted EPS* increased 41% to 2.47p** (2010: 1.75p)**, Basic EPS 1.31p** (2010: 1.07p)
- **Final proposed dividend 0.36p** (2010: 0.35p)**, total for year 0.60p** (2010: 0.45p)**, 33% increase**
- **£2.4m net debt at period end** (2010: £0.9m net debt) **after funding £4.3m of acquisitions**
- **Established market leading position in the Engineering Document Management and Control market with the acquisitions of McLaren Software and, post year-end, CTSpace**

* Adjusted pre-tax profit & EPS excludes amortisation, exceptional restructuring and corporate finance charges and share option costs.

Idox plc at a Glance

For the year ended 31 October 2011

Idox plc is a supplier of software solutions and services to the UK public sector and increasingly to highly regulated asset intensive industries around the world in the wider corporate sector.

Public Sector Software

The Public Sector Software Division is a major supplier of software solutions and managed services to the public sector and is the leading applications provider to local government for core functions relating to land, people and property. Over 90% of UK local authorities are customers. Idox is committed to providing public-sector organisations with solutions which deliver real efficiency savings benefits whilst transforming their ability 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 business functions through to integrated corporate solutions, the Company's market leading software solution portfolio delivers improved data quality, stream-lined information-sharing, enhanced employee productivity and increased responsiveness to public service demands.

Of significance during 2011 was the ability of Idox, via its extensive integrated suites of software, to meet public sector demands to drive down costs through supplier consolidation, providing alternative and more efficient means of delivering software and by applying an increased focus on the outcomes and ROI delivered to customers by the solutions deployed.

Idox continues to benefit from the increasing demand for outsourced and managed services by working in partnership with its local authority clients. Customers are increasingly recognising the business benefits delivered by Idox Managed Service portfolio which flexibly combines the extensive market and technical expertise of our staff with a leading hosted service capability enabling Idox to manage customer solutions by hosted, remote or on-site managed services in the combination which best fits customers' requirements.

The acquisition of LalPac Ltd, completed in the second half of the year, is an important addition for Idox, enabling it to become the market leader in the field of local authority licensing with an extended range of products specialising in vehicle licensing as well as premises licensing.

One company: Infinite possibilities

Engineering Information Management

The Idox Engineering Information Management Division is a leading supplier of engineering document management and control solutions to asset intensive industry sectors.

Operating under the McLaren Software brand the division supplies solutions to leading international oil & gas, energy & utilities, manufacturing, life sciences, transportation and natural resources companies. Both owner operators and EPCs (Engineering Procurement & Construction Companies) use McLaren solutions to help design, build and operate safe, efficient and compliant plants and facilities.

Highlights for the division in 2011 included major LNG (Liquid Natural Gas) Project awards and an agreement with IBM Global Services in Australia. Other notable successes included ArcelorMittal, the world's largest integrated steel and mining company, and Holcim, now celebrating its centenary as one of the world's leading suppliers of cement and aggregates.

Revenues grew over 27% in 2011 during the division's first year of operation. With the merger of the recently acquired CTSpace under the McLaren brand the division consolidates its market position with cloud based solutions and extended geographic reach.

Information Solutions

The Idox Information Solutions Division provides information management, web development, online publishing and training services, with leading products such as GRANTfinder, the Information Service, and Open 4 Funding.

It specialises in the design and development of online systems to support economic development and encompasses editorial teams who are expert in researching and structuring web content. This includes major platform developments for UK government clients, including the voluntary sector finance portal Funding Central. The division has pioneered the development of innovation and knowledge transfer portals across Europe, working with the European Commission, and national and regional governments in Ireland and the UK.

With offices in Wilmslow, Glasgow, Hengelo in the Netherlands and now Brussels, the Division is building its reputation as Europe's leading publisher of grants and policy information services. Its recent acquisition of the online compliance training company Interactive Dialogues in Brussels has further strengthened its aspirations in the field of learning and training, knowledge, information, library, records management and information architecture. In addition we support clients with the design, deployment and roll-out of solutions using SharePoint on an application and enterprise level.

Recruitment

TFPL is a global market leader in recruitment, training and consulting for the knowledge, intelligence and information industries. We work right across the private, public, and third sectors.

TFPL's services include:
- Executive Search
- Contingency recruitment
- Contract and Temporary recruitment
- Interim management
- Managed Services
- Recruitment advertising
- Learning and Consulting.

TFPL are experts in the following specialisms:
- Knowledge & Information Management
- Insight & Intelligence
- Publishing & Content Provision
- Records Management
- Document Management
- Risk & Compliance.

Chairman's Statement

For the year ended 31 October 2011

The 12 months to 31 October 2011 have been a transformative year for Idox. The acquisition of McLaren Software extended the Group's core technology skills into international highly regulated asset intensive industries, providing access to many higher growth markets outside the UK and Europe.

The post year-end acquisition of CTSpace has further established the Group as a significant vendor in the Engineering Document Management and Control market and with McLaren has established a second major market focus for the Group.

Idox's diversification into new verticals in the private sector maintains the Group's emphasis on generating high levels of recurring revenues and on building long-lasting supportive relationships with customers. At the same time it lowers the Group's reliance on revenue from the public sector in the UK and provides access to global markets.

Idox remains a significant provider of complex large scale document management and related systems to UK local government. The Group is now the clear UK market leader in Land and Property software solutions providing some 63% of all UK planning systems.

The Public Sector software business accounted for 68% of Group revenues (2010: 77%). During the period, the Group has further expanded the business into full service provision covering software, consulting, managed services, full off-premise hosting, and integrated cloud-based services. As a result, the proportion of longer-term shared and managed service contracts as part of the Group's revenue mix has generated a greater level of recurring revenues.

The development of the Group both in its markets and geographic diversity, has been accompanied by an evolution in its management structure and its capability to develop business and successfully integrate acquisitions.
The Group moved to a divisional business structure, supported by Group functions such as technology and finance, a process that was completed by the internal appointment of Andrew Riley as managing director of Idox's Public Sector software business.

2011 Highlights and Markets
As the Company predicted last year the local government settlement resulting from the 2010 Comprehensive spending review has led to renewed growth, innovation and stability in our traditional core local authority market where we report a 15% uplift in sales, increasingly tilting towards long-term managed service agreements rather than outright one off software sales.

Our experience therefore is in line with the forecasts of independent market research company Kable of modest growth in the local government software & services market for the next three years

Group revenues grew by 23% to £38.6m (2010: £31.3m) and EBITDA rose by 33% to £11.6 m (2010: £8.7m)

Operating costs increased by 27% to £21.9m (2010: £17.3M) as a result of the full year impact of acquisitions made in the previous and current financial years. On a like-for-like basis overheads were 1% higher.

Dividend
Following a large rise in the interim dividend of 0.24p, the Board proposes a further final dividend of 0.36p, subject to shareholder approval, making a total for the year of 0.6p, a 33% increase over 2010.

This year, in addition to thanking our senior management and staff for driving this business forward in terms of capability and profitability, I would like to thank also on behalf of the Board our shareholders in particular, who have been very supportive in our journey as growing AIM listed company, as well as our able professional advisers. All have played a part in helping Idox progress well against the headwinds of extraordinary uncertainty in the wider economic world and resulted in a year on year uplift in our share price of 82%.

Martin Brooks
Chairman
26 January 2012

Chairman's Statement

For the year ended 31 October 2011

Idox's diversification into new verticals in the private sector maintains the Group's emphasis

Chief Executive's Report

For the year ended 31 October 2011

The Public Sector software business market faced an unsettled start to the year, with the implementation of the new public sector spending round. This meant that decision cycles lengthened amid the prevailing economic uncertainty. This has now passed and there is greater clarity on the solutions required and budgets available.

Independent market research company, Kable, is forecasting modest growth in the local government software & services market for the next three years. Idox's Public Sector software business reported like-for-like growth in orders of 14% in the financial year as a result of the introduction of new services and an increased market share.

Idox has actively developed its management and technical capabilities in managed service or "zero infrastructure" provision for its public sector clients. By the end of 2011, Idox had consolidated its market leading position serving over 90% of UK local authorities. It also achieved a ten-fold increase in managed service sales over the previous year leading to a further strengthening of its local authority recurring revenues, which grew by 15% to £17.2m.

The introduction of a fully hosted resilient capability resulted in the business signing and delivering four fully-managed offsite solutions - with Westminster, Uttlesford, South Downs National Park and Buckinghamshire County Council – which have a total value of £3.5m. This shift towards managed services provision means that while the Public Sector software business has seen a double-digit increase in sales in the period, reported revenue growth has been marginal. However, with most of these deals running from three to five years, recurring revenues have increased to 66% from 62% the previous year.

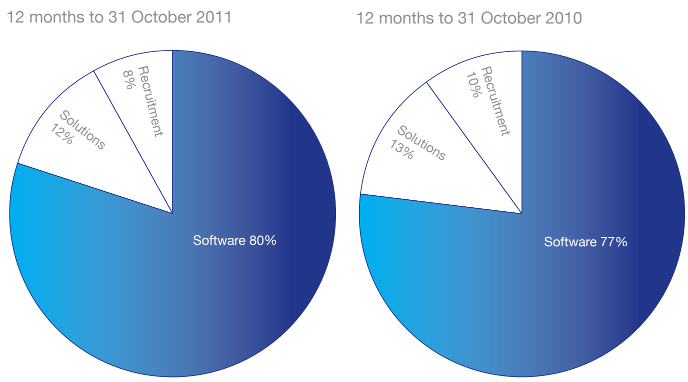
In September 2011 the Group launched the Consultee Cloud, a product that allows all planning process stakeholders to complete both internal and external consultations online. In the three months since launch it has signed up in excess of 10% of all local authorities as well as the large consultee organisations.
The acquisition of LalPac strengthened the Group's position in the licensing and environmental health vertical of local government, moving Idox to a 46% market share in that vertical. Today, the Group offers a compelling case to local government to be more efficient by standardising around one integrated property based platform.

In the engineering document management and control sector, McLaren Software has undergone a year of change. The division's focus on core markets and on delivering solutions and domain expertise have resulted in a 27% year on year increase in revenue. This includes significant big customer wins with blue chip companies like Chevron, Arcelor Mittal and Queensland Gas.

In addition, McLaren has concluded an OEM agreement with Documentum Inc., further supporting the platform as a strategically important partner. The business also continues to build stronger value added partnerships as the domain expert with IBM and Accenture.

The Solutions division was impacted by procurement delays and reductions in project work resulting in minimal revenue growth, but managed to maintain subscription revenues in the core grants business. The acquisition of Interactive Dialogues, an e-learning and certification software business, has added rich content for the legal market, a blue chip private sector customer base and the capability to deliver on-line grants training solutions for the core business. It has also provided a flexible platform for other divisions in the Group to meet the needs of both local and global customer bases.

Divisional analysis: Revenue Mix



Chief Executive's Report cont'd

For the year ended 31 October 2011

The Recruitment business saw strong growth in specialist permanent recruitment revenues. The market for contract recruitment remained soft, further hindered by changes in employment law which is moving more clients to direct engagement. The recruitment business overall showed a strong return to profitability, with revenues up 3% and gross profit rising 27%.

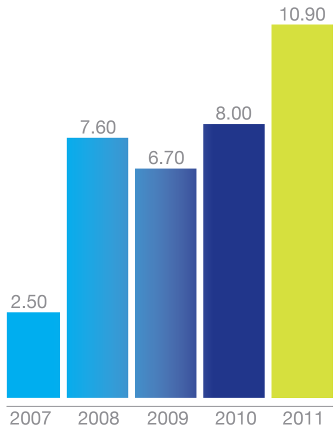
Outlook
The Group has started the current financial year with a very strong order pipeline across all businesses. The shift in focus toward long term relationships and recurring revenues in its Public Sector software market may marginally impact top line revenues in this business with a move away from pure licence based sales.

The acquisition of McLaren Software and CTSpace has enabled the Group to extend its core technology skills into the private sector on a global scale, providing access to verticals including pharmaceuticals and oil and gas.

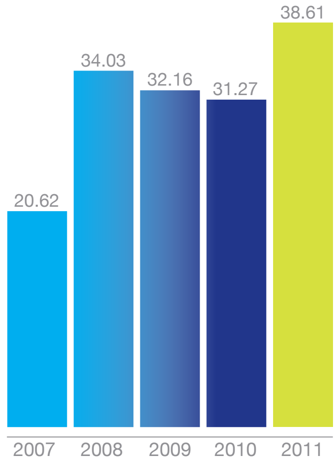
In 2012, Idox will streamline its development activities to ensure that each initiative has broad applicability across all divisions. This strategic initiative in development may result in a small increase in capitalised development costs in the year.

Whilst the economic climate remains challenging, the Group continues to reinforce its position as the centre of excellence in its chosen domains. The Board is confident that its strategy of diversification of revenue streams both operationally and geographically will enhance the Group's resilience to current macroeconomic challenges and enable it to report good organic growth this year. Trading in the current year has started in line with the Board's expectations.

Richard Kellett-Clarke
Chief Executive Officer
26 January 2012



Normalised profit before tax (£m)



Turnover (£m)

Chief Financial Officer's Review

For the year ended 31 October 2011

Group revenues grew by 23% to £38.6m (2010: £31.3m) reflecting the full year impact of acquisitions made in 2010 and maiden contributions from acquisitions of McLaren Software and LalPac in 2011.

The Public Sector software business, which accounted for 68% of Group revenues, delivered revenues of £26.1m (2010: £24.1m), of which around 66% were recurring (2010: 62%). On a like-for-like basis, excluding acquisitions and revenues from the large one-off Scottish executive contract which was completed in 2010, revenues in the Public Sector software business were marginally higher than 2010.

There continues to be a shift in new orders within the public sector business toward longer term managed service contracts, such as Idox's contract with Westminster City Council, which contributed to a 14% increase in new orders compared to 2010. This trend, combined with a high level of recurring revenues in acquired businesses, helped recurring maintenance and managed services revenue in the public sector business grow by 15% to £17.2m.

McLaren Software, which was acquired in December 2010 and operates in the Engineering Document Management and Control ("EDMC") market, delivered a maiden contribution to revenues of £4.7m, which represented organic growth of 27% over the same period prior to its acquisition. Growth came from strong licence sales in new geographies such as Australia with sales to Chevron and Queensland Gas and also from sales to new customers in capital-intensive industries, such as Arcelor Mittal.

The Solutions business increased revenues by 12% to £4.7m (2010: £4.2m) as a result of a full year contribution from Grantfinder, acquired in May 2010. Recurring revenues, which are derived from subscriptions to the UK's leading grants information database, have increased to 70% (2010: 62%) and it is encouraging that in the current market environment subscription renewals have remained stable.

The Recruitment business revenues grew by 3% to £3.1m (2010: £3.0m). Gross profit increased by 27% to £1.4m (2010: £1.1m) due to a strong performance in the specialist permanent recruitment business.

Group Gross margins continued to improve, reaching 87% (2010: 83%), with increases in all four businesses. Public Sector software margins of 89% (2010: 87%) improved due to the growing recurring maintenance and managed service revenues and the EDMC business achieved gross margins of 94%.

The increased scale and recurring content subscription revenues within the Solutions business generated margins of 93% (2010: 92%). The continuing shift within the Recruitment segment toward permanent placements resulted in gross margins of 44% (2010: 39%).

Operating costs increased to £21.9m (2010: £17.3m) as a result of the acquisitions made in the previous and current financial years. On a like-for-like basis, excluding acquisitions, overheads were 1% higher.

EBITDA increased by 33% to £11.6m (2010: £8.7m) reflecting the maiden contribution from acquisitions, managing core revenues in a challenging environment, increasing gross margins and close control of operating costs. As a result, EBITDA margins increased to 30% (2010: 28%).

Adjusted pre-tax profit, excluding amortisation, share options costs and exceptional charges, increased by 36% to £10.9m (2010: £8.0m). Pre-tax profit was £5.6m (2010: £4.9m) after an increased non cash amortisation charge of £3.7m (2010: £2.3m) following the acquisitions, an increased non cash share option charge of £1.1m (2010: £0.2m) and exceptional restructuring and corporate finance charges of £0.5m (2010: £0.6m).

Adjusted earnings per share were up 41% to 2.47p (2010: 1.75p). Basic earnings per share were up 22% to 1.31p (2010: 1.07p).

The Board proposes a final dividend of 0.36p, to give a full year dividend of 0.60p (2010: 0.45p). This 33% increase in dividend reflects the Group's strong profitability growth, revenue visibility, healthy operating cash generation and the Board's continuing confidence in the long-term strength of the business.

Chief Financial Officer's Review cont'd

For the year ended 31 October 2011

Idox ended the year with net debt of £2.4m (2010: net debt £0.9m) after funding the McLaren and LalPac acquisitions and retention payments relating to previous acquisitions, totalling £4.3m, a dividend payment of £2m and share buy backs of £0.3m.

Since end of the financial year the Group has made a further two acquisitions. Interactive Dialogues, a provider of e-learning platforms and content, was acquired on 7 November 2011 for an initial consideration of €2m and will be integrated into the Solutions business. A further €0.2m consideration will be payable in November 2012 subject to fulfilment of certain performance conditions.

CTSpace, which was acquired on 14 November 2011 for £11.6m, is a provider of EDMC solutions and will be integrated with McLaren Software to create an EDMC business. This division is expected to deliver around 30% of Group revenue in 2012, of which 55% is expected to be recurring maintenance and SaaS revenues.

The significantly enlarged EDMC business will be a leading provider of software and solutions to capital-intensive industries worldwide with around 70% of EDMC revenues expected to be generated internationally, predominantly from Europe and the US with a growing business in Australasia.

The recent acquisitions have been funded by new debt facilities provided by its existing bankers, Lloyds Banking Group. A term loan of £12m together with a flexible revolving credit facility of a further £10m have been agreed.

William Edmondson
Chief Financial Officer
26 January 2012

EBITDA increased by 33% to £11.6m (2010: £8.7m)

Board of Directors

For the year ended 31 October 2011

Chairman:
Martin Brooks (Aged 61)
Martin Brooks was founding CEO of Financial Times Information, where he brought together Extel and Interactive Data Corporation to form the world's leading supplier of securities valuation data (1994-98). He has spent over 30 years in newspapers management, information publishing and IT, which started at the Financial Times in 1977, after six years service with the Brigade of Gurkhas in the Asia Pacific region. He has also been an adviser or director to other bodies including the ICAEW and is currently Chairman of Cornwall Development Company, the economic development arm of Cornwall Council.

Chief Executive Officer:
Richard Kellett-Clarke (Aged 57)
Richard Kellett-Clarke has 28 years of directorial experience. He joined Idox first as CFO in 2006, then COO in 2007. He was appointed CEO in November 2007. Before this he has held a number of CFO appointments with Brady plc, Pickwick Group plc, and in subsidiaries of Pearson PLC and Invensys plc. In addition, he was a founder and Managing Director of AFX NEWS Ltd, now part of Thomson Reuters, IT Director of Financial Times Information, and Founding Director of Sealed Media Ltd. a DRM Internet start up (now part of Oracle). In 2011 he joined the board of dotDigital Group plc. as a Non–Executive Director.

Chief Financial Officer:
William Edmondson (Aged 42)
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:
Christopher Wright (Aged 53)
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 Europe. He is an independent Non-Executive Director and chairs the Remuneration Committee.

Non-Executive Director:
Rt. Hon. Peter Lilley MP (Aged 68)
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 and Deputy Chairman of Tethys Petroleum Ltd. He is the senior independent Non-Executive Director of Idox and chairs the Audit Committee.

Directors' Report

For the year ended 31 October 2011

The Directors are pleased to submit their report and audited financial statements for the year ended 31 October 2011.

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 4 to 9.

Results and Dividends

The audited financial statements for the year ended 31 October 2011 are set out on pages 22 to 72. The Group's profit for the year after tax amounted to £4,525,000 (2010: £3,638,000). The Directors paid a dividend of 0.24 pence per share in the first half of the 2011 financial year, in respect of the year ended 31 October 2011. The Directors will propose, at the forthcoming AGM, a final dividend of 0.36 pence per share in respect of the year ended 31 October 2011.

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 2011	1 November 2010
C Wright	912,222	912,222
Rt. Hon. P B Lilley MP	533,000	533,000
M Brooks [1]	5,473,206	3,223,206
R G Q Kellett-Clarke [2]	10,134,848	5,634,848
W Edmondson	100,000	100,000

[1] 2,952,127 (2010: 2,952,127) of these shares are held through a Self Invested Pension Plan and 769,231 (2010: nil) shares are held through certain members of his family.

[2] 2,486,667 (2010: 1,616,667) of these shares are held through Self Invested Pension Plans and 1,969,231 (2010: 1,200,000) shares are held through certain members of his family and a family trust.

In addition to the shareholdings listed above, the Directors have been granted options over ordinary shares. Full details of these options are given in the Report on Remuneration on page 17.

Details of the Directors' service contracts can be found in the Report on Remuneration on page 17.

Charitable and Political Donations

The Group made charitable donations of £1,135 during the year (2010: £1,000) and no political donations during the year (2010: £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 payable days for the year were 48 days (2010: 93 days).

Directors' Report cont'd

For the year ended 31 October 2011

Substantial Shareholdings

As at 30 November 2011 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	33,137,409	9.57
Herald Investment Management	30,316,667	8.76
Investec Wealth & Investment	19,965,611	5.77
Highclere International Investors	19,941,801	5.76
Liontrust	17,400,589	5.03
Williams De Broë	15,772,129	4.56
Octopus Investments	15,357,702	4.44
Kestrel Partners	10,435,790	3.01

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.

Disabled Employees

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

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

Employee Consultation

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

An Employee Share Investment Trust is in place to 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.

Directors' Report cont'd

For the year ended 31 October 2011

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. However this risk is mitigated due to the contractual nature of the recurring revenue in the Group. The Group has increased diversification through acquisitions to mitigate against political risks.

- 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 certain competitors for its software products. To mitigate this risk, the Group continues to invest in and develop its software. Competitor risk is also mitigated through the long term nature of customer relationships and recurring software maintenance revenue.

Directors' Report cont'd

For the year ended 31 October 2011

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	2011	2010	Measure
Revenue (£000)	38,605	31,268	
Profitability ratios			
Gross margin	87%	83%	Gross profit as a percentage of revenue
EBITDA margin	30%	28%	Profit before interest, tax, depreciation, amortisation, corporate finance costs, share option costs and impairments as a percentage of revenue
Other indicator			
Debtors days	56	53	Year end trade debtors divided by turnover, multiplied by 365 days
Non-financial indicators			

	Idox group practises an integrated management system built around its ISO accreditations as follows:
Quality Management	The group quality policy has been accredited to BS EN ISO 9001:2008 for the development and the sale of products for document, content and information management.
Environmental Management	The group environmental management system has been assessed and approved to accredited BS EN ISO 14001:2004, the approved systems applying to the following: the development and sale of products for document, content and information management.
Information Security Management	The group information security management policy has been accredited to BS EN ISO 9001:2008, the approved systems applying to the following: for the development and the sale of products for document, content and information management.

Going Concern

The Directors have reviewed the Group's budget and cash flows for 2012 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. As a result of acquisitions post year end, on 14 November 2011 the Group put in place a revolving loan facility of £10m and an acquisition funding facility of £12m. The revolving loan facility is for the period to November 2014 and the acquisition funding facility is for the period to June 2015. There are no events or conditions that may cast significant doubt about the ability of the Group to continue as a going concern.

Post balance sheet events

The Group signed a revolving loan facility of £10m and an acquisition funding facility of £12m on 14 November 2011.

Directors' Report cont'd

For the year ended 31 October 2011

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

Registered office
2nd Floor,
Chancery Exchange
10 Furnival Street
London, EC4A 1AB

Report on Remuneration

For the year ended 31 October 2011

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 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 revenue and profits as well as for cash balances. In addition, the Group operates share option schemes for the Executive Directors.

Directors' Remuneration (this information has been audited)

	Basic salary and fees 2011 £000	Bonus 2011 £000	Benefits in kind 2011 £000	Total 2011 £000	Pension 2011 £000
Executive Directors					
Martin Brooks [1]	102	5	1	108	-
Richard Kellett-Clarke	210	89	12	311	22
William Edmondson	140	35	10	185	7
Non Executive Directors					
Christopher Wright	25	-	-	25	-
Peter Lilley	25	-	-	25	-
	502	129	23	654	29

	Basic salary and fees 2010 £000	Bonus 2010 £000	Benefits in kind 2010 £000	Total 2010 £000	Pension 2010 £000
Executive Directors					
Martin Brooks [1]	100	50	1	151	-
Richard Kellett-Clarke	195	100	11	306	10
William Edmondson	129	35	10	174	6
Non Executive Directors					
Christopher Wright	25	-	-	25	-
Peter Lilley	25	-	-	25	-
	474	185	22	681	16

[1] Chairman

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

Report on Remuneration cont'd

For the year ended 31 October 2011

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 (this information has been audited)
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	-	-	6.5p	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	Dec 2017
Richard Kellett-Clarke	769,231	-	-	-	769,231	13p	Aug 2008	Aug 2018
Richard Kellett-Clarke	666,667	-	-	-	666,667	15p	Aug 2008	Aug 2018
Richard Kellett-Clarke	2,439,024	-	-	-	2,439,024	10.25p	Mar 2010	Mar 2020
Richard Kellett-Clarke	-	2,500,000	-		2,500,000	20p	Mar 2011	Mar 2021
Martin Brooks	2,250,000	-	2,250,000	-	-	6.5p	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	Dec 2017
Martin Brooks	423,077	-	-	-	423,077	13p	Aug 2008	Aug 2018
Martin Brooks	366,667	-	-	-	366,667	15p	Aug 2008	Aug 2018
Martin Brooks	975,610	-	-	-	975,610	10.25p	Mar 2010	Mar 2020
Martin Brooks	-	1,000,000	-		1,000,000	20p	Mar 2011	Mar 2021
William Edmondson	1,268,293	-	-	-	1,268,293	10.25p	Mar 2010	Mar 2020
William Edmondson	-	1,500,000	-		1,500,000	20p	Mar 2011	Mar 2021
Christopher Wright	243,902	-	-	-	243,902	10.25p	Mar 2010	Mar 2020
Christopher Wright	-	250,000	-		250,000	20p	Mar 2011	Mar 2021
Peter Lilley	243,902	-	-	-	243,902	10.25p	Mar 2010	Mar 2020
Peter Lilley	-	250,000	-		250,000	20p	Mar 2011	Mar 2021
Totals	16,946,373	5,500,000	6,750,000	-	15,696,373			

The mid market price of the Company's shares at close of business on 31 October 2011 was 23.2p and the high and low share prices during the year were 24.25p and 12.95p respectively.

The Company recognised total expenses of £1,064,000 (2010: £185,000) related to equity-settled share-based payment transactions during the year.

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 2011

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 September 2010. 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 seven Board meetings, three Audit Committee and two Remuneration Committee meetings during the year. All Directors attended each Board meeting. Two Directors attended each Committee meeting.

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

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

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

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 the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). The directors have elected to prepare the company financial statements under UK Generally Accepted Accounting Practice ("UK GAAP").

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 judgements 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 adequate 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. 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.

Corporate Governance Report cont'd

For the year ended 31 October 2011

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 and research and development.

Board of Directors
The Board, comprising the Chairman, the Chief Executive Officer, the Chief Financial 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 has access to a full annual report each year end and an interim report at the half year end. Care is taken to ensure that any price sensitive information is released to all shareholders, institutional and private, at the same time in accordance with London Stock Exchange requirements.

Idox 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 20.

The Nomination Committee
The Nomination Committee is chaired by Peter Lilley and includes Christopher Wright.

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.

Report of the Audit Committee

For the year ended 31 October 2011

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 three 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.

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
26 January 2012

Independent Auditor's report to the members of Idox plc

We have audited the group financial statements of Idox plc for the year ended 31 October 2011 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 18 & 19, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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/private.cfm

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 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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:

Under the Companies Act 2006 we are required 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 2011.

Steve Maslin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
26 January 2012

Consolidated Statement of Comprehensive Income

For year ended 31 October 2011

	Note	2011 £000	2010 £000
Revenue	2	38,605	31,268
External charges		(5,157)	(5,290)
Gross margin		33,448	25,978
Staff costs	4	(17,400)	(14,170)
Other operating charges		(4,487)	(3,091)
Earnings before goodwill impairment, amortisation, depreciation, restructuring, corporate finance and share option costs		11,561	8,717
Depreciation	10	(499)	(403)
Amortisation	11	(3,738)	(2,260)
Restructuring costs	4	(211)	(187)
Corporate finance costs	5	(281)	(438)
Share option costs	23	(1,064)	(185)
Operating profit	3	5,768	5,244
Finance income	6	247	15
Finance costs	6	(401)	(316)
Profit before taxation		5,614	4,943
Income tax expense	8	(1,089)	(1,305)
Profit for the year		4,525	3,638
Other comprehensive income for the year			
Available-for-sale financial assets - transferred to profit for the year		(35)	35
Exchange gains on retranslation of foreign operations		41	-
Other comprehensive income for the year, net of tax		6	35
Total comprehensive income for the year attributable to owners of the parent		4,531	3,673
Earnings per share			
Basic	9	1.31p	1.07p
Diluted	9	1.28p	1.05p

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

Consolidated Balance Sheet

At 31 October 2011

	Note	2011 £000	2010 £000
ASSETS			
Non-current assets			
Property, plant and equipment	10	601	504
Intangible assets	11	48,611	44,629
Other long-term financial assets	13	-	855
Deferred tax assets	20	495	283
Total non-current assets		49,707	46,271
Current assets			
Trade and other receivables	15	8,843	5,915
Cash and cash equivalents	14	-	2,004
Total current assets		8,843	7,919
Total assets		58,550	54,190
LIABILITIES			
Current liabilities			
Trade and other payables	16	2,304	2,784
Other liabilities	17	13,315	11,794
Provisions	18	117	133
Current tax		975	1,052
Borrowings	19	2,408	1,000
Total current liabilities		19,119	16,763
Non-current liabilities			
Deferred tax liabilities	20	5,060	4,549
Borrowings	19	-	1,866
Total non-current liabilities		5,060	6,415
Total liabilities		24,179	23,178
Net assets		34,371	31,012

Consolidated Balance Sheet cont'd

At 31 October 2011

	Note	2011 £000	2010 £000
EQUITY			
Called up share capital	22	3,463	3,442
Capital redemption reserve		1,112	1,112
Share premium account		10,017	9,903
Treasury reserve		(204)	(455)
Share options reserve		1,366	630
Merger reserve		1,294	1,294
ESOP trust		(93)	(93)
Foreign currency retranslation reserve		41	-
Retained earnings		17,375	15,179
Total equity		34,371	31,012

The financial statements were approved by the Board of Directors and authorised for issue on 26 January 2012 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

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For the year ended 31 October 2011

Consolidated Statement of Changes in Equity

At 31 October 2011

	Called up share capital £000	Capital redemption reserve £000	Share premium account £000
At 1 November 2009	3,442	1,112	9,903
Transfer on exercise of share options	-	-	-
Purchase of treasury shares	-	-	-
Share options granted	-	-	-
Share repurchase	-	-	-
Equity dividends paid	-	-	-
ESOP trust	-	-	-
Transactions with owners	-	-	-
Profit for the period	-	-	-
Other comprehensive income			
Fair value gain on investment	-	-	-
Total comprehensive income for the period	-	-	-
Balance at 31 October 2010	3,442	1,112	9,903
Issue of share capital	21	-	114
Transfer on exercise of share options	-	-	-
Sale of treasury shares	-	-	-
Share options granted	-	-	-
Purchase of treasury shares	-	-	-
Equity dividends paid	-	-	-
Transactions with owners	21	-	114
Profit for the period	-	-	-
Other comprehensive income			
Exchange gains on retranslation of foreign operations	-	-	-
Available-for-sale financial assets – transfer to profit for year	-	-	-
Total comprehensive income for the period	-	-	-
At 31 October 2011	3,463	1,112	10,017

Please note this table above expands onto the following page.

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

Consolidated Statement of Changes in Equity cont'd

At 31 October 2011

Treasury reserve £000	Share options reserve £000	Merger reserve £000	ESOP Trust £000	Foreign currency retranslation reserve £000	Retained earnings £000	Total £000
(212)	454	1,294	(88)	-	12,268	28,173
-	(9)	-	-	-	(5)	(14)
(249)	-	-	-	-	-	(249)
-	185	-	-	-	-	185
6	-	-	-	-	-	6
-	-	-	-	-	(757)	(757)
-	-	-	(5)	-	-	(5)
(243)	176	-	(5)	-	(762)	(834)
-	-	-	-	-	3,638	3,638
-	-	-	-	-	35	35
-	-	-	-	-	3,673	3,673
(455)	630	1,294	(93)	-	15,179	31,012
-	-	-	-	-	-	135
-	(258)	-	-	-	243	(15)
972	-	-	-	-	(501)	471
-	994	-	-	-	-	994
(721)	-	-	-	-	-	(721)
-	-	-	-	-	(2,036)	(2,036)
251	736	-	-	-	(2,294)	(1,172)
-	-	-	-	-	4,525	4,525
-	-	-	-	41	-	41
-	-	-	-	-	(35)	(35)
-	-	-	-	41	4,490	4,531
(204)	1,366	1,294	(93)	41	17,375	34,371

Please note this table above has been expanded from the previous page.

Consolidated Cash Flow Statement

At 31 October 2011

	2011 £000	2010 £000
Cash flows from operating activities		
Profit for the period before taxation	5,614	4,943
Adjustments for:		
Depreciation	499	403
Amortisation	3,738	2,260
Loss on disposal of property, plant and equipment	-	160
Finance income	(247)	(15)
Finance costs	146	189
Debt issue costs amortisation	134	85
Share option costs	994	185
Exchange losses	(5)	8
Movement in receivables	(2,050)	1,055
Movement in payables	(1,371)	(563)
Cash generated by operations	7,452	8,710
Tax on profit paid	(2,132)	(1,009)
Net cash from operating activities	5,320	7,701
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	(4,263)	(5,543)
Sale/(purchase) of available-for-sale financial assets	1,038	(820)
Purchase of property, plant and equipment	(568)	(613)
Purchase of intangible assets	(668)	(3,470)
Finance income	29	15
Net cash used in investing activities	(4,432)	(10,431)
Cash flows from financing activities		
Interest paid	(134)	(189)
Loan repayments	(3,000)	(1,000)
Equity dividends paid	(2,036)	(757)
Sale/purchase of shares	(130)	(267)
Net cash flows from financing activities	(5,300)	(2,213)
Net movement on cash and cash equivalents	(4,412)	(4,943)
Cash and cash equivalents at the beginning of the period	2,004	6,947
Cash and cash equivalents at the end of the period	(2,408)	2,004

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

Notes to the Accounts

For the year ended 31 October 2011

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 Alternative Investment Market and is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, Chancery Exchange, 10 Furnival Street, London, EC4A 1AB. The registered number of the company is 03984070.

The financial statements are prepared in pound sterling.

Basis of preparation

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

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities, being available for sale investments.

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

International Financial Reporting Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, 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. None of these are considered relevant to the Group's operations.

Adoption of new and revised standards

The following new standards and amendments to standards have been adopted by the Group during the year.

IAS 24 (Revised 2009) "Related Party Disclosures" - effective 1 January 2011. The revised standard modifies the definition of related parties.

IAS 32 Amendment: Classification of Rights Issues. The Amendment alters IAS 32 so that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own (non-derivative) equity instruments.

Amendments to IFRS 2 – Group cash-settled share based payment transactions. This amendment clarifies that an entity that receives goods or services from its suppliers (including employees) must apply IFRS 2 even where the obligation to make the required share-based cash payment lies with another group entity.

Improvements to IFRS issued May 2010 – part effective 1 January 2011.

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:

Notes to the Accounts

For the year ended 31 October 2011

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

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

(ii) Development costs
The Group reviews half yearly whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each 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 11 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 11 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 18 for details of the amounts included in the balance sheet at the year end.

(vi) Contingent consideration
The contingent consideration provision is the maximum undiscounted amount which will be paid.

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.

Notes to the Accounts cont'd

For the year ended 31 October 2011

All inter-company transactions are eliminated on consolidation.

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

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.

Software licences revenue is recognised when the licence is delivered. Where the licence is bespoke, revenue is recognised when the licence is delivered and the customer has accepted the licence as fully functional. Software consultancy revenue is recognised in accordance with the percentage of value delivered to the customer. For small value orders, the whole invoice amount is recognised at the billing point.

The revenues for maintenance and managed service contracts are spread evenly over the life 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, which comprises the Chief Executive Officer and the Chief Financial Officer.

Goodwill

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

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

Notes to the Accounts cont'd

For the year ended 31 October 2011

Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the statement of comprehensive income. Unallocated goodwill on acquisitions relates mainly to workforce valuation, synergies and economies of scale obtained on combining acquisitions with existing operations.

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

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

(i) Research and development
Expenditure on research (or the research phase of an internal project) is recognised 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 separately on the statement of comprehensive income.

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

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

(ii) Customer relationships
Customer relationships represent the purchase price of customer lists and contractual relationships purchased on the acquisition of CAPS Solutions Limited, Plantech Limited, J4B Software and Publishing Limited, Strand Electoral Management Services Limited, Grantfinder Limited, McLaren Software Limited and Lalpac Limited. These relationships are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over a period of 20, 10 and 5 years.

(iii) Trade names
Trade names represent the named intangible asset recognised on the acquisition of CAPS Solutions Limited, Plantech Limited, J4B Software and Publishing Limited, Strand Electoral Management Services Limited,

Notes to the Accounts cont'd

For the year ended 31 October 2011

Grantfinder Limited, McLaren Software Limited and Lalpac 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, 10 and 5 years.

(iv) Software
Software represents the Uniform, Acolaid, Enterprise Engineer and electoral and licensing software purchased on the acquisition of CAPS Solutions Limited, Plantech Limited, McLaren Software Limited, Strand Electoral Management Services Limited and Lalpac 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 5 and 10 years. Software also includes software licences purchased which are amortised using the straight line method over a period of 3 years.

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

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

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 that are 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.

Notes to the Accounts cont'd

For the year ended 31 October 2011

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 reserves.

Reserves

Equity comprises the following:

> "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

> "Capital redemption reserve" represents when the entire deferred ordinary share capital was bought in exchange for one ordinary 1p share.

> "Merger reserve" which arose as a result of a group reconstruction that occurred on 17 November 2000. This represents the issued share capital and share premium account in the Company's subsidiary undertaking, Idox Software Limited.

> "Share options reserve" represents shares to be issued on potential exercise of those share options that have been accounted for under "IFRS 2 Share Based Payments".

> "ESOP trust" represents share capital purchased to satisfy the 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 statement of comprehensive income except 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

Notes to the Accounts cont'd

For the year ended 31 October 2011

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

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, 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
Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. All leases are operating in nature. Amounts paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

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

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

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

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

Capital policy
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 a capital structure that optimises 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 or issue new shares.

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

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

Trade and other receivables
Trade receivables do not carry any interest and are initially stated at their fair value, as reduced by appropriate allowances for estimated irrecoverable amounts. All receivables are

Notes to the Accounts cont'd

For the year ended 31 October 2011

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.

Investments
Investments consist of available-for-sale investments in equity instruments which are measured at market prices. Movements in market value are recognised through the consolidated statement of comprehensive income. In the event of a disposal of an available-for-sale financial asset , the cumulative gain or loss previously recognised in other comprehensive income is transferred to the profit and loss account.

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.

Notes to the Accounts cont'd

For the year ended 31 October 2011

2 SEGMENTAL ANALYSIS

As at 31 October 2011, 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 – providing local authorities with software & managed services which deliver seamless integration and automation from user interfaces through to document storage alongside the development and implementation of proprietary software products for the engineering market

> 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. The assets and liabilities of the Group are not reviewed by the chief executive decision-maker on a segment basis.

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

The segment revenues by geographic location for the year ended 31 October 2011 are as follows:

	United Kingdom £000	USA £000	Europe £000	Australia £000	Rest of World £000	Total £000
Revenues from external customers	33,786	1,884	1,551	1,255	129	38,605

The segment revenues by geographic location for the year ended 31 October 2010 are as follows:

	United Kingdom £000	USA £000	Europe £000	Australia £000	Rest of World £000	Total £000
Revenues from external customers	30,724	-	544	-	-	31,268

Revenues are attributed to individual countries on the basis of the location of the customer. The new geographic locations disclosed in 2011 are as a result of the acquisition of McLaren Software Group Limited during the current financial year.

Notes to the Accounts cont'd

For the year ended 31 October 2011

The segment results by business unit for the year ended 31 October 2011 are as follows:

	Software £000	Solutions £000	Recruitment £000	Total £000
Revenues from external customers	30,787	4,707	3,111	38,605
Cost of sales	(3,105)	(310)	(1,742)	(5,157)
Gross profit	27,682	4,397	1,369	33,448
Operating costs	(17,093)	(3,794)	(1,000)	(21,887)
Profit before interest, tax, depreciation, amortisation, share option and redundancy costs	10,589	603	369	11,561
Depreciation	(402)	(90)	(7)	(499)
Amortisation	(3,007)	(722)	(9)	(3,738)
Share options costs	(962)	(102)	-	(1,064)
Redundancy	(194)	(17)	-	(211)
Profit before interest and taxation	6,024	(328)	353	6,049
Interest receivable	3	-	-	3
Segment profit (see reconciliation below)	6,027	(328)	353	6,052

The segment results for the year ended 31 October 2010 are as follows:

	Software £000	Solutions £000	Recruitment £000	Total £000
Revenues from external customers	24,140	4,165	2,963	31,268
Cost of sales	(3,125)	(348)	(1,817)	(5,290)
Gross profit	21,015	3,817	1,146	25,978
Operating costs	(12,749)	(3,530)	(982)	(17,261)
Profit before interest, tax, depreciation, amortisation, share option and redundancy costs	8,266	287	164	8,717
Depreciation	(311)	(90)	(2)	(403)
Amortisation	(1,822)	(429)	(9)	(2,260)
Share options costs	(185)	-	-	(185)
Redundancy	(113)	(49)	(25)	(187)
Profit before interest and taxation	5,835	(281)	128	5,682
Interest receivable	8	-	-	8
Segment profit (see reconciliation below)	5,843	(281)	128	5,690

Notes to the Accounts cont'd

For the year ended 31 October 2011

Reconciliations of reportable profit

	2011 £000	2010 £000
Profit:		
Total profit for reportable segments	6,052	5,690
Corporate finance costs	(281)	(438)
Net financial costs	(157)	(309)
Profit before taxation	5,614	4,943

Other financial costs relate to loan interest, exchange differences, bank loan facility fee amortisation and interest receivable which have not been included in reportable segments.

3 OPERATING PROFIT FOR THE YEAR

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

	2011 £000	2010 £000
Auditors' remuneration:		
- Fees payable to the company auditor for the audit of the parent company & consolidated annual accounts	32	25
- The audit of the company's subsidiaries, pursuant to legislation	90	46
- Other services pursuant to legislation	-	16
- Tax services	75	15
Bank facility fee amortisation	234	85
Operating lease rentals – buildings	624	367
Depreciation – property, plant & equipment, owned	499	403
Amortisation of intangibles	3,738	2,260
Loss of disposal of property, plant and equipment	-	160
Equity-settled share-based payments	1,064	185
Foreign exchange loss/(gain)	21	42

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2011 £000	2010 £000
Wages and salaries	15,150	12,333
Social security costs	1,737	1,415
Pension costs	513	422
Share based payment charge	1,064	185
	18,464	14,355

During the year the group incurred restructuring costs of £211,000 (2010:£187,000). The restructuring costs represent redundancy payments to former staff.

Notes to the Accounts cont'd

For the year ended 31 October 2011

The average number of employees of the group during the year was 363 (2010: 332) and is made up as follows:

	2011 No	2010 No
Office and administration (including Directors of the company and its subsidiary undertakings)	37	40
Sales	43	44
Development	73	82
Operations	107	97
Solutions	84	56
Recruitment	19	13
	363	332

Remuneration in respect of directors was as follows:

	2011 £000	2010 £000
Emoluments	654	681
Pension contributions	29	16
Share based payment charge	514	165
	1,197	862

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

	2011 £000	2010 £000
Aggregate emoluments	311	306
Pension contributions	22	10
	333	316

Details of the remuneration for each director are included in the remuneration report which can be found on page 16 but which does not form part of the audited accounts.

5 CORPORATE FINANCE COSTS

Corporate finance costs are incurred by the Group through acquisition activity. Following the implementation of IFRS 3 R all acquisition related costs are expensed in the period incurred rather than added to the cost of investment.

Notes to the Accounts cont'd

For the year ended 31 October 2011

6 FINANCE INCOME AND COSTS

	2011 £000	2010 £000
Interest receivable	5	15
Bank loans interest payable	(146)	(189)
Bank loan facility fee amortisation	(234)	(85)
Fair value loss on financial liabilities recognised in profit or loss	(21)	(42)
Profit on sale of available-for-sale financial assets	218	-
Dividends receivable	24	-
Net finance costs	(154)	(301)

7 DIVIDENDS

	2011 £000	2010 £000
Final dividend paid in respect of the year ended 31 October 2010 and 31 October 2009	1,205	413
Pence per ordinary share	0.35p	0.12p
Interim dividend paid in respect of the year ended 31 October 2011 and 31 October 2010	831	344
Pence per ordinary share	0.24p	0.10p

The directors have proposed the payment of a final dividend of 0.36p per share, which would amount to £1,246,427 (2010: 0.35p).

Notes to the Accounts cont'd

For the year ended 31 October 2011

8 INCOME TAX

The tax charge is made up as follows:

	2011 £000	2010 £000
Current tax		
Corporation tax on profits for the period	2,046	1,909
Foreign tax on overseas companies	8	-
Under/(over) provision in respect of prior periods	3	(37)
Total current tax	2,057	1,872
Deferred tax		
Origination and reversal of temporary differences	(715)	(373)
Amortisation of intangibles difference in tax rate	(120)	(198)
Adjustments in respect of prior periods	(133)	4
Total deferred tax	(968)	(567)
Total tax charge	1,089	1,305

Unrelieved trading losses of £6,960,000 (2010: £116,000) which, when calculated at the standard rate of corporation tax in the United Kingdom of 27% (2010: 28%), amounts to £1,879,000 (2010: £32,000). These remain available to offset against future taxable trading profits.

Factors affecting the tax charge in the period:

	2011 £000	2010 £000
Profit before taxation	5,614	4,943
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27% (2010: 28%)	1,516	1,384
Effects of:		
Tax losses utilised	(491)	-
Expenses not deductible for tax purposes	205	156
Marginal relief	-	(4)
Capital allowances in excess of depreciation	50	-
Other timing differences	104	-
R&D enhanced relief	(60)	-
Prior year deferred tax	(118)	4
Difference in deferred tax rate	(120)	(198)
Adjustments to tax charge in respect of prior year	3	(37)
	1,089	1,305

Notes to the Accounts cont'd

For the year ended 31 October 2011

9 EARNINGS PER SHARE

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

	2011 £000	2010 £000
Profit for the year	4,525	3,638
Basic earnings per share		
Weighted average number of shares in issue	344,267,741	341,003,888
Basic earnings per share	1.31p	1.07p
Weighted average number of shares in issue	344,267,741	341,003,888
Add back:		
Treasury shares	230,000	2,525,500
ESOP shares	178,494	628,978
Allotted, called up and fully paid share capital	344,676,235	344,158,366
Diluted earnings per share		
Weighted average number of shares in issue used in basic earnings per share calculation	344,267,741	341,003,888
Dilutive share options	9,096,287	5,841,718
Weighted average number of shares in issue used in dilutive earnings per share calculation	353,364,028	346,845,606
Diluted earnings per share	1.28p	1.05p
Normalised earnings per share		
Add back:		
Amortisation	3,738	2,260
Impairment	-	-
Share option costs	1,064	185
Corporate finance costs	281	438
Restructuring costs	211	187
Tax effect	(1,303)	(737)
Normalised profit for year	8,516	5,971
Weighted average number of shares in issue	344,267,741	341,003,888
Normalised earnings per share	2.47p	1.75p
Normalised diluted earnings per share	2.41p	1.72p

Notes to the Accounts cont'd

For the year ended 31 October 2011

10 PROPERTY, PLANT AND EQUIPMENT

	Computer hardware £000	Fixtures, fittings and equipment £000	Library books and journals £000	Total £000
Cost				
At 1 November 2009	1,985	849	608	3,442
Additions	246	3	60	309
Additions on acquisition	1	-	-	1
Disposals	(1,464)	(571)	(518)	(2,553)
At 31 October 2010	768	281	150	1,199
Additions	352	202	14	568
Additions on acquisition	27	1	-	28
Disposals	(283)	(40)	(9)	(332)
At 31 October 2011	864	444	155	1,463
Depreciation				
At 1 November 2009	1,513	689	483	2,685
Provided in the year	304	70	29	403
Eliminated on disposal	(1,340)	(570)	(483)	(2,393)
At 31 October 2010	477	189	29	695
Provided in the year	355	79	65	499
Eliminated on disposal	(283)	(40)	(9)	(332)
At 31 October 2011	549	228	85	862
Net book amount at 31 October 2011	315	216	70	601
Net book amount at 31 October 2010	291	92	121	504
Net book amount at 1 November 2009	472	160	125	757

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

Notes to the Accounts cont'd

For the year ended 31 October 2011

11 INTANGIBLE ASSETS

	Goodwill £000	Customer relationships £000	Trade names £000	Software £000	Development costs £000	Database £000	Order backlog £000	Total £000
Cost								
At 1 November 2009	21,802	7,274	3,225	3,935	925	406	-	37,567
Additions	-	-	-	304	570	-	-	874
Additions on acquisition	4,394	3,621	588	449	-	155	4,200	13,407
At 31 October 2010	26,196	10,895	3,813	4,688	1,495	561	4,200	51,848
Additions	-	-	-	87	573	8	-	668
Additions on acquisition	1,772	2,659	1,192	1,099	297	-	-	7,019
Fair value adjustment	33	-	-	-	-	-	-	33
Disposals	-	-	-	(63)	-	-	-	(63)
At 31 October 2011	28,001	13,554	5,005	5,811	2,365	569	4,200	59,505
Amortisation and impairment losses								
At 1 November 2009	2,565	867	377	933	176	41	-	4,959
Amortisation for the year	-	577	201	527	244	96	615	2,260
At 31 October 2010	2,565	1,444	578	1,460	420	137	615	7,219
Amortisation for the year	-	1,051	454	741	389	121	982	3,738
Disposals	-	-	-	(63)	-	-	-	(63)
At 31 October 2011	2,565	2,495	1,032	2,138	809	258	1,597	10,894
Carrying amount at 31 October 2011	25,436	11,059	3,973	3,673	1,556	311	2,603	48,611
Carrying amount at 31 October 2010	23,631	9,451	3,235	3,228	1,075	424	3,585	44,629
Carrying amount at 1 November 2009	19,237	6,407	2,848	3,002	749	365	--	32,608

Notes to the Accounts cont'd

For the year ended 31 October 2011

During the year, goodwill was reviewed for impairment in accordance with IAS 36, Impairment of assets. Impairment charges of £Nil (2010: £Nil) arose as a result of this review.

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

	2011 Remaining amortisation period (years)	2010 Remaining amortisation period (years)	2011 Carrying value £000	2010 Carrying value £000
CAPS intangibles:				
Customer relationships	15.5	16.5	4,544	4,837
Trade names	15.5	16.5	1,935	2,060
Software	5.5	6.5	1,675	1,980
Plantech intangibles:				
Customer relationships	16	17	926	984
Trade names	16	17	416	442
Software	6	7	504	588
Development costs	-	0.5	-	25
j4b intangibles:				
Customer relationships (product)	2.5	3.5	62	87
Customer relationships (project)	7.5	8.5	98	110
Trade names	7.5	8.5	154	175
Database	2.5	3.5	202	284
GRANTfinder intangibles				
Trade name	8.5	9.5	198	221
Database	3.5	4.5	109	140
Customer contracts and relationships	3.5	4.5	910	1,170
Order backlog	3.5	4.5	910	1,170
Strand intangibles				
Trade name	8.75	9.75	266	337
Software	3.75	4.75	333	422
Customer relationships	3.75	4.75	2,031	2,263
LAMP contracts intangibles				
Backlog order book	9	10	1,693	2,415
Intelligent Resources intangibles				
Software	3	4	27	36

Notes to the Accounts cont'd

For the year ended 31 October 2011

	2011 Remaining amortisation period (years)	2010 Remaining amortisation period (years)	2011 Carrying value £000	2010 Carrying value £000
Development costs	4	5	1,556	1,050
Software costs	2	3	186	202
McLaren Intangibles:				
Customer relationships	9	-	925	-
Trade names	4	-	848	-
Software	4	-	636	-
Lalpac intangibles:				
Customer relationships	9.5	-	1,563	-
Trade names	9.5	-	156	-
Software	9.5	-	312	-

Impairment test for goodwill
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:

	2011 £000	2010 £000
Cash Generating Units (CGU)		
Software	19,642	17,870
Idox Information Solutions	3,837	3,804
TFPL Recruitment	1,957	1,957
	25,436	23,631

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.

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 2011 and the year to 31 October 2010, 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 Weighted Average Cost of Capital for the Group has been applied to CGU cash flows rather than calculating a separate one for each CGU. This had been done given the common factors such as equity and debt which cannot be apportioned to individual CGUs.

Notes to the Accounts cont'd

For the year ended 31 October 2011

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:

	2011	2010
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 cash flow forecasts for all CGU's. Management are satisfied that the key assumptions are achievable and that reasonably possible changes to those key assumptions would not lead to the carrying amount of the relevant CGU exceeding the recoverable amount.

12 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	2011 £000	2010 £000
Available-for-sale financial assets			
Securities and debentures	13	-	855
Loans and receivables:			
Trade and other receivables	15	7,835	5,093
Cash and cash equivalents	14	-	2,004
		7,835	7,097

Financial liabilities	Note	2011 £000	2010 £000
Financial liabilities measured at amortised cost:			
Non-current:	19	-	1,866
Borrowings		-	1,866
Current:			
Borrowings	19	2,408	1,000
Trade and other payables	16	2,304	2,784
		4,712	3,784

Notes to the Accounts cont'd

For the year ended 31 October 2011

13 OTHER LONG TERM FINANCIAL ASSETS

Other long-term financial assets include the following investments, in accordance with the fair value hierarchy these are defined as level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

	2011 £000	2010 £000
Securities and debentures		
Listed equity securities	-	855

The listed equity securities were sold during the year, realising a gain of £218,000. The listed securities are traded on the London stock exchange. In the prior year, the assets were stated at fair value. Fair values were determined by reference to their quoted bid price at the reporting date..

14 CASH AND CASH EQUIVALENTS

	2011 £000	2010 £000
Cash at bank and in hand	-	2,004
Bank overdraft	(2,408)	-
Cash and cash equivalents per cash flow statements	(2,408)	2,004

15 TRADE AND OTHER RECEIVABLES

	2011 £000	2010 £000
Trade receivables, gross	6,204	4,778
Allowance for credit losses	(231)	(269)
Trade receivables, net	5,973	4,509
Amounts recoverable on contracts	1,695	484
Other receivables	167	100
Financial assets	7,835	5,093
Prepayments and accrued income	1,008	822
Non-financial assets	1,008	822
Trade and other receivables	8,843	5,915

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

J4B Nederland BV	Euros	€89,000	€117,000
Idox Information Solutions Limited	Euros	€75,000	Nil
McLaren Software Limited	Euros	€363,000	Nil
McLaren Software Limited	Australian dollars	$865,000	Nil
McLaren Software Limited	US dollars	$190,000	Nil
McLaren Software Inc	US dollars	$798,000	Nil
McLaren Software Inc	Canadian dollars	$65,000	Nil

Notes to the Accounts cont'd

For the year ended 31 October 2011

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:

	2011 £000	2010 £000
Local authorities and other public bodies	2,973	3,578
Private companies	3,231	1,200
	6,204	4,778

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

	Gross 2011 £000	Impairment 2011 £000	Gross 2010 £000	Impairment 2010 £000
Not past due	3,543	-	3,411	-
Past due 0 to 30 days	888	-	268	-
Past due 31 to 60 days	429	-	31	-
More than 61 days	1,344	231	1,068	269
	6,204	231	4,778	269

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

	2011 £000	2010 £000
At 1 November	269	380
Charge for the year	402	65
Utilised	(440)	(176)
At 31 October	231	269

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 holders of the Cash at bank is AA and AAA rated.

16 TRADE AND OTHER PAYABLES

	2011 £000	2010 £000
Trade payables	673	1,346
Accruals	1,631	1,438
	2,304	2,784

Notes to the Accounts cont'd

For the year ended 31 October 2011

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. The majority of this will be released during the next six months.

17 OTHER LIABILITIES

	2011 £000	2010 £000
Social security and other taxes	547	424
Other payables	1,902	1,969
Deferred income	10,866	9,401
	13,315	11,794

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

18 PROVISIONS

	2011 £000	2010 £000
At 1 November	133	138
Provision made during the year	4	8
Provision utilised during the year	(20)	(13)
At 31 October	117	133

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

19 BORROWINGS

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

	2011 £000	2010 £000
Current		
Bank borrowings	2,408	1,000
Non-current		
Bank borrowings	-	1,866
Total borrowings	2,408	2,866

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 loan was fully repaid in April 2011. During the period the loan was held, the average interest rate paid was 4.76% (2010: 4.28%).

During the year the Group agreed a short term £6m working capital facility with the Bank of Scotland Plc with an interest rate of 3.5%.

Notes to the Accounts cont'd

For the year ended 31 October 2011

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

20 DEFERRED INCOME TAX

Deferred tax assets and liabilities are summarised as follows:

	2011 £000	2010 £000
Deferred tax assets	495	283
Deferred tax liabilities (non current)	(5,060)	(4,549)
	(5,060)	(4,549)

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

	2011 £000	2010 £000
At 1 November	(4,266)	(3,186)
Credit to income for the year	847	375
Credit to equity	-	(4)
Adjustment for changes in rate	120	198
Charged to goodwill for the year	(1,266)	(1,649)
At 31 October	(4,565)	(4,266)

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 2009	109	206	315	(3,501)	(3,501)
Charge/(credit) to income	-	(32)	(32)	407	407
Charge/(credit) to equity	-	-	-	(4)	(4)
Changes in rate	-	-	-	198	198
Deferred tax recognised on acquisition	-	-	-	(1,649)	(1,649)
At 31 October 2010	109	174	283	(4,549)	(4,549)
Charge/(credit) to income	-	212	212	635	635
Charges in rate	-	-	-	120	120
Deferred tax recognised on acquisition	-	-	-	(1,266)	(1,266)
At 31 October 2011	109	386	495	(5,060)	(5,060)

There were no unprovided deferred tax assets at 31 October 2011 or 31 October 2010.

Notes to the Accounts cont'd

For the year ended 31 October 2011

21 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 minimal exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions.

(ii) Price risk

The Group is exposed to equity securities price risk due to investments 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 in respect of cash balances held with banks and other highly rated counterparties.

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2011 and 2010, all the Group's borrowings at variable rate were denominated in UK Sterling.

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:

	2011	2010
Classes of financial assets - carrying amounts	£000	£000
Cash and cash equivalents	-	2,004
Trade receivables	5,973	4,509
Amounts recoverable on contracts	1,695	484
Assets available for sale	-	855
Other receivables	167	100
Financial assets at fair value	7,835	7,952

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 the Group's trading history with the customer.

Notes to the Accounts cont'd

For the year ended 31 October 2011

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 19.

As at 31 October 2011, 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	2,408	-	-	-
Trade and other payables	2,304	-	-	-

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	565	553	2,095	-
Trade and other payables	2,784	-	-	-

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.

Notes to the Accounts cont'd

For the year ended 31 October 2011

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

	2011 £000	2010 £000
Total equity	34,371	31,012
Less unrestricted cash and cash equivalents (note 14)	-	(2,004)
	34,371	29,008
Total equity	34,371	31,012
Borrowings	2,408	2,866
	36,779	33,878
Capital-to-overall financing ratio	0.93	0.86

22 SHARE CAPITAL

	2011 £000	2010 £000
Authorised:		
650,000,000 ordinary shares of 1p each (2010: 650,000,000)	6,500	6,500
Allotted, called up and fully paid		
As at 1 November	3,442	3,442
Issued and allotted during the year	21	-
346,229,842 ordinary shares of 1p each (2010: 344,158,366)	3,463	3,442

Movement in issued share capital in the year
During the year to 31 October 2011, six employees exercised share options. To satisfy the exercise of two of these options, the company issued and allotted 2,071,476 new ordinary shares of 1p each.

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

At 31 October 2011, there were 232,174 (2010: 670,953) shares in issue under ESOP. During the year the average issue share price was 11.1p (2010: 11.2p).

At 31 October 2011 there were 955,000 (2010: 3,838,000) shares held in treasury.

Notes to the Accounts cont'd

For the year ended 31 October 2011

23 SHARE OPTIONS

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

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	Granted	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	-	(2,250,000)	2,250,000	9.00p	Feb 2007	Oct 2014
2,066,000	-	(420,000)	1,646,000	7.50p	May 2007	May 2017
615,385	-	(115,385)	500,000	8.125p	Jun 2007	Jun 2017
550,000	-	-	550,000	15.00p	Dec 2007	Dec 2017
960,000	-	(960,000)	-	12.50p	May 2008	May 2018
1,192,308	-	-	1,192,308	13.00p	Aug 2008	Aug 2018
1,033,334	-	-	1,033,334	15.00p	Aug 2008	Aug 2018
8,105,366	-	-	8,105,366	10.25p	Mar 2010	Mar 2020
-	12,400,000	-	12,400,000	20.00p	Mar 2011	Mar 2021
-	1,325,000	-	1,325,000	18.00p	Mar 2011	Mar 2021
23,522,393	13,725,000	(8,245,385)	29,002,008			

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

	2011 No	2011 WAEP Pence	2010 No	2010 WAEP Pence
Outstanding at the beginning of the year	23,522,393	9.55	15,717,027	8.13
Granted during the year	13,725,000	19.81	8,105,366	10.25
Exercised during the year	(8,245,385)	7.95	(300,000)	7.5
Outstanding at the end of the year	29,002,008	14.86	23,522,393	9.55
Exercisable at the end of the year	13,945,648	12.31	15,922,578	8.92

The share options outstanding at the end of the year have a weighted average remaining contractual life of 7 years. The share options exercised during the year had a weighted average share price of 7.95p.

No share options lapsed during the year.

Notes to the Accounts cont'd

For the year ended 31 October 2011

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 £
Mar 2011	12,400,000	17.46	20.0	40	10	4.65	0.6	0.09
Mar 2011	1,325,000	17.46	18.0	40	10	4.65	0.6	0.09

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 £1,064,000 (2010: £185,000) related to equity-settled share-based payment transactions during the year.

Transitional Provisions

Under the transitional provisions of IFRS 2 share options granted prior to 7 November 2002 but not vested at 1 November 2006 fall outside 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 the year	Exercised	Lapsed	At end of the year	Exercise price	Exercise date from	Exercise date to
166,667	-	(166,667)	-	12.00p	Dec 2003	Dec 2013
1,419,085	-	(1,419,085)	-	15.50p	Feb 2002	Nov 2012
1,863,636	(909,091)	-	954,545	11.00p	Oct 2002	Oct 2012
4,000,000	(1,000,000)	-	3,000,000	10.00p	Sep 2004	May 2014
7,449,388	(1,909,091)	(1,585,752)	3,954,545			

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.

	2011 No	2011 WAEP Pence	2010 No	2010 WAEP Pence
Outstanding at the beginning of the year	7,449,388	11.34	11,564,429	11.75
Exercised during the year	(1,909,091)	10.48	-	-
Lapsed during the year	(1,585,752)	15.13	(4,115,041)	12.91
Outstanding at the end of the year	3,954,545	10.24	7,449,388	11.34
Exercisable at the end of the year	3,954,545	10.24	7,449,388	11.34

Notes to the Accounts cont'd

For the year ended 31 October 2011

24 ACQUISITIONS

McLaren Software Group Limited
On 13 December 2010, the Group acquired the entire share capital of McLaren Software Group Limited (McLaren) for a consideration of £3.

McLaren is a leading supplier of engineering document management and control applications serving many leading international companies in industries including oil & gas, mining, utilities, pharmaceuticals and transportation.

The acquisition of McLaren extends Idox's core skills in planning and building documents management into the related area of engineering drawings. This will provide Idox with the opportunity of broadening its activities into complementary UK and international markets in both the private and public sector, particularly where the management of complex engineering systems interacts with regulatory oversight.

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

	Book value £000	Fair value adjustments £000	Fair value £000
Intangible assets	-	2,812	2,812
Property, plant and equipment	31	(19)	12
Trade receivables	448	-	448
Other receivables	121	(37)	84
TOTAL ASSETS	600	2,756	3,356
Trade payables	65	-	65
Deferred revenue	1,276	-	1,276
Other creditors	1,410	10	1,420
Bank debt	1,000	-	1,000
Deferred tax liability	-	731	731
TOTAL LIABILITIES	3,751	741	4,492
NET ASSETS			(1,136)
Purchased goodwill capitalised			1,136
Total consideration			£3

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

The fair value of trade debtors is equal to the gross contractual amounts receivable. All debts have been reviewed and are considered recoverable.

Other adjustments were made to the accrued income, to bring it in line with group policy, and consultancy fees.

The revenue included in the consolidated statement of comprehensive income since 13 December 2011 contributed by McLaren was £4,655k. McLaren also contributed profit of £755k over the same period.

Notes to the Accounts cont'd

For the year ended 31 October 2011

Had McLaren been consolidated from 1 November 2010, the beginning of the Group's financial year, the consolidated statement of comprehensive income would have included revenue of £4,987k and a profit of £395k.

LalPac Limited
On 5 May 2011, the Group acquired the entire share capital of LalPac Limited (LalPac) for a consideration of £2,575k, which was satisfied as detailed below.

LalPac is one of the UK's leading providers of licensing management software and services, supplying 131 local authorities covering the full range of licensing including Taxi, Private Hire, Gambling and General Licensing functions.

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

	Book value £000	Fair value adjustments £000	Fair value £000
Intangible assets	284	2,138	2,422
Property, plant and equipment	66	(50)	16
Trade receivables	332	-	332
Stock	4	-	4
Other receivables	10	-	10
Cash at bank	655	-	655
TOTAL ASSETS	1,351	2,088	3,439
Trade payables	5	-	5
Deferred revenue	-	34	34
Bank loan	81	-	81
Social security and other taxes	41	-	41
Accruals	805	-	805
Deferred tax liability	-	534	534
TOTAL LIABILITIES	932	568	1,500
NET ASSETS			1,939
Purchased goodwill capitalised			636
			2,575
Satisfied by:			
Cash to vendor			2,272
Additional consideration			50
Retention			253
Total consideration			2,575

The fair values stated above are provisional. The fair value adjustment for the intangible assets relates to trade names, customer relationships and software. A related deferred tax liability has also been recorded as a fair value adjustment. The fair value of trade debtors is equal to the gross contractual amounts receivable. All debts have been reviewed and are considered recoverable.

Notes to the Accounts cont'd

For the year ended 31 October 2011

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

The contingent consideration of £50k is due and payable on or before 5 May 2012 subject to the successful delivery of a signed, fully irrevocable and binding contract between the Group and a specific customer. Should this contract not be concluded by this date no payment will be made and no further consideration will be due.

The revenue included in the consolidated statement of comprehensive income since 5 May 2011 contributed by LalPac was £685k. LalPac also contributed profit of £191k over the same period.

Had LalPac been consolidated from 1 November 2010, the beginning of the Group's financial year, the consolidated statement of comprehensive income would have included revenue of £1,471k and profit of £304k.

25 OPERATING LEASE COMMITMENTS

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

The group	2011 £000	2010 £000
Amounts due:		
Within one year	458	279
Between one and five years	1,380	81
After five years	127	-
	1,965	360

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

26 CAPITAL COMMITMENTS

The Group had no capital commitments at 31 October 2011 (2010: £Nil).

27 CONTINGENT LIABILITIES

The Company has agreed to provide continuing financial support to its subsidiary undertakings, J4B Nederland BV, McLaren Software Limited, Grantfinder Limited and TFPL Limited. There were no material Group contingent liabilities at 31 October 2011 or 31 October 2010.

28 POST BALANCE SHEET EVENTS

The Group signed a revolving loan facility of £10m and an acquisition funding facility of £12m on 14 November 2011.

Interactive Dialogues Limited

On 7 November 2011, the Group acquired Interactive Dialogues Limited and Interactive Dialogues NV ("ID") for a total consideration of €2.2m (£1.9m) in cash. ID is a leading supplier of e-learning and information solutions in Europe enabling organisations to conduct 'dialogues' with employees, customers and suppliers to achieve legislative compliance in areas such as Competition Law and the UK Bribery Act. The company is based in the UK and Belgium and its global client base includes Associated British Foods, Hays, E.ON AG, Alstom, PricewaterhouseCoopers, AB InBev and Xstrata.

An initial payment of €2m has been made on completion and a further €0.2m is payable one year after completion subject to the fulfilment of certain conditions. ID had revenues of €2.4m for the year ended 31 May 2011.
The acquisition of ID extends the range of solutions available within the Idox Information Solutions business and provides Idox with an e-learning platform that will be used to support customers across the Group.

Notes to the Accounts cont'd

For the year ended 31 October 2011

CTSpace
On 15 November 2011 the Group acquired CTSpace, an engineering and construction sector document management and control business, for £11.6m in cash from Sword Group.

CTSpace provides document management and collaboration workflow applications for the global construction and engineering industry and will complement the McLaren Software business that Idox acquired in December 2010.

CTSpace, which is headquartered in London, had revenues of £12.7m (approximately half of these were generated in Europe and half in North America), which generated EBITDA of £1.7m and pre-tax profit of £1.3m for the year ended 31 December 2010 when CTSpace had net assets of £4.1m. The business had cash at completion of £0.5m. Idox will fund the acquisition entirely from a new term and revolving credit facility through its existing relationship with Lloyds Banking Group.

CTSpace provides both Software as a Service ('SaaS') and on-premise enterprise solutions, the latter of which leverage an organization's existing investment in leading enterprise content management ('ECM') platforms such as IBM FileNet®, EMC Documentum® or Microsoft SharePoint®. When deployed with leading enterprise content management platforms, CTSpace's products provide an integrated, best practice environment that supports a project's entire lifecycle.

With the existing resources of McLaren Software and the Group's integrated software development resource, the addition of CTSpace brings further scale, efficiencies and enhanced product and development capabilities.

The Idox Board expects the acquisition to be earnings enhancing in its first year.

Full IFRS 3(R) disclosure has not been included in the financial statements due to the timing of the acquisitions.

29 RELATED PARTY TRANSACTIONS

Compensation paid to key management of the group:

	2011 £000	2010 £000
Salaries and other short term employee benefits	1,588	1,198
Post-employment benefits	71	35
Share-based payments	922	165
	2,581	1,398

In the year ended 31 October 2011 Martin Brooks, Chairman of Idox plc was entitled to remuneration of £6,750 (2010: £6,750) as chairman of Cornwall Development Company, which he elected not to take. Cornwall Development Company Ltd is a company limited by guarantee and wholly owned by Cornwall Council. Cornwall Council is a customer of Idox Software Limited, a wholly owned subsidiary of Idox plc.

Dale Gould, an employee of the Group during the current financial year, owns the office premises of Strand Electoral Management Limited, a wholly owned subsidiary of Idox plc. Mr Gould has received £35,775 (period 2010: £6,000) rental income from Idox plc in the year ended 31 October 2011.

We have audited the parent company financial statements of Idox plc for the year ended 31 October 2011 which comprise the parent 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).

Independent Auditor's Report to the Members of Idox plc

For the year ended 31 October 2011

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 18 & 19, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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/private.cfm.

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 2011;
- 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 2011.

Steve Maslin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
26 January 2012

Company Balance Sheet

At 31 October 2011

	Note	2011 £000	2010 £000
Fixed assets			
Investments	5	45,753	43,283
Current assets			
Debtors: falling due after one year	6	2,240	265
Creditors: amounts falling due within one year	7	(33,010)	(24,746)
Net current liabilities		(30,770)	(24,481)
Total assets less current liabilities		14,983	18,802
Creditors: amounts falling due after more than one year	8	-	(1,866)
Net assets		14,983	16,936
Capital and reserves			
Called up share capital	9	3,463	3,442
Capital redemption reserve	11	1,112	1,112
Share premium account	11	10,017	9,903
Treasury reserve	11	(204)	(455)
Revaluation reserve	11	-	35
Share option reserve	11	1,366	630
Profit and loss account	11	(771)	2,269
Shareholders' funds		14,983	16,936

The financial statements were approved by the Board of Directors and authorised for issue on 26 January 2012 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

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, except for the valuation of listed investments.

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

Investments

Investments, held as fixed assets, are included at cost less amounts written off for any permanent diminution in value. Investments in a UK listed company are measured at market prices. Movements in market value are recognised through the revaluation reserve.

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 reserves.

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.

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 company does not apply FRS 26.

Notes to the Company Financial Statement cont'd

For the year ended 31 October 2011

Operating leases
Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. All leases are operating in nature. 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 Report on Remuneration which can be found on page 16 but which do not form part of the audited accounts.

3 DIVIDENDS

	2011 £000	2010 £000
Final dividend paid in respect of the year ended 31 October 2010 and 31 October 2009	1,205	413
Pence per ordinary share	0.35p	0.12p
Interim dividend paid in respect of the year ended 31 October 2011 and 31 October 2010	831	344
Pence per ordinary share	0.24p	0.10p

The directors have proposed the payment of a final dividend of 0.36p per share, which would amount to £1,246,427 (2010: 0.35p).

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 £503,000 (2010: loss £712,000).

Notes to the Company Financial Statement

For the year ended 31 October 2011

5 INVESTMENTS

	investment in group undertakings £000	Shares in UK listed company £000	Total £000
Cost or market value			
At 1 November 2010	44,028	855	44,883
Additions	3,325	-	3,325
Disposals	-	(855)	(855)
At 31 October 2011	47,353	-	47,353
Amounts written off			
At 1 November 2010	1,600	-	1,600
Provided in the year	-	-	-
At 31 October 2011	1,600	-	1,600
Net book amount			
At 31 October 2011	45,753	-	45,753
At 31 October 2010	42,428	855	43,283

At 31 October 2011 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	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
Grantfinder Limited	England	Ordinary	100%	Information services
Strand Electoral Management Services Limited	England	Ordinary	100%	Software services
J4B Nederland BV	Holland	Ordinary	100%	Information services
i-documentsystems Limited **	England	Ordinary	100%	Dormant company
The Planning Exchange Limited **	England	Ordinary	100%	Dormant company
Mandoforms Limited **	England	Ordinary	100%	Dormant company
Strand Enterprises Limited **	England	Ordinary	100%	Dormant company
Idox Information Solutions Limited (formerly J4B Software & Publishing Limited)	England	Ordinary	100%	Information services
Plantech Limited	England	Ordinary	100%	Dormant company

Notes to the Company Financial Statement cont'd

For the year ended 31 October 2011

	Country of registration	Class of share held	Proportion held	Nature of business
McLaren Software Group Limited	Scotland	Ordinary	100%	Software services
McLaren Software Limited	Scotland	Ordinary	100%	Software services
McLaren Software Inc	USA	Ordinary	100%	Software services
McLaren Limited	Scotland	Ordinary	100%	Software services
McLaren Consulting BV	Holland	Ordinary	100%	Software services
McLaren ESOP Trustee Limited *	Scotland	Ordinary	100%	Corporate trustee of Employee share ownership trust
Empace Limited *	Scotland	Ordinary	100%	Dormant company
Cadspace Limited *	Scotland	Ordinary	100%	Dormant company
LCM456 Limited **	Scotland	Ordinary	100%	Dormant company
LCM123 Limited *	Scotland	Ordinary	100%	Dormant company
Kvisia Limited *	Scotland	Ordinary	100%	Dormant company
Lalpac Limited	England	Ordinary	100%	Software services

All subsidiaries have been consolidated in the Group accounts.

* Dissolved 5 August 2011
** Application to strike off August 2011

6 DEBTORS

	2011 £000	2010 £000
Other debtors	12	-
Amounts owed by group undertakings	2,228	265
	2,240	265

Included in the above for the company is £2,228,000 (2010: £265,000) which is due after more than one year. The directors consider this loan to be recoverable.

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £000	2010 £000
Bank loan	-	1,000
Amounts owed to group undertakings	32,380	22,822
Corporation tax	63	-
Other creditors	555	790
Accruals and deferred income	12	134
	33,010	24,746

Notes to the Company Financial Statement cont'd

For the year ended 31 October 2011

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £000	2010 £000
Bank loan	-	1,866

The bank loan was repaid in April 2011.

9 SHARE CAPITAL

	2011 £000	2010 £000
Authorised:		
650,000,000 ordinary shares of 1p each (2010: 650,000,000)	6,500	6,500
Allotted, called up and fully paid at 1 November 2010 and 31 October 2009	3,442	3,442
Issued and allotted during the year	21	-
346,229,842 ordinary shares of 1p each (2010: 344,158,366)	3,463	3,442

Movement in Issued Share Capital in the Year

During the year to 31 October 2011, six employees exercised share options. To satisfy the exercise of two of these options, the company issued and allotted 2,071,476 new ordinary shares of 1p each.

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

At 31 October 2011, there were 232,174 (2010: 670,953) shares in issue under ESOP. During the year the average issue share price was 11.1p (2010: 11.2p).

At 31 October 2011 there were 955,000 shares held in treasury.

Notes to the Company Financial Statement cont'd

For the year ended 31 October 2011

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 quarterly from the date of the grant. The options are normally 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	Granted	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	-	(2,250,000)	2,250,000	9.00p	Feb 2007	Oct 2014
2,066,000	-	(420,000)	1,646,000	7.50p	May 2007	May 2017
615,385	-	(115,385)	500,000	8.125p	Jun 2007	Jun 2017
550,000	-	-	550,000	15.00p	Dec 2007	Dec 2017
960,000	-	(960,000)	-	12.50p	May 2008	May 2018
1,192,308	-	-	1,192,308	13.00p	Aug 2008	Aug 2018
1,033,334	-	-	1,033,334	15.00p	Aug 2008	Aug 2018
8,105,366	-	-	8,105,366	10.25p	Mar 2010	Mar 2020
-	12,400,000	-	12,400,000	20.00p	Mar 2011	Mar 2021
-	1,325,000	-	1,325,000	18.00p	Mar 2011	Mar 2021
23,522,393	13,725,000	(8,245,385)	29,002,008			

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

	2011 No	2011 WAEP Pence	2010 No	2010 WAEP Pence
Outstanding at the beginning of the year	23,522,393	9.55	15,717,027	8.13
Granted during the year	13,725,000	19.81	8,105,366	10.25
Exercised during the year	(8,245,385)	7.95	(300,000)	7.5
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	29,002,008	14.86	23,522,393	9.55
Exercisable at the end of the year	13,945,648	12.31	15,922,578	8.92

The share options outstanding at the end of the year have a weighted average remaining contractual life of 7 years.

Notes to the Company Financial Statement cont'd

For the year ended 31 October 2011

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

Date of issue	Number granted	Weighted average share price	Weighted average exercise price	Expected volatility	Expected life	Risk free rate	Expected dividend yield	Weighted average fair value at grant date
	No.	pence	pence	%	Years	%	%	£
Mar 2011	12,400,000	17.46	20.0	40	10	4.65	0.6	0.09
Mar 2011	1,325,000	17.46	18.0	40	10	4.65	0.6	0.09

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 £1,064,000 (2010: £185,000) 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	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
166,667	-	(166,667)	-	12.00p	Dec 2003	Dec 2013
1,419,085	-	(1,419,085)	-	15.50p	Feb 2002	Nov 2012
1,863,636	(909,091)	-	954,545	11.00p	Oct 2002	Oct 2012
4,000,000	(1,000,000)	-	3,000,000	10.00p	Sep 2004	May 2014
7,449,388	(1,909,091)	(1,585,752)	3,954,545			

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	2011 WAEP Pence	No	2010 WAEP Pence
Outstanding at the beginning of the year	7,449,388	11.34	11,564,429	11.75
Exercised during the year	(1,909,091)	10.48		
Lapsed during the year	(1,585,752)	15.13	(4,115,041)	12.91
Outstanding at the end of the year	3,954,545	10.24	7,449,388	11.34
Exercisable at the end of the year	3,954,545	10.24	7,449,388	11.34

Notes to the Company Financial Statement cont'd

For the year ended 31 October 2011

11 SHARE PREMIUM ACCOUNT AND RESERVES

The company	Capital redemption reserve £000	Share premium account £000	Treasury reserve £000	Revaluation reserve £000	Share option reserve £000	Profit and loss account £000	Total £000
At 1 November 2010	1,112	9,903	(455)	35	630	2,269	13,494
Issue of share capital	-	114	-	-	-		114
Share options reserve movement	-	-	-	-	994	-	994
Shares repurchased	-	-	(721)	-	-	-	(721)
Exercise of options from treasury reserve	-	-	972	-	(258)	(501)	213
Dividends paid	-	-	-	-	-	(2,036)	(2,036)
Revaluation of fixed asset investment	-	-	-	(35)	-		(35)
Loss for the year	-	-	-	-	-	(503)	(503)
At 31 October 2011	1,112	10,017	(204)	-	1,366	(771)	11,520

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.

Idox plc paid an interim dividend to shareholders in August 2011. It has recently come to the attention of the Directors that although there were sufficient reserves in the Group, technically there were insufficient distributable reserves in Idox plc itself after being advised that treasury reserves should be included within the definition of distributable reserves. The situation has been remedied since the accounts date by declaring a £7m dividend from Idox Software Ltd to Idox plc.

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £000	2010 £000
Loss for the financial year	(503)	(712)
Issue of share capital	135	-
Revaluation of investment in listed company	(35)	35
Dividends paid	(2,036)	(757)
Exercise of options from treasury reserve	213	(14)
Treasury shares purchased	(721)	(243)
Reallocation of interest rate swap costs from subsidiary	-	(96)
Shares option reserve movement	994	185
Net increase decrease in shareholders' funds	(1,953)	(1,602)
Shareholders' funds at 1 November 2010	16,936	18,538
Shareholders' funds at 31 October 2011	14,983	16,936

Notes to the Company Financial Statement cont'd

For the year ended 31 October 2011

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.

14 POST BALANCE SHEET EVENTS

The Group signed a revolving loan facility of £10m and an acquisition funding facility of £12m on 14 November 2011.

Interactive Dialogues Limited

On 7 November 2011, the Group acquired Interactive Dialogues Limited and Interactive Dialogues NV ("ID") for a total consideration of €2.2m (£1.9m) in cash. ID is a leading supplier of e-learning and information solutions in Europe enabling organisations to conduct 'dialogues' with employees, customers and suppliers to achieve legislative compliance in areas such as Competition Law and the UK Bribery Act. The company is based in the UK and Belgium and its global client base includes Associated British Foods, Hays, E.ON AG, Alstom, PricewaterhouseCoopers, AB InBev and Xstrata.

An initial payment of €2m has been made on completion and a further €0.2m is payable one year after completion subject to the fulfilment of certain conditions. ID had revenues of €2.4m for the year ended 31 May 2011. The acquisition of ID extends the range of solutions available within the Idox Information Solutions business and provides Idox with an e-learning platform that will be used to support customers across the Group.

CTSpace

On 15 November 2011 the Group acquired CTSpace, an engineering and construction sector document management and control business, for £11.6m in cash from Sword Group.

CTSpace provides document management and collaboration workflow applications for the global construction and engineering industry and will complement the McLaren Software business that Idox acquired in December 2010.

CTSpace, which is headquartered in London, had revenues of £12.7m (approximately half of these were generated in Europe and half in North America), which generated EBITDA of £1.7m and pre-tax profit of £1.3m for the year ended 31 December 2010 when CTSpace had net assets of £4.1m. The business had cash at completion of £0.5m. Idox will fund the acquisition entirely from a new term and revolving credit facility through its existing relationship with Lloyds Banking Group.

CTSpace provides both Software as a Service ('SaaS') and on-premise enterprise solutions, the latter of which leverage an organization's existing investment in leading enterprise content management ('ECM') platforms such as IBM FileNet®, EMC Documentum® or Microsoft SharePoint®. When deployed with leading enterprise content management platforms, CTSpace's products provide an integrated, best practice environment that supports a project's entire lifecycle.

With the existing resources of McLaren Software and the Group's integrated software development resource, the addition of CTSpace brings further scale, efficiencies and enhanced product and development capabilities.

The Idox Board expect the acquisition to be earnings enhancing in its first year.

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For the year ended 31 October 2011

Company Information

For the year ended 31 October 2011

Secretary and Registered Office:	J Mackie 2nd Floor Chancery Exchange 10 Furnival Street London EC4A 1AB
Nominated Advisor & Joint Broker:	Investec Bank plc 2 Gresham Street London EC2V 7QP
Joint Broker:	finnCap 60 New Broad Street London EC2M 1JJ
Auditors:	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
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 - 3 March 2012 Announcement of 2012 Interim Results - July 2012 Announcement of 2012 Annual Report - December 2012

idox

One company: Infinite possibilities

Idox plc

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