Idox plc

Annual Report & Accounts 2012

idox

One company: Infinite possibilities

Contents

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One company: Infinite possibilities

Financial and Operational Highlights

For the year ended 31 October 2012

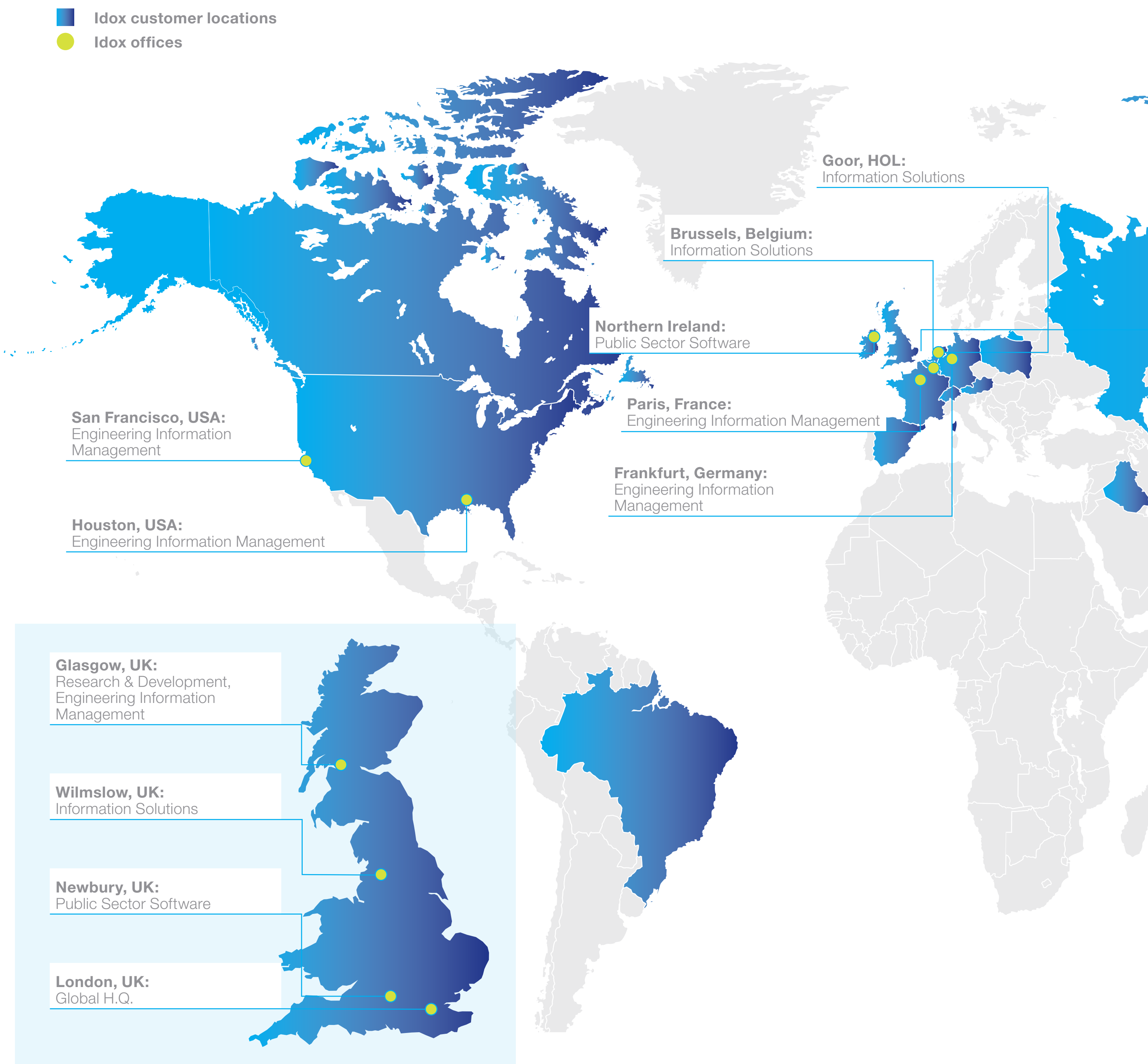
- **Revenues up 50% to £58m** (2011: £39m)**; a combination of strong organic growth and acquisition performance**
  - **Engineering Information Management Division revenues reached 31% of total** (2011: 12%)
  - **International revenues increased to 31%** (2011: 12%)
- **EBITDA* rose 44% to £16.7m** (2011: £11.6m)
- **Adjusted profit before tax** up 36% to £14.8m** (2011: £10.9m)
- **Profit before tax £6.9m** (2011: £5.6m)
- **Adjusted EPS** increased 55% to 3.83p** (2011: 2.47p)**, Basic EPS 1.94p** (2011: 1.31p)
- **Final proposed dividend of 0.40p** (2011: 0.36p)**, total for year 0.675p** (2011: 0.60p)**, 13% increase over last year**
- **Completed and integrated £24m of acquisitions funded by cash flow and a new acquisition debt facility resulting in year-end net debt of £21.5m** (2011: £2.4m)**, maintained within a prudent multiple of EBITDA**

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

** Adjusted profit before tax and adjusted EPS excludes amortisation, impairment, restructuring, corporate finance and share option costs

At a Glance

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.



One company: Infinite possibilities

Public Sector Software

Idox's Public Sector Software division serves over 90% of UK local authorities, supplying leading software applications as well as related managed and cloud based services for all core functions relating to land, property and people. Idox is committed to providing solutions that deliver genuine efficiencies by helping councils deliver service improvements at lower cost.

Engineering Information Management

The Idox Engineering Information Management division is represented by McLaren Software supplying engineering, asset information, construction and computer aided facilities management solutions to organisations around the world.

Designed to help ensure the safety, efficiency and compliance of both major capital projects and asset operations McLaren Enterprise solutions are used by leading owner operators and engineering procurement contractors in asset intensive industries. McLaren Built Environment cloud and hosted software applications enable construction companies to collaborate securely across international and language borders and provide a comprehensive facilities management solution for buildings, facilities and infrastructures.

Information Solutions

Idox Information Solutions provides information management, web development, online publishing & training services and is the leading grants information provider in both the UK, and the Netherlands.

It specialises in the design and development of online content systems including major platforms for UK government clients, and the voluntary sector. The division has pioneered the development of innovation and knowledge transfer portals across Europe, working with the European Commission, and the UK and Irish governments.

Recruitment

Operating under the TFPL brand our Recruitment division is a global market leader offering services in executive search, contract & temporary recruitment, training and consulting for the knowledge, intelligence and information industries working right across the private, public and third sectors.

Chairman's Statement

For the year ended 31 October 2012

Idox has delivered an outstanding performance in this financial year. We have not only consolidated our position as the market leading Land and Property software specialist in the UK Public Sector software local government market, but we have also now established a strong foothold in the global Engineering Information Management market.

We have enjoyed further transformation in 2012 and a greater leap in profitability, driven not only by our continuing acquisition programme, but also by a very encouraging uplift in organic growth in both our major software divisions. Five acquisitions were made in the financial year; CT Space Group, Interactive Dialogues, Opt2Vote, Currency Connect and FMx. All are performing well and as a result we have many new Idox employees in the UK and around the world to welcome to our growing organisation. This acquisition programme has been met from the high cash conversion generated from operating activities, together with a flexible debt facility, which is maintained well within a prudent multiple of earnings.

As always, it is our senior management and all our employees who drive this business forward in terms of capability and profitability. We are also privileged to have the support and engagement of many of our key shareholders on our journey as a growing AIM listed company, as well as able professional advisers. All have played a part in helping Idox progress well against the continuing headwinds of great uncertainty in the wider economic world.

Looking to the future, we have sought to diversify our core software businesses, which are largely driven off a common technology base, as well as achieving a greater geographical spread. We have also sought to achieve a degree of parity in revenues between our Public Sector business and our private sector Engineering Information Management (EIM) business and between the UK and the rest of the world.

Therefore it is pleasing to report that in this financial year we show 31% of Group revenues coming from the EIM division (2011:12%) and 31% coming from outside the UK (2011: 12%) with a particular focus on non-European markets such as the USA, our largest market outside the UK, Australia and the BRIC countries which, together, provided 69% of this international total.

As our Company grows, the board has developed its thinking on governance and risk management. We are determined to protect our small company heritage of rigorous attention to detail, cash and cost control, combined with speedy execution, while recognising that new scale and opportunities around the world bring new challenges. Such potential issues include anticipating technology shifts, ensuring revenue recognition policies remain appropriate as business expands, multiple overseas jurisdictions and currencies, different national cultures, as well as more complex product lines and management skills. These all require more planning and oversight by the board acting independently, as well as by senior management.

In turn this also requires the composition and skill base of the board to be progressively refreshed and as part of this process, we were particularly pleased to welcome Professor Dame Wendy Hall FRS as an additional Non-Executive Director in October.

In line with our progressive dividend policy, the Board proposes a final dividend of 0.40p, subject to shareholder approval, making a total for the year of 0.675p, a 13% increase over 2011.

The new financial year has started well, building on our high recurring revenues and strong qualified sales pipeline and we look forward to another year of further development and growth at Idox.

Martin Brooks
Chairman

17 January 2013

the Board proposes a final dividend of 0.40p

Chief Executive's Report

For the year ended 31 October 2012

This year we have built on the improvements we have made in previous years and laid the foundations for further growth and prosperity of the business.

To achieve this we continue to evolve our internal processes, develop further our product strategies, invest in new graduates, encourage innovation in all parts of the organisation from product to back office operations and importantly, focus on delivering improved customer care. These continued efforts have delivered this year's growth and we are committed to continuing this growth across the Group.

The Public Sector Software Division has benefited from local government responding to the current difficult economic environment and we have actively engaged with them to look for ways to improve services at a reduced cost through improvements in productivity, vendor consolidation, automation and business change. The division has won seventy-five individual new systems in the past twelve months delivering significant improvements in productivity and thereby cost savings. Although we are not always the cheapest vendor we strive to demonstrate the benefits of our solutions and our commitment to deliver improved services and support over the long-term.

Building on our successes in 2011 we have this year implemented more shared, managed and hosted solutions and look forward to growing this part of our business further in 2013.

The Engineering Information Management Division (EIM), which previously just included McLaren Software, was expanded at the start of the year through the acquisition of CTSpace and at the end of the year with the extension of our capabilities into facilities management software with the acquisition of FMx. This, together with another year of double digit organic growth, has helped raise EIM revenue from 12% in 2011 to 31% in 2012.

McLaren Software launched its new hosted "On-Air" offering in Q4. This resulted in making Idox the only global supplier within the Engineering Information Management market able to provide enterprise-wide document management and collaboration solutions for the construction and operation of large assets, offering a flexible open standards cross platform package whether in the Cloud, off-premise hosted or on-premise solution.

Our Information Solutions Division extended its content and web capabilities through added-value consultancy and training services outside the public sector with the acquisition of Currency Connect and Interactive Dialogues. It is now able to offer a range of content, hosting, e-learning and compliance solutions in the public sector and in the private sector across Europe. The division has improved its renewal rates, grown its training revenues in double digits and successfully completed its first content and managed services outsourcing contract for the Greater London Authority (GLA), where it not only reduced the costs but also managed to deliver an improved outcome through a combination of content, domain expertise and technical capability.

Recruitment continued to make a contribution to the business and has reorganised its approach to take account of the continued difficult market and the internationalisation of its business.

Outlook

The Group will continue to build upon its previous financial success and has again started this year well with a stronger pipeline than the year before across all of the divisions.

We expect the shift in revenue mix to a higher percentage of private sector revenues to work in our favour with higher top line growth expected, whilst margins are expected to move closer to those of the public sector business.

In 2013 we intend to accelerate the level of innovation in all aspects of the business, not just development, and will continue to look for areas of productivity improvement, improved processes and, above all, improved quality in customer care.

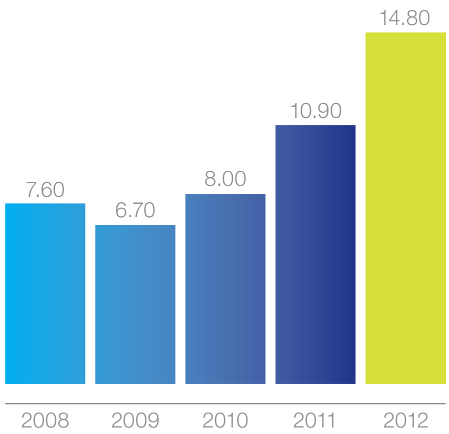
We expect the geographic diversification of the revenue base to help insulate the Group from challenging economic issues closer to home and assist it in the ambition to grow in double digits organically.

Management will continue its strategy of becoming domain experts and partner of choice in the Public Sector and EIM markets through suitable acquisitions which will extend its global and technical reach.

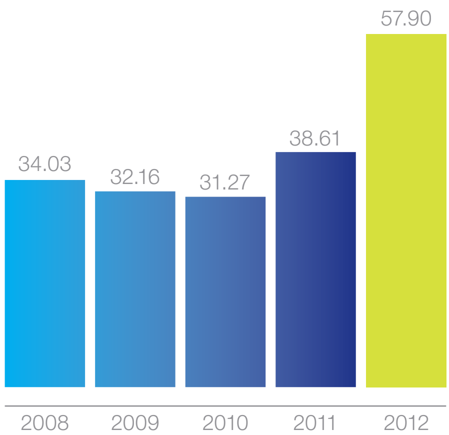
Richard Kellet-Clarke
Chief Executive Officer

17 January 2013

In 2013 we intend to accelerate the level of innovation in all aspects of the business



Adjusted profit before tax (£m)



Turnover (£m)

Chief Financial Officer's Review

For the year ended 31 October 2012

Financial review

Group revenues grew by 50% to £58m (2011: £39m) reflecting not only the impact of the five acquisitions made in 2012 but also accelerating organic growth across the business. The Group enjoyed a significant diversification of its revenues geographically with 31% now generated outside of the UK (2011: 12%). Gross profit earned was 54% higher at £51.4m (2011: £33.4m) and the Group saw an increase in gross margin from 87% to 89% as a result of an increased mix of higher margin software business. Earnings before goodwill, impairment, amortisation, depreciation, restructuring, corporate finance and share option costs ("EBITDA") increased by 44% to £16.7m (2011: £11.6m) with EBITDA margins of 29% (2011: 30%).

Performance by segment

The Public Sector software business, which accounted for 52% of Group revenues (2011: 68%), delivered revenues of £30.2m (2011: £26.1m), a growth rate of 15%. Excluding Opt2Vote, the election managed services business acquired in March 2012 which contributed £2.4m, revenues grew by 6% organically on the previous year.

Recurring revenues within the Public Sector software business were 57%, down from 66% in FY11 as a result of the strong growth of new software and services revenue in the year and the classification of Opt2Vote revenue as non-recurring resulting in a change in product mix. Divisional EBITDA grew by 8% to £10.3m (2011: £9.5m), delivering a 34% margin, a 2% drop on 2011 due to the inclusion of the lower gross margin Opt2Vote business.

The Engineering Information Management ("EIM") business accounted for 31% of Group revenues (2011: 12%) and more than tripled revenues from £4.7m in 2011 to £17.8m in 2012. This was achieved by organic growth of 46% in the McLaren business in addition to the first year's contribution of CT Space which was acquired in November 2011. Visibility of revenue in the EIM business has also increased during the year with 48% (2011: 36%) of revenues coming from recurring maintenance and Software-as-a-Service ("SaaS") contracts. The business is also becoming increasingly international with 60% of divisional revenues coming from the USA, 9% from Australia and 9% from Europe and Asia.

EBITDA for the EIM business increased five-fold to £5.3m (2011: £1.1m), 32% of the Group total. Margins increased to 30% (2011: 23%) which reflects both the increased scale of the business and progress made during the year in rapidly integrating CTSpace to achieve planned cost synergies.

The Information Solutions business increased revenues by 59% to £7.5m (2011: £4.7m) as a result of the acquisitions of e-learning provider, Interactive Dialogues and grants consultancy business, Currency Connect during the year which contributed £2.1m and £1.2m respectively. In 2011 the grants subscription business faced headwinds during the first year of the public sector spending cuts which impacted renewal rates and therefore revenue recognition coming into 2012. However in the second half renewal rates improved providing a solid platform for growth in 2013. EBITDA for the Information Solutions business increased 70% to £1m (2011: £0.6m).

The Recruitment business revenues declined by 19% to £2.5m (2011: £3.1m) as a result of a decline in the low margin contract recruitment business. However, gross margins were relatively stable at £1.3m due to the shift in mix toward the higher margin permanent recruitment business. EBITDA declined to £0.1m (2011: £0.4m).

Profit before tax

Within the income statement, we present both profit before tax and adjusted profit before tax which is a performance measure that is not defined by GAAP but which the Directors believe provides a reliable and consistent measure of the Group's underlying financial performance. Adjusted profit before tax and adjusted EPS excludes amortisation, impairment, restructuring, corporate finance and share option costs.

Adjusted profit before tax increased 36% to £14.9m (2011: £10.9m). Financing costs increased from £0.4m to £1.3m as a result of the loan facilities which were taken out to fund the acquisitions made during the year. Interest payable (including swap costs) was £0.9m (2011: £0.1m), amortisation of the loan facility fees £0.2m (2011: £0.2m) and foreign exchange translation differences £0.1m (2011: £0.02m).

Reported profit before tax increased 23% to £6.9m (2011: £5.6m). Amortisation of intangibles increased from £3.7m to £4.6m as a result of acquisitions made during the year. An impairment charge of £1m has been made against the carrying value of goodwill in relation to the TFPL Recruitment business based on management's review of the future projections for the business. Restructuring charges of £0.5m (2011: £0.2m) relate to the integration of acquisitions made during the year and corporate finance costs of £1.1m (2011: £0.3m) are all acquisition related and include legal and due diligence fees in respect of the five acquisitions completed during the course of the year and fees incurred in respect of one large acquisition which was aborted.

Taxation

The Group's effective tax rate for the year was 3% compared to 19% in 2011. The reduction in the effective rate of tax is largely related to both the recognition and utilisation of brought forward tax losses acquired with the McLaren business. During the year, £2.9m of unrecognised brought forward tax losses were utilised against current year profits within the EIM business. After utilising these losses, a further £4.1m of tax losses remain available to utilise against future year profits. Based on EIM trading performance during FY12 the board now consider it highly probable that the Group will benefit from these tax losses, amounting to £4.1m, in the future and as a result a deferred tax asset has been recognised on the balance sheet which has resulted in a £0.9m reduction in the current year tax charge. The Group will continue to derive a cash benefit from these tax losses in future years. Excluding the effect of recognising this deferred tax asset the effective tax rate was 17%.

Earnings per share and dividends

Adjusted earnings per share were up 55% to 3.83p (2011: 2.47p). Diluted adjusted earnings per share increased by 51% to 3.63p (2011: 2.41p).

Basic earnings per share were up 48% to 1.94p (2011: 1.31p). Diluted earnings per share increased by 44% to 1.84p (2011: 1.28p).

The Board proposes a final dividend of 0.40p, to give a full year dividend of 0.675p (2011: 0.60p). This 13% increase in dividend reflects the Group's strong profitability growth whilst also being mindful of maintaining balance sheet capability to capitalise on future acquisition opportunities. Subject to approval at the Annual General Meeting, the final dividend will be paid on 26 April 2013 to shareholders on the register at 19 April 2013.

Balance sheet and cashflows

Idox's balance sheet continued to strengthen during the year and at 31 October 2012 net assets were £38.9m compared to £34.4m at 31 October 2011.

Cash generated from operating activities before tax as a percentage of EBITDA was 75%, up from 56% in the previous year. Trade receivables increased to £11.2m (2011: £6.0m) as a result of acquisitions during the year and a strong finish to trading in the year.

The Group ended the year with net debt of £21.5m (2011: £2.4m) after making acquisition related payments (net of cash acquired) of £23.6m and after total dividends and share buy backs of £2.8m. The Group's total signed debt facilities at 31 October 2012 stood at £27.7m, a combination of a term loan and flexible working capital and acquisition revolving credit facilities. The acquisition facility was extended by a further £5m post year-end however remains undrawn. The Group has enjoyed very significant headroom against its banking covenants during the year.

Deferred income, representing invoiced maintenance and SaaS contracts yet to be recognised in revenue stood at £13.5m at 31 October 2012 (2011: £10.9m), increasing visibility of revenue in the new financial year.

William Edmondson
Chief Financial Officer

17 January 2013

Group revenues grew by 50% to £58m

Board of Directors

For the year ended 31 October 2012

Chairman:
Martin Brooks (Aged 62)
Martin Brooks was previously founding chief executive of Financial Times Information, creating the global market leader in securities valuation data. Before joining the FT and a 30 year career in TMT businesses, he served with the 7th Gurkha Rifles for six years. He has also been an adviser or director to other organisations including the ICAEW and is currently chairman of the Cornwall Development Company, as well as being a trustee of the Gurkha Museum in Winchester.

Chief Executive Officer:
Richard Kellett-Clarke (Aged 58)
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 43)
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 55)
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 69)
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.

Non-Executive Director:
Professor Dame Wendy Hall (Aged 60)
Wendy Hall is Professor of Computer Science at the University of Southampton and Dean of the Faculty of Physical and Applied Sciences, a Fellow of the Royal Society, as well holding many other Fellowships, honorary degrees and awards, including from: the Royal Academy of Engineering; the Association of Computing Machinery; and the British Computer Society. Wendy has been a member of the Prime Minister's Council for Science and Technology, a member of the Scientific Council of the European Research Council and a council member of the EPSRC. She was the holder of an EPSRC Senior Fellowship from 1996-2002.

Directors' Report

For the year ended 31 October 2012

The Directors are pleased to submit their report and audited financial statements for the year ended 31 October 2012.

Principal Activities and Review of Business

The Company is a holding company. The principal activities of the Group are the development and supply of software solutions and services to the UK public sector and asset intensive industries worldwide. A more detailed review of the business can be found in the Chairman's Statement, the Chief Executive's Statement and the Chief Financial Officer's Review on pages 4 to 9.

Results and Dividends

The Group audited financial statements for the year ended 31 October 2012 are set out on pages 22 to 62. The Group's profit for the year after tax amounted to £6,705,000 (2011: £4,525,000). The Directors paid a dividend of 0.275 pence per share in the first half of the 2012 financial year, in respect of the year ended 31 October 2012. The Directors will propose, at the forthcoming Annual General Meeting, a final dividend of 0.40 pence per share in respect of the year ended 31 October 2012.

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 2012	1 November 2011
C Wright	912,222	912,222
Rt. Hon. P B Lilley MP*	533,000	533,000
M Brooks **	7,901,527	5,473,206
R Kellett-Clarke***	9,898,466	10,134,848
W Edmondson	100,000	100,000
Prof Dame W Hall (appointed 1 October 2012)	27,225	–

* 45,150 (2011: 10,050) of these shares are held through a Self Invested Pension Plan and 80,250 (2011: 45,150) shares are held through certain members of his family.

** 3,130,448 (2011: 2,952,127) of these shares are held through a Self Invested Pension Plan and 3,019,231 (2011: 769,231) shares are held through certain members of his family.

*** 2,761,667 (2011: 2,486,667) of these shares are held through Self Invested Pension Plans and 784,000 (2011: 1,969,231) 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 pages 16 to 17.

Details of the Directors' service contracts can be found in the Report on Remuneration on pages 16 to 17.

At the forthcoming Annual General Meeting in accordance with the Company's Articles of Association, Prof Dame W Hall will retire and offer herself for re-election having been appointed since the last Annual General Meeting.

Charitable and Political Donations

The Group made charitable donations of £737 during the year (2011: £1,135) and no political donations during the year (2011: £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 143 days (2011: 48 days).

Substantial Shareholdings

As at 30 November 2012 the Company was aware of the following interests in 3% or more of its issued share capital:

Shareholder	Number of shares	% Holding
Liontrust Asset Management	34,929,874	10.02%
Herald Investment Management	28,316,667	8.13%
Investec Wealth & Investment	28,019,915	8.04%
ISIS Equity Partners	26,133,334	7.50%
Highclere International Investors	18,335,234	5.26%
Hargreave Hale stockbrokers (ND)	15,008,679	4.31%
Octupus Investments	12,043,395	3.46%
Kestrel Partners	10,535,790	3.02%

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

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

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

Employee Consultation

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

An Employee Share Investment Trust is in place to 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, exchange rate risk and interest rate risk. The Directors review these risks on an ongoing basis. This policy has remained unchanged from previous years.

Credit Risk

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

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

Liquidity Risk

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

Directors' Report continued

For the year ended 31 October 2012

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

Interest Rate Risk
The Group's bank borrowings bear interest at rates linked to the LIBOR. To protect cash flows against movements in LIBOR the Group entered into an interest LIBOR swap agreement.

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 of its customer base through acquisitions to mitigate against political risks.
- Economic – the software area of the business could be adversely affected if the government reduces 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.
- Acquisitions – the Group could be materially impacted if an acquisition does not perform in line with expectations. To mitigate this risk, for each acquisition due diligence and integration planning is undertaken and all potential synergies identified.

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	2012	2011	Measure
Revenue (£000)	57,903	38,605	
Profitability ratios			
Gross margin	89%	87%	Gross profit as a percentage of revenue
EBITDA	29%	30%	Profit before interest, tax, depreciation, amortisation, corporate finance costs, share option costs and impairments as a percentage of revenue
Other indicator			
Debtor days	74	59	Year end trade debtors divided by revenue, multiplied by 365 days

Non-financial indicators	
	Idox Group practises an integrated management system centred around its ISO accreditations as follows:
Quality Management	The Group quality policy has been accredited to BS EN ISO 9001:2008 for the development and the sale of products for document, content and information management.
Environmental Management	The Group environmental management system has been assessed and approved to accredited BS EN ISO 14001:2004, the approved systems applying to the following: the development and sale of products for document, content and information management.
Information Security Management	The Group information security management policy has been accredited to BS EN ISO 27001:2005, the approved systems applying to the following: for the development and the sale of products for document, content and information management.

Going Concern

The Directors have reviewed the Group's budget and cash flows for 2013 and 2014 in the context of the Group's banking facilities and covenants, the level of recurring revenue within the business, the outlook for our chosen markets, and our current working capital resources, and are satisfied that it is appropriate to prepare accounts on a going concern basis. There are no events or conditions that may cast significant doubt about the ability of the Group to continue as a going concern.

Post balance sheet events

On 1 November 2012 the Group increased the acquisition Revolving Credit Facility from £10m to £15m.

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

17 January 2013

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

Report on Remuneration

For the year ended 31 October 2012

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

2012	Basic salary and fees 2012 £000	Bonus 2012 £000	Benefits in kind 2012 £000	Total 2012 £000	Pension 2012 £000
Executive Directors					
Martin Brooks*	105	55	1	161	3
Richard Kellett-Clarke	248	141	11	400	5
William Edmondson	160	79	10	249	8
Non-Executive Directors					
Christopher Wright	29	–	–	29	–
Peter Lilley	29	–	–	29	–
Wendy Hall	3	–	–	3	–
	574	275	22	871	16

2011	Basic salary and fees 2011 £000	Bonus 2011 £000	Benefits in kind 2011 £000	Total 2011 £000	Pension 2011 £000
Executive Directors					
Martin Brooks*	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

* Chairman

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

Non-Executive Directors

The Board, based on a recommendation by the Chairman of the Remuneration Committee or, in the case of the Chairman, the remainder of the Board, determines the remuneration of the Non-Executive Directors. The Non-Executive Directors are not eligible to join the pension scheme.

Service Contracts

The Executive Directors have entered into service contracts with the Group that are terminable by either party on not less than six months prior notice.

Share Options

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

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

Director	At start of year	Granted during the year	Exercised	Lapsed	At end of year	Exercise price	Exercise date From	Exercise date To
Richard Kellett-Clarke	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
Richard Kellett-Clarke	–	300,000	–	–	300,000	44p	Sep 2012	Sep 2022
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
Martin Brooks	–	300,000	–		300,000	44p	Sep 2012	Sep 2022
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
William Edmondson	–	150,000	–		150,000	44p	Sep 2012	Sep 2022
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	15,696,373	750,000	(2,525,000)	–	13,921,373			

The mid-market price of the Company's shares at close of business on 31 October 2012 was 38p and the high and low share prices during the year were 40p and 21.58p respectively.

The Company recognised total expenses of £731,000 (2011: £1,064,000) related to equity-settled share-based payment transactions during the year. Expenses of £568,000 (2011 £994,000) related to share options granted and £163,000 (2011: £70,000) related to share options exercised.

The pre-tax aggregate gain on exercise of share options during the year was £689,000.

Directors' Share Interests

The Directors' shareholdings in the Company are listed in the Directors' Report on page 12.

Corporate Governance Report

For the year ended 31 October 2012

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 eight 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.

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

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and 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").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group and parent Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs and UK accounting standards 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 are sufficient to show and explain the Group's transactions, 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.

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 website 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 website.

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 three 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 to 11. 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 and Wendy Hall. 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 and Wendy Hall.

The Remuneration Committee

The Remuneration Committee is chaired by Christopher Wright and includes Peter Lilley and Wendy Hall. 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.

Re-election

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

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

Report of the Audit Committee

For the year ended 31 October 2012

Membership and Meetings
The Audit Committee is a committee of the Board and is comprised of three Non-Executive Directors: Peter Lilley, Christopher Wright and Wendy Hall.

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

17 January 2013

Independent Auditor's Report to the Members of Idox plc

For the year ended 31 October 2012

We have audited the Group financial statements of Idox plc for the year ended 31 October 2012 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 page 18, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 2012 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 2012.

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

17 January 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2012

	Note	2012 £000	2011 £000
Revenue	2	57,903	38,605
Cost of sales		(6,544)	(5,157)
Gross profit		51,359	33,448
Staff costs	4	(26,940)	(17,400)
Other operating charges		(7,716)	(4,487)
Earnings before goodwill impairment, amortisation, depreciation, restructuring, corporate finance and share option costs		16,703	11,561
Depreciation	10	(597)	(499)
Amortisation	11	(4,618)	(3,738)
Impairment of intangible fixed assets	11	(1,018)	–
Restructuring costs	4	(464)	(211)
Corporate finance costs	5	(1,109)	(281)
Share option costs	23	(731)	(1,064)
Operating profit	3	8,166	5,768
Finance income	6	18	247
Finance costs	6	(1,278)	(401)
Analysed as:			
Adjusted profit before tax		14,846	10,908
Impairment of intangible fixed assets		(1,018)	–
Amortisation of intangibles		(4,618)	(3,738)
Restructuring costs		(464)	(211)
Corporate finance costs		(1,109)	(281)
Share option costs		(731)	(1,064)
Profit before taxation		6,906	5,614
Income tax expense	8	(201)	(1,089)
Profit for the year		6,705	4,525
Other comprehensive income for the year			
Available-for-sale financial assets – transferred to profit for the year		–	(35)
Exchange gains on retranslation of foreign operations		61	41
Other comprehensive income for the year, net of tax		61	6
Total comprehensive income for the year attributable to owners of the parent		6,766	4,531
Earnings per share			
Basic	9	1.94p	1.31p
Diluted	9	1.84p	1.28p

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

Consolidated Balance Sheet

At 31 October 2012

	Note	2012 £000	2011 £000
ASSETS			
Non-current assets			
Property, plant and equipment	10	817	601
Intangible assets	11	71,371	48,611
Deferred tax assets	20	1,417	495
Total non-current assets		73,605	49,707
Current assets			
Trade and other receivables	14	16,913	8,843
Cash and cash equivalents	13	3,640	–
Total current assets		20,553	8,843
Total assets		94,158	58,550
LIABILITIES			
Current liabilities			
Trade and other payables	15	5,460	2,304
Other liabilities	16	17,286	13,315
Provisions	17	76	117
Current tax		1,020	975
Derivative financial instruments	19	136	–
Borrowings	18	2,300	2,408
Total current liabilities		26,278	19,119
Non-current liabilities			
Deferred tax liabilities	20	6,101	5,060
Borrowings	18	22,879	–
Total non-current liabilities		28,980	5,060
Total liabilities		55,258	24,179
Net assets		38,900	34,371
EQUITY			
Called up share capital	22	3,485	3,463
Capital redemption reserve		1,112	1,112
Share premium account		10,197	10,017
Treasury reserve		(107)	(204)
Share options reserve		1,825	1,366
Merger reserve		1,294	1,294
ESOP trust		(95)	(93)
Foreign currency retranslation reserve		102	41
Retained earnings		21,087	17,375
Total equity		38,900	34,371

The financial statements were approved by the Board of Directors and authorised for issue on 17 January 2013 and are signed on its behalf by:

William Edmondson
Chief Financial Officer

Richard Kellett-Clarke
Chief Executive Officer

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

Company name: Idox plc

Company number: 03984070

Consolidated Statement of Changes in Equity

At 31 October 2012

	Called up share capital £000	Capital redemption reserve £000	Share Premium account £000
Balance at 1 November 2010	**3,442**	**1,112**	**9,903**
Issue of share capital	21	–	114
Transfer on exercise of share options	–	–	–
Sale of treasury shares	–	–	–
Purchase of treasury shares	–	–	–
Share options granted	–	–	–
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	–	–	–
Balance at 31 October 2011	**3,463**	**1,112**	**10,017**
Issue of share capital	22	–	180
Transfer on exercise of share options	–	–	–
Purchase of treasury shares	–	–	–
Share options granted	–	–	–
ESOP trust	–	–	–
Equity dividends paid	–	–	–
Transactions with owners	22	–	180
Profit for the period	–	–	–
Other comprehensive income			
Exchange gains on retranslation of foreign operations	–	–	–
Total comprehensive income for the period	–	–	–
At 31 October 2012	3,485	1,112	10,197

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

Treasury reserve £000	Share options reserve £000	Merger reserve £000	ESOP Trust £000	Foreign currency retranslation reserve £000	Retained earnings £000	Total £000
(455)	**630**	**1,294**	**(93)**	**–**	**15,179**	**31,012**
–	–	–	–	–	–	135
–	(258)	–	–	–	243	(15)
972	–	–	–	–	(501)	471
(721)	–	–	–	–	–	(721)
–	994	–	–	–	–	994
–	–	–	–	–	(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**
–	–	–	–	–	–	202
134	(109)	–	–	–	(797)	(772)
(37)	–	–	–	–	–	(37)
–	568	–	–	–	–	568
–	–	–	(2)	–	–	(2)
–	–	–	–	–	(2,196)	(2,196)
97	459	–	(2)	–	(2,993)	(2,237)
–	–	–	–	–	6,705	6,705
–	–	–	–	61	–	61
–	–	–	–	61	6,705	6,766
(107)	1,825	1,294	(95)	102	21,087	38,900

Consolidated Cash Flow Statement

At 31 October 2012

	2012 £000	2011 As restated* £000
Cash flows from operating activities		
Profit for the period before taxation	6,906	5,614
Adjustments for:		
Depreciation	597	499
Amortisation	4,618	3,738
Impairment	1,018	–
Finance income	(18)	(247)
Finance costs	791	146
Interest rate swap liability	136	–
Debt issue costs amortisation	109	134
Share option costs	568	994
Exchange losses	60	(5)
Movement in receivables	(2,571)	(2,050)
Movement in payables	121	(2,288)
Cash generated by operations	12,335	6,535
Tax on profit paid	(2,600)	(2,132)
Net cash from operating activities	9,735	4,403
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	(23,266)	(1,698)
Deferred consideration paid relating to subsidiaries acquired in prior period	(320)	(648)
Sale of available-for-sale financial assets	–	1,038
Purchase of property, plant and equipment	(523)	(568)
Purchase of intangible assets	(1,240)	(668)
Finance income	18	29
Net cash used in investing activities	(25,331)	(2,515)
Cash flows from financing activities		
Interest paid	(620)	(134)
New loans	27,800	–
Loan related costs	(430)	–
Loan repayments	(2,300)	(4,000)
Equity dividends paid	(2,196)	(2,036)
Sale/purchase of shares	(610)	(130)
Net cash flows from financing activities	21,644	(6,300)
Net movement on cash and cash equivalents	6,048	(4,412)
Cash and cash equivalents at the beginning of the period	(2,408)	2,004
Cash and cash equivalents at the end of the period	3,640	(2,408)

* 2011 cash flow has been restated to reallocate a cash outflow of £1,000,000 from Investing activities – acquisition of subsidiaries to Financing activities – loan repayments and to reallocate a cash outflow of £917,000 from Investing activities – acquisition of subsidiaries to Operating activities – movement in payables.

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

Notes to the Accounts

For the year ended 31 October 2012

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 derivatives at fair value through profit or loss.

As set out on page 15 of the Directors' Report, the financial statements have been prepared on a going concern basis.

International Financial Reporting Standards and Interpretations issued but not yet effective

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

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 (revised June 2011) Employee Benefits (effective 1 January 2013)
- IAS 27 (revised) Separate Financial Statements (effective 1 January 2013)
- Amendments to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013)
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- Amendments to IFRS 9 and IFRS 7 – Mandatory Effective Date and Transition Disclosures (effective 1 January 2015)
- Annual Improvements 2009-2011 Cycle (effective 1 January 2013).

Adoption of new and revised standards

The following amendments to standards have been adopted by the Group during the year:

Amendments to IAS 1 (effective 1 July 2012) – Presentation of Items of Other Comprehensive Income. This amendment requires separate presentation of items of other comprehensive income that are reclassified subsequently to profit or loss and those that are not reclassified to profit or loss.

Critical accounting estimates and judgements

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

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

(i) Intangible assets

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

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

Notes to the Accounts continued

For the year ended 31 October 2012

1 ACCOUNTING POLICIES CONTINUED

Critical accounting estimates and judgements continued

(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 17 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, which represents fair value.

(vii) Deferred tax

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

Basis of consolidation

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings drawn up to 31 October each year. 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.

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 licence 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 on a stage of completion basis. Stage of completion is determined by time spent by service delivery consultants compared to estimated total time to complete the project. For small value orders, the whole invoice amount is recognised at the billing point.

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

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 on a time spent basis which is determined by reference to the project delivery plan.

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. Management make a judgement on the fair value of the work completed to enable revenue on long-term contracts to be recognised in the correct periods. Stage of completion is determined based on management's best estimate of effort expended and progress against project plans at the year end on a time spent basis. Provision is made for any losses as they are foreseen.

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

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.

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 in profit or loss in the period in which it is incurred. Development costs incurred are capitalised when all the following conditions are satisfied:

> completion of the intangible asset is technically feasible so that it will be available for use or sale

> the Group intends to complete the intangible asset and use or sell it

> the Group has the ability to use or sell the intangible asset

> the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits

> there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and

> the expenditure attributable to the intangible asset during its development can be measured reliably.

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

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

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

Notes to the Accounts continued

For the year ended 31 October 2012

1 ACCOUNTING POLICIES CONTINUED

Other intangible assets continued

(ii) Customer relationships

Customer relationships represent the purchase price of customer lists and contractual relationships purchased on the acquisition of CAPS Solutions Limited, Plantech Limited, J4B Software and Publishing Limited, Strand Electoral Management Services Limited, Grantfinder Limited, McLaren Software Limited, Lalpac Limited, Interactive Dialogues NV, Opt 2 Vote Limited, Currency Connect Holding BV, FMx Limited and the CTSpace group. These relationships are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over a period of 20, 10 and 5 years.

(iii) Trade names

Trade names represent the named intangible asset recognised on the acquisition of CAPS Solutions Limited, Plantech Limited, J4B Software and Publishing Limited, Strand Electoral Management Services Limited, Grantfinder Limited, McLaren Software Limited, Lalpac Limited, Interactive Dialogues NV, Opt 2 Vote Limited, Currency Connect Holding BV, FMx Limited and the CTSpace group. 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 UNI-form, ACOLAID, Enterprise Engineer, CAFM Explorer, electoral and licensing software purchased on the acquisition of CAPS Solutions Limited, Plantech Limited, McLaren Software Limited, Strand Electoral Management Services Limited, Lalpac Limited, Interactive Dialogues NV, Opt 2 Vote Limited, Currency Connect Holding BV, FMx Limited and the CTSpace group. 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
Motor vehicles	25% straight line

Useful economic lives and residual values are reviewed annually.

Employee benefits

Defined contribution pension plans

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

Share-based payment transactions

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

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

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to the share option reserve.

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

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to 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.
- "Foreign currency translation reserve" represents exchange gains and losses on retranslation of foreign operations.

Taxation

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

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

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

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

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

Notes to the Accounts continued

For the year ended 31 October 2012

1 ACCOUNTING POLICIES CONTINUED

Operating leases

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

Dividend distributions

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

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

Foreign currency translation

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

In the consolidated financial statements, the assets and liabilities of non-sterling functional currency subsidiaries, are translated into pound sterling at the rate of exchange ruling at the balance sheet date. The results of non-sterling functional currency subsidiaries are translated into pound sterling using average rates of exchange. Exchange adjustments arising are taken to a separate component of equity and reported in other 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 considered for impairment. Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the assets carrying value and the present value of estimated future cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on deposit and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

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

Bank borrowings

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

Trade and other payables

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

Equity instruments

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

Derivative financial instruments

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

2 SEGMENTAL ANALYSIS

In previous periods, the Group was organised into three main operating segments. Following the acquisition and integration of McLaren Software Group and CT Space Group, the Group now includes an Engineering Information Management (EIM) segment. As at 31 October 2012, the Group is primarily organised into four main operating segments, which are detailed below. Segmental analysis for the comparative period to 31 October 2011 has been restated to show results for all four business segments.

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

- Public Sector Software – delivering software service solutions to mainly local government customers across a broad range of departments
- Engineering Information Management – delivering engineering document management and control solutions to asset intensive industry sectors
- Information 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 taxation and Group related interest payments and Group corporate finance costs. The assets and liabilities of the Group are not reviewed by the chief operating decision maker on a segment basis.

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

The segment revenues by geographic location for the year ended 31 October 2012 are as follows:

	2012 £000	2011 £000
Revenues from external customers		
United Kingdom	39,688	33,786
USA	10,635	1,884
Europe	5,732	1,551
Australia	1,603	1,255
Rest of World	245	129
	57,903	38,605

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

Notes to the Accounts continued

For the year ended 31 October 2012

2 SEGMENTAL ANALYSIS CONTINUED

The segment results by business unit for the year ended 31 October 2012 are as follows:

	Public Sector Software £000	EIM £000	Information Solutions £000	Recruitment £000	Total £000
Revenues from external customers	30,172	17,740	7,470	2,521	57,903
Cost of sales	(3,493)	(1,347)	(495)	(1,209)	(6,544)
Gross profit	26,679	16,393	6,975	1,312	51,359
Operating costs	(16,409)	(11,070)	(5,952)	(1,225)	(34,656)
Profit before interest, tax, depreciation, amortisation, impairment, share option costs, corporate finance costs and restructuring costs	10,270	5,323	1,023	87	16,703
Depreciation	(345)	(126)	(119)	(7)	(597)
Amortisation	(2,776)	(964)	(869)	(9)	(4,618)
Impairment of goodwill	–	–	–	(1,018)	(1,018)
Share option costs	(570)	(102)	(35)	(24)	(731)
Restructuring	(188)	(41)	(176)	(59)	(464)
Corporate finance costs	(59)	(815)	(195)	–	(1,069)
Profit before interest and taxation	6,332	3,275	(371)	(1,030)	8,206
Interest receivable	–	1	3	–	4
Finance costs	9	(129)	(21)	(4)	(145)
Segment profit (see reconciliation below)	6,341	3,147	(389)	(1,034)	8,065

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

	Public Sector Software £000	EIM £000	Information Solutions £000	Recruitment £000	Total £000
Revenues from external customers	26,132	4,655	4,707	3,111	38,605
Cost of sales	(2,809)	(296)	(310)	(1,742)	(5,157)
Gross profit	23,323	4,359	4,397	1,369	33,448
Operating costs	(13,806)	(3,287)	(3,794)	(1,000)	(21,887)
Profit before interest, tax, depreciation, amortisation, impairment, share option costs, corporate finance costs and restructuring costs	9,517	1,072	603	369	11,561
Depreciation	(387)	(15)	(90)	(7)	(499)
Amortisation	(2,984)	(23)	(722)	(9)	(3,738)
Share option costs	(857)	(105)	(102)	–	(1,064)
Restructuring	(21)	(173)	(17)	–	(211)
Corporate finance costs	(121)	(160)	–	–	(281)
Profit before interest and taxation	5,147	596	(328)	353	5,768
Interest receivable	1	2	–	–	3
Segment profit (see reconciliation below)	5,148	598	(328)	353	5,771

Reconciliations of reportable profit

	2012 £000	2011 £000
Profit		
Total profit for reportable segments	8,065	5,771
Corporate finance costs	(40)	–
Net financial costs	(1,119)	(157)
Profit before taxation	6,906	5,614

Corporate finance costs comprise legal fees in relation to arrangement of Group working capital facilities. Net financial costs relate to Group bank loan interest, bank facility fee amortisation and fair value loss on financial derivatives 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:

	2012 £000	2011 £000
Auditors' remuneration:		
Fees payable to the company auditor for the audit of the parent Company and consolidated annual accounts	44	32
The audit of the company's subsidiaries, pursuant to legislation	83	72
Other services pursuant to legislation	18	18
Tax services	56	75
Corporate finance	214	–
Operating lease rentals – buildings	896	624
Depreciation – property, plant & equipment, owned	597	499
Amortisation of intangibles	4,618	3,738
Equity-settled share-based payments	731	1,064
Research & development costs	3,243	2,079

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2012 £000	2011 £000
Wages and salaries	23,491	15,150
Social security costs	2,701	1,737
Pension costs	748	513
Share-based payment charge	731	1,064
	27,671	18,464

During the year the Group incurred restructuring costs of £464,000 (2011:£211,000). The restructuring costs represent redundancy payments to former staff.

Notes to the Accounts continued

For the year ended 31 October 2012

4 DIRECTORS AND EMPLOYEES CONTINUED

The average number of employees of the Group during the year was 467 (2011:363) and is made up as follows:

	2012 No	2011 No
Office and administration (including Directors of the Company and its subsidiary undertakings)	40	37
Sales	58	43
Development	96	73
Operations	123	107
Solutions	132	84
Recruitment	18	19
	467	363

Remuneration in respect of Directors was as follows:

	2012 £000	2011 £000
Emoluments	872	654
Pension contributions	16	29
Share-based payment charge	423	514
	1,311	1,197

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

	2012 £000	2011 £000
Aggregate emoluments	400	311
Pension contributions	5	22
	405	333

Details of the remuneration for each Director are included in the remuneration report which can be found on pages 16 to 17 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. Acquisition costs relating to individual acquisitions are disclosed in Note 24.

6 FINANCE INCOME AND COSTS

	2012 £000	2011 £000
Interest receivable	6	5
Profit on sale of available-for-sale financial assets	–	218
Dividends receivable	12	24
Finance income	18	247
Bank loans interest payable	(791)	(146)
Bank charges and loan facility fees	(208)	(234)
Fair value loss on financial liabilities recognised in profit or loss	(136)	–
Foreign exchange differences	(143)	(21)
Finance costs	(1,278)	(401)

7 DIVIDENDS

	2012 £000	2011 £000
Final dividend paid in respect of the year ended 31 October 2011 and 31 October 2010	1,245	1,205
Pence per ordinary share	0.36p	0.35p
Interim dividend paid in respect of the year ended 31 October 2012 and 31 October 2011	951	831
Pence per ordinary share	0.275p	0.24p

The Directors have proposed the payment of a final dividend of 0.40p per share, which would amount to £1,394,000 (2011: 0.36p).

Notes to the Accounts continued

For the year ended 31 October 2012

8 INCOME TAX

The tax charge is made up as follows:

	2012 £000	2011 £000
Current tax		
UK corporation tax on profits for the period	1,455	2,046
Foreign tax on overseas companies	1,108	8
Under/(over) provision in respect of prior periods	(70)	3
Total current tax	2,493	2,057
Deferred tax		
Origination and reversal of temporary differences	(1,712)	(715)
Amortisation of intangibles difference in tax rate	(580)	(120)
Adjustments in respect of prior periods	–	(133)
Total deferred tax	(2,292)	(968)
Total tax charge	201	1,089

Factors affecting the tax charge in the period:

	2012 £000	2011 £000
Profit before taxation	6,906	5,614
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2011: 27%)	1,657	1,516
Effects of:		
Tax losses utilised	(689)	(491)
Non taxable income	(3)	–
Expenses not deductible for tax purposes	718	205
Capital allowances in excess of depreciation	17	50
Other timing differences	864	104
R&D enhanced relief	(10)	(60)
Deferred tax – trading losses	(941)	–
Deferred tax – intangible assets	(1,373)	(991)
Deferred tax – other movements	23	753
Foreign tax withheld	13	–
Adjustments to tax charge in respect of prior year	(75)	3
	201	1,089

Movement on trading losses during 2012 are as follows:

	UK unrelieved trading losses £000	Foreign unrelieved trading losses £000	Total unrelieved trading losses £000	Tax effect £000
Recognised trading losses				
As at 1 November 2011	–	–	–	–
Recognised during the year	6,960		6,960	1,879
Utilised during the year	(2,871)	–	(2,871)	(689)
Adjustment for reduction in standard rate of corporation tax from 27% to 24%	–	–	–	(209)
Adjustment for difference between standard rate of tax at 24% and deferred tax rate at 23%	–	–	–	(40)
	4,089	–	4,089	941
Unrecognised trading losses				
As at 1 November 2011	6,960	50	7,010	1,886
Recognised during year	(6,960)	–	(6,960)	(1,879)
Utilised during the year	–	(29)	(29)	(4)
	–	21	21	3

The foreign losses arise in the US and are subject to IRC s382 limitation.

The effective tax rate was 3% (2011: 19%). The decrease is due to the recognition of a deferred tax asset in relation to brought forward losses of £6,960,000 and the utilisation of £2,871,000 of those losses in the current year. The tax effect of the utilisation of losses was a credit of £689,000 in the tax charge.

The unrelieved trading losses of £4,089,000 arising in the UK remain available to offset against future taxable trading profits. A deferred tax asset of £941,000 was recognised during the year in relation to these losses (see note 20). The losses were acquired during the prior year and were not previously recognised as a deferred tax asset. Given the high probability that the Group will benefit from these tax losses in the future, the deferred tax asset was recognised during the year.

Notes to the Accounts continued

For the year ended 31 October 2012

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:

	2012 £000	2011 £000
Profit for the year	6,705	4,525
Basic earnings per share		
Weighted average number of shares in issue	346,231,724	344,267,741
Basic earnings per share	1.94p	1.31p
Weighted average number of shares in issue	346,231,724	344,267,741
Add back:		
Treasury shares	432,000	230,000
ESOP shares	128,618	178,494
Weighted average allotted, called up and fully paid share capital	346,792,342	344,676,235
Diluted earnings per share		
Weighted average number of shares in issue used in basic earnings per share calculation	346,231,724	344,267,741
Dilutive share options	18,852,529	9,096,287
Weighted average number of shares in issue used in dilutive earnings per share calculation	365,084,253	353,364,028
Diluted earnings per share	1.84p	1.28p
Adjusted earnings per share		
Profit for the year	6,705	4,525
Add back:		
Amortisation	4,618	3,738
Impairment	1,018	–
Share option costs	731	1,064
Corporate finance costs	1,109	281
Restructuring costs	464	211
Tax effect	(1,395)	(1,303)
Adjusted profit for year	13,250	8,516
Weighted average number of shares in issue	346,231,724	344,267,741
Adjusted earnings per share	3.83p	2.47p
Adjusted diluted earnings per share	3.63p	2.41p

10 PROPERTY, PLANT AND EQUIPMENT

	Computer hardware £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Library books and journals £000	Total £000
Cost					
At 1 November 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
Additions	408	36	–	79	523
Additions on acquisition	195	72	23	–	290
Disposals	–	(107)	–	–	(107)
At 31 October 2012	1,467	445	23	234	2,169
Depreciation					
At 1 November 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
Provided in the year	427	100	3	67	597
Eliminated on disposal	–	(107)	–	–	(107)
At 31 October 2012	976	221	3	152	1,352
Net book amount at 31 October 2012	491	224	20	82	817
Net book amount at 31 October 2011	315	216	–	70	601
Net book amount at 1 November 2010	291	92	–	121	504

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

Notes to the Accounts continued

For the year ended 31 October 2012

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 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
Additions	–	–	–	379	861	–	–	1,240
Additions on acquisition	16,930	4,390	2,455	3,216	165	–	–	27,156
At 31 October 2012	44,931	17,944	7,460	9,406	3,391	569	4,200	87,901
Amortisation and impairment losses								
At 1 November 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
Amortisation for the year	–	1,410	680	1,070	549	112	797	4,618
Impairment	1,000	–	–	–	–	18	–	1,018
At 31 October 2012	3,565	3,905	1,712	3,208	1,358	388	2,394	16,530
Carrying amount at 31 October 2012	41,366	14,039	5,748	6,198	2,033	181	1,806	71,371
Carrying amount at 31 October 2011	25,436	11,059	3,973	3,673	1,556	311	2,603	48,611
Carrying amount at 1 November 2010	23,631	9,451	3,235	3,228	1,075	424	3,585	44,629

During the year, goodwill and intangibles were reviewed for impairment in accordance with IAS 36, Impairment of assets. Impairment charges of £1,018,000 (2011: £Nil) arose as a result of this review. £1,000,000 relates to impairment of goodwill and £18,000 relates to impairment in software intangible assets which no longer hold value to the Group. The impairment charge relates to Cash Generating Unit TFPL Recruitment.

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

	2012 Remaining amortisation period (years)	2011 Remaining amortisation period (years)	2012 Carrying value £000	2011 Carrying value £000
CAPs intangibles				
Customer relationships	14.5	15.5	4,251	4,544
Trade names	14.5	15.5	1,810	1,935
Software	4.5	5.5	1,370	1,675
Plantech intangibles				
Customer relationships	15	16	868	926
Trade names	15	16	390	416
Software	9	6	420	504
J4B intangibles				
Customer relationships (product)	1.5	2.5	37	62
Customer relationships (project)	6.5	7.5	85	98
Trade names	6.5	7.5	133	154
Database	1.5	2.5	122	202
Grantfinder intangibles				
Trade name	7.5	8.5	175	198
Database	2.5	3.5	78	109
Customer contracts and relationships	2.5	3.5	650	910
Order backlog	2.5	3.5	650	910
Strand intangibles				
Trade name	7.75	8.75	195	266
Software	2.75	3.75	244	333
Customer relationships	2.75	3.75	1,799	2,031
LAMP contracts intangibles				
Backlog order book	8	9	1,157	1,693
Intelligent Resources intangibles				
Software	–	3	–	27
McLaren Intangibles				
Customer relationships	8	9	823	925
Trade names	3	4	642	848
Software	3	4	482	636
Lalpac intangibles				
Customer relationships	8.5	9.5	1,399	1,563
Trade names	8.5	9.5	139	156
Software	8.5	9.5	279	312

Notes to the Accounts continued

For the year ended 31 October 2012

11 INTANGIBLE ASSETS CONTINUED

	2012 Remaining amortisation period (years)	2011 Remaining amortisation period (years)	2012 Carrying value £000	2011 Carrying value £000
Interactive Dialogues intangibles				
Customer relationships	9	–	317	–
Trade names	9	–	185	–
Software	9	–	370	–
CT Space Intangibles				
Customer relationships	9	–	564	–
Trade names	9	–	1,114	–
Software	9	–	1,337	–
Opte2Vote intangibles				
Customer relationships	9.4	–	720	–
Trade names	9.4	–	497	–
Software	9.4	–	662	–
Currency Connect intangibles				
Customer relationships	9.5	–	1,857	–
Trade names	9.5	–	246	–
Software	9.5	–	263	–
FMx intangibles				
Customer relationships	9.75	–	670	–
Trade names	9.75	–	221	–
Software	9.75	–	331	–
Development costs:	5	4	2,033	1,556
Software costs:	3	2	420	186

Impairment test for goodwill

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

Cash Generating Units (CGU)	2012 £000	2011 £000
Software	19,954	19,642
Idox Information Solutions	5,966	3,837
TFPL Recruitment	957	1,957
Engineering	14,489	–
	41,366	25,436

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. The key assumptions used in the financial budgets relate to revenue and EBITDA growth targets relating to increasing market share and acquiring new customers. Cash flows beyond this period are extrapolated using the estimated growth rates stated below. Growth rates are reviewed in line with historic actuals to ensure reasonableness.

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 2012 and the year to 31 October 2011, 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, except for TFPL Recruitment.

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:

Cash generating unit (CGU)	Discount rate 2012	Growth rate 2012	Discount rate 2011	Growth rate 2011
Software	12.5%	2%	12.5%	2%
Idox Information Solutions	12.5%	2%	12.5%	2%
TFPL Recruitment	13.0%	0%	12.5%	2%
Engineering	12.5%	2%	12.5%	2%

Individual Weighted Average Cost of Capital were calculated for each CGU and adjusted for the market's assessment of the risks attaching to each CGU's cash flows. The resultant Weighted Average Cost of Capital rates were not significantly different from the Group WACC and so the Group WACC was deemed reasonable to apply to all CGUs except for TFPL Recruitment as the actual discount rate specific to that CGU was utilised in the impairment calculation. The Weighted Average Cost of Capital is recalculated at each period end.

Management considered historic performance against budget and have adjusted revenue and EBITDA growth rates. As a result, for the CGU TFPL Recruitment, an impairment charge of £1,000,000 has been recorded against goodwill with a further impairment of £18,000 against software intangibles which no longer hold any value to the Group.

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

Cash generating unit (CGU)	Growth rate 0% Headroom £'000
Software	29,261
Idox Information Solutions	15,051
TFPL Recruitment	–
Engineering	492

Sensitivities have also been run on the discount rate applied and management are satisfied that, except for the CGU TFPL Recruitment, a reasonable increase in the discount rate would not lead to the carrying amount of the relevant CGU exceeding the recoverable amount. A 0.5% increase in discount rate used for CGU TFPL Recruitment would result in a further impairment of £19,989, however management do not consider any further impairment is required. Management are satisfied that except for TFPL Recruitment there is significant headroom between the value in use of each CGU and the carrying value of goodwill.

Notes to the Accounts continued

For the year ended 31 October 2012

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:

	Note	2012 £000	2011 £000
FINANCIAL ASSETS			
Loans and receivables			
Trade and other receivables	14	15,459	7,835
Cash and cash equivalents	13	3,640	–
		19,099	7,835
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Non-current:			
Borrowings	18	22,879	–
		22,879	–
Current:			
Borrowings	18	2,300	2,408
Derivative financial instruments at fair value through profit or loss	19	136	–
Trade and other payables	15	5,460	2,304
Other liabilities	16	914	1,902
Other liabilities at fair value through profit or loss *	16	1,302	–
		10,112	6,614

* Hierarchy 3 being inputs for the asset or liability which are not based on observable market data.

13 CASH AND CASH EQUIVALENTS

	2012 £000	2011 £000
Cash at bank and in hand	3,640	–
Bank overdraft	–	(2,408)
Cash and cash equivalents per cash flow statements	3,640	(2,408)

14 TRADE AND OTHER RECEIVABLES

		2012 £000	2011 £000
Trade receivables, gross		11,802	6,204
Allowance for credit losses		(616)	(231)
Trade receivables, net		11,186	5,973
Amounts recoverable on contracts:	falling due within one year	2,182	603
	falling due after one year	1,863	1,092
Other receivables		228	167
Financial assets		15,459	7,835
Prepayments and accrued income		1,454	1,008
Non-financial assets		1,454	1,008
Trade and other receivables		16,913	8,843

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

		2012	2011
J4B Nederland BV	Euros	€111,000	€89,000
Idox Information Solutions Limited	Euros	€82,000	€75,000
Currency Connect BV	Euros	€862,000	–
Interactive Dialogues NV	Euros	€392,000	–
CT Space Gmbh	Euros	€474,000	–
CT Space Sarl	Euros	€1,049,000	–
McLaren Software Limited	Euros	€247,000	€363,000
McLaren Software Limited	Australian dollars	AUD$203,000	AUD$865,000
McLaren Software Limited	Emirati Dirham	AED80,000	–
McLaren Software Limited	US dollars	$311,000	$190,000
McLaren Software Inc	US dollars	$3,432,000	$798,000
McLaren Software Inc	Canadian dollars	$1,000	$65,000

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

Notes to the Accounts continued

For the year ended 31 October 2012

14 TRADE AND OTHER RECEIVABLES CONTINUED

Credit quality of financial assets

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

	2012 £000	2011 £000
Local authorities and other public bodies	5,241	2,973
Private companies	6,561	3,231
	11,802	6,204

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

	Gross 2012 £000	Impairment 2012 £000	Gross 2011 £000	Impairment 2011 £000
`Not past due	7,389	–	3,543	–
Past due 0 to 30 days	1,569	–	888	–
Past due 31 to 60 days	578	–	429	–
More than 61 days	2,266	616	1,344	231
	11,802	616	6,204	231

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

	2012 £000	2011 £000
At 1 November	231	269
Charge for the year	234	402
Relating to acquisitions	514	–
Utilised	(363)	(440)
At 31 October	616	231

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.

15 TRADE AND OTHER PAYABLES

	2012 £000	2011 £000
Trade payables	2,563	673
Accruals	2,897	1,631
	5,460	2,304

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 paid during the next six months.

16 OTHER LIABILITIES

	2012 £000	2011 £000
Social security and other taxes	1,532	547
Other payables	2,216	1,902
Deferred income	13,538	10,866
	17,286	13,315

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.

17 PROVISIONS

	2012 £000	2011 £000
At 1 November	117	133
Provision made during the year	4	4
Provision utilised during the year	(45)	(20)
At 31 October	76	117

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

18 BORROWINGS

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

	2012 £000	2011 £000
Current		
Bank borrowings	2,300	2,408
Non-current		
Bank borrowings	22,879	–
Total borrowings	25,179	2,408

During the year the Group entered into one term loan and two revolving credit facilities with Bank of Scotland. At the balance sheet date, the amortised cost of the term loan was £9,568,000 and during the period the loan was held the average interest rate paid was 4.07%.

The Group has a revolving credit facility to fund working capital requirements. At the balance sheet date, the amortised cost of this facility was £5,732,000 and during the period the facility was held the average interest rate paid was 3.25%.

The Group has a revolving credit facility of £10m which was made available in order to finance business acquisitions. In March 2012, £2.7m of this facility was drawn down in order to fund the acquisition of Opt2Vote Limited. In May 2012, £3.6m of this facility was drawn down in order to fund the acquisition of Currency Connect Holdings BV. In October 2012, £3.7m of this facility was drawn down in order to fund the acquisition of FMx Limited. The total amortised cost of the acquisition revolving credit facility at the year end was £9,880,000 and the average interest rate paid during the period the facility was held was 4.03%.

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.

Notes to the Accounts continued

For the year ended 31 October 2012

19 DERIVATIVE FINANCIAL INSTRUMENTS

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

	2012 £000	2011 £000
Fair value:		
Interest rate swap – Fair value hierarchy level 2	136	–
Derivative financial liabilities	136	–

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

In the current year the Group has used interest rates swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with notional values of £12m fix interest payments at an average rate of 1.33% for periods up until 2015.

The fair value of the interest rate swap liability at 31 October 2012 is estimated at £136,000 (2011: £Nil).

20 DEFERRED INCOME TAX

Deferred tax assets and liabilities are summarised as follows:

	2012 £000	2011 £000
Deferred tax assets	1,417	495
Deferred tax liabilities (non-current)	(6,101)	(5,060)
	(6,101)	(5,060)

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

	2012 £000	2011 £000
At 1 November	(4,565)	(4,266)
Credit to income for the year	1,982	847
Adjustment for changes in rate	312	120
Charged to goodwill for the year	(2,413)	(1,266)
At 31 October	4,684	(4,565)

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	Tax losses carried forward £000	Accelerated tax depreciation £000	Total deferred tax liability £000
At 1 November 2010	109	174	283	–	(4,549)	(4,549)
Charge to income	–	212	212	–	635	635
Changes in rate	–	–	–	–	120	120
Deferred tax recognised on acquisition	–	–	–	–	(1,266)	(1,266)
At 31 October 2011	109	386	495	–	(5,060)	(5,060)
Charge/(credit) to income	182	740	922	(941)	2,003	1,062
Changes in rate	–	–	–	–	311	311
Deferred tax recognised on acquisition	–	–	–	–	(2,414)	(2,414)
At 31 October 2012	291	1,126	1,417	(941)	(5,160)	(6,101)

At 31 October 2012 there were unrecognised deferred tax assets of £189,000 (2011: £Nil).

21 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, short-term deposits, bank borrowings and interest rate swaps. 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) 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 2012 and 2011, all the Group's borrowings at variable rate were denominated in UK Sterling. To protect cash flows against movements in interest rates the Group entered into an interest LIBOR swap agreement.

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:

	2012 £000	2011 £000
Classes of financial assets – carrying amounts		
Cash and cash equivalents	3,640	–
Trade receivables	11,186	5,973
Amounts recoverable on contracts	4,045	1,695
Other receivables	228	167
Financial assets at fair value	19,099	7,835

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.

The credit risk on liquid funds is limited because the majority of funds are held with two UK 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.

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For the year ended 31 October 2012

21 RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

Liquidity risk

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

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

Detailed analysis of the debt facilities taken out and available to the Group are disclosed in note 18.

As at 31 October 2012, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within 6 months £000	6 – 12 months £000	1 – 5 Years £000	Later than 5 years £000
Bank borrowings	388	2,695	24,170	–
Trade and other payables	5,460	–	–	–

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

	Current		Non-current	
	Within 6 months £000	6 – 12 months £000	1 – 5 Years £000	Later than 5 years £000
Bank borrowings	2,408	–	–	–
Trade and other payables	2,304	–	–	–

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

Capital risk management

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

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

	2012 £000	2011 £000
Total equity	38,900	34,371
Less unrestricted cash and cash equivalents (note 13)	(3,640)	–
	35,260	34,371
Total equity	38,900	34,371
Borrowings	25,179	2,408
	64,079	36,779
Capital-to-overall financing ratio	0.55	0.93

22 SHARE CAPITAL

	2012 £000	2011 £000
Authorised:		
650,000,000 ordinary shares of 1p each (2011: 650,000,000)	6,500	6,500
Allotted, called up and fully paid		
As at 1 November	3,463	3,442
Issued and allotted during the year	22	21
348,479,842 ordinary shares of 1p each (2011: 346,229,842)	3,485	3,463

Movement in issued share capital in the year

During the year to 31 October 2012, ten employees exercised share options. To satisfy the exercise of one tranche of these options, the Company issued and allotted 2,250,000 new ordinary shares of 1p each.

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

At 31 October 2012, there were 239,345 (2011: 232,174) shares in issue under ESOP. During the year the average issue share price was 34p (2011: 11.1p).

At 31 October 2012 there were 452,000 (2011: 955,000) shares held in treasury.

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. Per the contractual agreements, 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	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
2,250,000	–	(2,250,000)	–	–	9.00p	Feb 2007	Oct 2014
1,646,000	–	(480,000)	–	1,166,000	7.50p	May 2007	May 2017
500,000	–	(48,000)	–	452,000	8.125p	Jun 2007	Jun 2017
550,000	–	(275,000)	–	275,000	15.00p	Dec 2007	Dec 2017
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	–	–	(100,000)	12,300,000	20.00p	Mar 2011	Mar 2021
1,325,000	–	(25,002)	(200,000)	1,099,998	18.00p	Mar 2011	Mar 2021
–	850,000	–	–	850,000	35.00p	Apr 2012	Apr 2022
–	750,000	–	–	750,000	44.00p	Sep 2012	Sep 2022
29,002,008	1,600,000	(3,078,002)	(300,000)	27,224,006			

Notes to the Accounts continued

For the year ended 31 October 2012

23 SHARE OPTIONS CONTINUED

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

	2012		2011	
	No	WAEP Pence	No	WAEP Pence
Outstanding at the beginning of the year	29,002,008	14.86	23,522,393	9.55
Granted during the year	1,600,000	39.22	13,725,000	19.81
Exercised during the year	(3,078,002)	9.36	(8,245,385)	7.95
Lapsed during the year	(300,000)	18.67	–	–
Outstanding at the end of the year	27,224,006	16.87	29,002,008	14.86
Exercisable at the end of the year	19,640,226	12.12	13,945,648	12.31

The share options outstanding at the end of the year have a weighted average remaining contractual life of 8 years. The share options exercised during the year had a weighted average share price of 9.36p and a weighted average market price of 35p.

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	Weighted average exercise price pence	Expected volatility %	Expected life Years	Risk free rate %	Expected dividend yield %	Weighted average fair value at grant date £
Apr 12	850,000	35	35	37.5	10	4.65	0.6	0.19
Sep 12	750,000	37	44	37.5	10	4.65	0.6	0.18

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

The Group recognised total expenses of £731,000 (2011: £1,064,000) related to equity-settled share-based payment transactions during the year. Expenses of £568,000 (2011: £994,000) related to share options granted and £163,000 (2011: £70,000) related to share options exercised.

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 year	Exercised	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
954,545	(954,545)	–	–	11.00p	Oct 2002	Oct 2012
3,000,000	(3,000,000)	–	–	10.00p	Sep 2004	May 2014
3,954,545	(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.

	2012		2011	
	No	WAEP Pence	No	WAEP pence
Outstanding at the beginning of the year	3,954,545	10.24	7,449,388	11.34
Exercised during the year	(3,954,545)	10.24	(1,909,091)	10.48
Lapsed during the year	–	–	(1,585,752)	15.13
Outstanding at the end of the year	–	–	3,954,545	10.24
Exercisable at the end of the year	–	–	3,954,545	10.24

24 ACQUISITIONS

Interactive Dialogues Limited

On 7 November 2011, the Group acquired the entire share capital of Interactive Dialogues Limited and Interactive Dialogues NV ("ID") for a total consideration of €2.2m (£1.9m) in cash. Control passed on the date of acquisition. 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 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.

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.

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

	Book value £000	Fair value adjustments £000	Fair value £000
Intangible assets	8	962	970
Property, plant and equipment	17	–	17
Trade receivables	349	–	349
Other receivables	283	–	283
Cash at bank	199	–	199
TOTAL ASSETS	856	962	1,818
Trade payables	(59)	–	(59)
Other creditors	(263)	–	(263)
Accruals	(179)	–	(179)
Deferred tax liability	–	(233)	(233)
TOTAL LIABILITIES	(501)	(233)	(734)
NET ASSETS			1,084
Purchased goodwill capitalised			832
Total consideration			1,916
Satisfied by:			
Cash to vendor			1,742
Contingent consideration			174
Total consideration			1,916

Notes to the Accounts continued

For the year ended 31 October 2012

24 ACQUISITIONS CONTINUED

Interactive Dialogues Limited continued

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

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

The revenue included in the consolidated statement of comprehensive income since 7 November 2011, contributed by ID was £2,083k. ID also contributed a profit after tax of £281k for the same period. If ID had been included from 1 November, it would have contributed revenue of £2,083k and a profit after tax of £256k.

The earn out period is 1 November 2011 to 31 October 2012. The earn out arrangements require the Group to pay the former owners of ID €1 for every €1 the revenue in the earn out period exceeds €2,200,000 up to a maximum consideration of €200,000. The maximum consideration has been recognised at the date of acquisition, which represents the fair value of the contingent consideration.

Acquisition costs of £82k have been charged to profit or loss within corporate finance costs in the consolidated statement of comprehensive income.

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. The Group acquired the entire share capital of CT Space Limited, Buildonline Global Limited, Buildonline Ireland Limited, CT Space SARL, CT Space Gmbh, CT Space Technologies Pty, CT Space Inc and Citadon Inc. Control passed on the date of acquisition.

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 provides both Software as a Service ('SaaS') and on-premise enterprise solutions, the latter of which leverage an organisation'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.

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

	Book value £000	Fair value adjustments £000	Fair value £000
Intangible assets	6,065	(2,555)	3,510
Property, plant and equipment	360	(243)	117
Trade receivables	2,390	(78)	2,312
Other receivables	758	(71)	687
Corporation tax	590	–	590
Cash at bank	239	–	239
TOTAL ASSETS	10,402	(2,947)	7,455
Trade payables	(350)	3	(347)
Deferred revenue	(2,768)	50	(2,718)
Other creditors	(587)	(18)	(605)
Corporation tax	(502)	(215)	(717)
Deferred tax liability	–	(804)	(804)
TOTAL LIABILITIES	(4,207)	(984)	(5,191)
NET ASSETS			2,264
Purchased goodwill capitalised			9,323
Total consideration satisfied by cash to vendor			11,587

The fair value adjustment for the intangible assets relates to customer relationships, trade names and software. A related deferred tax liability has also been recorded as a fair value adjustment. Other adjustments relate to depreciation, bad debt provision and accrued income to bring these in line with Idox group policies.

The fair value of assets acquired includes trade receivables of £2,312k. The gross amount due under contracts is £2,726k of which £414k is expected to be uncollectible. Other receivables are considered to be fully recoverable.

The revenue included in the consolidated statement of comprehensive income since 15 November 2011, contributed by CTSpace was £8,996k. CTSpace also contributed a profit after tax of £1,098k for the same period. If CTSpace had been included from 1 November, it would have contributed revenue of £9,398k and a profit after tax of £965k.

Acquisition costs of £488k have been charged to profit or loss within corporate finance costs in the consolidated statement of comprehensive income.

Notes to the Accounts continued

For the year ended 31 October 2012

24 ACQUISITIONS CONTINUED

Opt2Vote

On 27 March 2012, the Group acquired the entire share capital of Opt2Vote Ltd, one of the UK's leading providers of electoral managed services and innovative democracy solutions, for a maximum cash consideration of £3.5m. Control passed on the date of acquisition.

Opt2Vote provides expertise and knowledge across all areas of election management and specialises in the provision of managed services solutions and innovation in areas such as e-Counting and Early Voting. Opt2Vote supplies electronic vote counting solutions to the 32 Scottish local authorities as well as managed print services to UK councils. It is based in Londonderry, Northern Ireland. Opt2Vote products and services will complement solutions provided by Strand Electoral Software, acquired by Idox in 2010 and will enable the Group to deliver a comprehensive range of democratic solutions and managed services.

Goodwill arising on the acquisition of Opt2Vote has been capitalised and consists largely of the workforce value, synergies and economies of scale expected from combining the operations of Opt2Vote with Idox. None of the goodwill recognised is expected to be deductible for income tax purposes. The purchase of Opt2Vote has been accounted for using the acquisition method of accounting.

	Book value £000	Provisional fair value adjustments £000	Fair value £000
Intangible assets	–	1,996	1,996
Property, plant and equipment	44	(24)	20
Trade receivables	181	–	181
Corporation tax	103	–	103
Other receivables	51	5	56
Cash at bank	633	–	633
TOTAL ASSETS	1,012	1,977	2,989
Trade payables	(81)	–	(81)
Other creditors	(73)	–	(73)
Accruals	(307)	3	(304)
Deferred tax liability	–	(478)	(478)
TOTAL LIABILITIES	(461)	(475)	(936)
NET ASSETS			2,053
Purchased goodwill capitalised			1,447
Total consideration			3,500
Satisfied by:			
Cash to vendor			2,700
Contingent consideration			800
Total consideration			3,500

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

The fair value of trade receivables is equal to gross contractual amounts receivable.

The revenue included in the consolidated statement of comprehensive income since 27 March 2012, contributed by Opt2Vote was £2,484k. Opt2Vote also contributed a profit after tax of £665k for the same period. If Opt2Vote had been included from 1 November, it would have contributed revenue of £2,993k and a profit after tax of £320k.

The earn out period is 1 July 2012 to 30 June 2013. The earn out arrangements require the Group to pay the former owners of Opt2Vote an amount to be determined by Revenue less associated direct costs in the earn out period, up to a maximum consideration of £800k less direct costs. The potential undiscounted amount of all future payments that the Group could be required to make is between £nil and £800k. £800k has been recognised at the date of acquisition, which represents the fair value of the contingent consideration.

Acquisition costs of £58k have been charged to profit or loss within corporate finance costs in the consolidated statement of comprehensive income.

Currency Connect

On 3 May 2012 the Group acquired the entire share capital Currency Connect Holdings BV ('Currency Connect'), a significant Dutch based grants advisory business, for a maximum cash consideration of €4.7m (£3.8m). Control passed on the date of acquisition.

Currency Connect provides expertise and knowledge that helps clients obtain funding for innovation projects through grant-based subsidies and research & development tax credits. It monitors and informs customers of innovation subsidies, prepares grant applications and administers the end-to-end process. In addition, Currency Connect provides grants management software and advises clients on process change to enable them to accelerate their innovation and consequent eligibility for related grants. The Currency Connect acquisition extends the current Idox Information Solutions grants offering, particularly in the growing innovation funding space.

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

	Book value £000	Provisional fair value adjustments £000	Fair value £000
Intangible assets	–	2,513	2,513
Property, plant and equipment	80	–	80
Trade receivables	513	(18)	495
Other receivables	259	–	259
Cash at bank	118	–	118
TOTAL ASSETS	970	2,495	3,465
Trade payables	(36)	–	(36)
Corporation tax	(82)	–	(82)
Other creditors	(131)	–	(131)
Accruals	(65)	–	(65)
Deferred tax liability	–	(603)	(603)
TOTAL LIABILITIES	(314)	(603)	(917)
NET ASSETS			2,548
Purchased goodwill capitalised			1,304
Total consideration			3,852
Satisfied by:			
Cash to vendor			3,524
Contingent consideration			328
Total consideration			3,852

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

Notes to the Accounts continued

For the year ended 31 October 2012

24 ACQUISITIONS CONTINUED

Currency Connect continued

The fair value of assets acquired includes trade receivables of £514k. The gross amount due under contracts is £624k of which £110k is expected to be uncollectible. Other receivables are considered to be fully recoverable.

The revenue included in the consolidated statement of comprehensive income since 3 May 2012, contributed by Currency Connect was £1,185k. Currency Connect also contributed a profit after tax of £148k for the same period. If Currency Connect had been included from 1 November, it would have contributed revenue of £2,603k and a profit after tax of £657k.

The earn out period is 1 January 2012 to 31 December 2012. The earn out arrangement requires the Group to pay the former owners of Currency Connect an amount to be determined by gross revenue in the earn out period, up to a maximum of €400k. The potential undiscounted amount of all future payments that the Group could be required to make is estimated at €400k. €400k has been recognised at the date of acquisition, which represents the fair value of contingent consideration.

Acquisition costs of £109k have been charged to profit or loss within corporate finance costs in the consolidated statement of comprehensive income.

FMx

On 18 October 2012 the Group acquired the entire share capital of FMx Limited ('FMx'), a leading supplier of computer-aided facilities management ('CAFM') software, for a cash consideration of £5.6m. Control passed on the date of acquisition.

FMx, through its CAFM Explorer product, provides facilities management software solutions to corporate, public and commercial real estate customers in over 30 countries. CAFM Explorer is a comprehensive solution to manage all aspects of an operational facility including building management, maintenance, asset tracking and cost control. The addition of CAFM Explorer to the Idox EIM product range extends the division's existing project collaboration solution, now enabling it to encompass the lifecycle of a building, campus or facility. CAFM Explorer also provides the EIM division with a comprehensive solution for the estates departments of its existing asset intensive customers in Oil & Gas, Energy & Utilities and Process Manufacturing sectors. In addition, CAFM Explorer adds to the Group's offering of information and estate solutions to its local government customer base.

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

	Book value £000	Provisional fair value adjustments £000	Fair value £000
Intangible assets	–	1,231	1,231
Property, plant and equipment	56	–	56
Trade receivables	150	–	150
Other receivables	709	–	709
Cash at bank	666	–	666
TOTAL ASSETS	1,581	1,231	2,812
Trade payables	(33)	–	(33)
Corporation tax	(45)	–	(45)
Other creditors	(728)	(15)	(743)
Accruals	(158)	–	(158)
Deferred tax liability	–	(295)	(295)
TOTAL LIABILITIES	(964)	(310)	(1,274)
NET ASSETS			1,538
Purchased goodwill capitalised			4,030
Total consideration satisfied by cash to vendor			5,568

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

The fair value of trade receivables is equal to the gross contractual amounts receivable. All other receivables are considered to be fully recoverable.

The revenue included in the consolidated statement of comprehensive income since 18 October 2012, contributed by FMx was £86k. FMx also contributed a profit after tax of £25k for the same period. If FMx had been included from 1 November, it would have contributed revenue of £2,918k and a loss after tax of £41k.

Acquisition costs of £28k have been charged to profit or loss within corporate finance costs in the consolidated statement of comprehensive income.

Acquisition cash flows

Acquisition cash flows in the year are as follows:

	Net cash outflow £000
Subsidiaries acquired during the year:	
Interactive Dialogues	1,543
CT Space	11,348
Opt2Vote	2,067
Currency Connect	3,406
FMx	4,902
	23,266
Deferred consideration paid on previous year acquisitions	
Grantfinder Limited	68
Lalpac Limited	252
	320

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

25 OPERATING LEASE COMMITMENTS

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

The Group	2012 £000	2011 £000
Amounts due:		
Within one year	572	458
Between one and five years	1,416	1,380
After five years	14	127
	2,002	1,965

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

Notes to the Accounts continued

For the year ended 31 October 2012

26 CAPITAL COMMITMENTS

The Group had no capital commitments at 31 October 2012 (2011: £Nil).

27 CONTINGENT LIABILITIES

There were no material Group contingent liabilities at 31 October 2012 or 31 October 2011.

28 POST BALANCE SHEET EVENTS

On 1 November 2012 the Group increased the acquisition Revolving Credit Facility from £10m to £15m.

29 RELATED PARTY TRANSACTIONS

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

	2012 £000	2011 £000
Salaries and other short-term employee benefits	1,781	1,588
Post-employment benefits	32	71
Share-based payments	731	922
	2,544	2,581

In the year ended 31 October 2012 Martin Brooks, Chairman of Idox plc was entitled to remuneration of £6,750 (2011: £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.

Independent Auditor's Report to the members of Idox plc

For the year ended 31 October 2012

We have audited the parent Company financial statements of Idox plc for the year ended 31 October 2012 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).

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 page 18, the Directors are responsible for the preparation of the parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 2012;

> 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 2012.

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

17 January 2013

Company Balance Sheet

At 31 October 2012

	Note	2012 £000	2011 £000
Fixed assets			
Investments	5	71,644	45,753
Current assets			
Debtors: falling due within one year	6	133	12
Debtors: falling due after one year	6	2,116	2,228
Creditors: amounts falling due within one year	7	(24,146)	(33,010)
Net current liabilities		(21,897)	(30,770)
Total assets less current liabilities		49,747	14,983
Creditors: amounts falling due after more than one year	8	(23,200)	–
Net assets		26,547	14,983
Capital and reserves			
Called up share capital	9	3,485	3,463
Capital redemption reserve	11	1,112	1,112
Share premium account	11	10,197	10,017
Treasury reserve	11	(107)	(204)
Share option reserve	11	1,825	1,366
Profit and loss account	11	10,035	(771)
Shareholders' funds		26,547	14,983

The financial statements were approved by the Board of Directors and authorised for issue on 17 January 2013 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

Notes to the Company Financial Statement

For the year ended 31 October 2012

1 ACCOUNTING POLICIES

Basis of preparation

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

No profit and loss account is presented for the Company as permitted by Section 408 of the Companies Act, 2006. A cash flow statement has not been provided as permitted by FRS1 (Revised) Cash Flow Statements.

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.

Investments

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

Financial instruments

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

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

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 pages 16 to 17 but which do not form part of the audited accounts.

Notes to the Company Financial Statement continued

For the year ended 31 October 2012

3 DIVIDENDS

	2012 £000	2011 £000
Final dividend paid in respect of the year ended 31 October 2011 and 31 October 2010	1,245	1,205
Pence per ordinary share	0.36p	0.35p
Interim dividend paid in respect of the year ended 31 October 2012 and 31 October 2011	951	831
Pence per ordinary share	0.275p	0.24p

The Directors have proposed the payment of a final dividend of 0.40p per share, which would amount to £1,394,000 (2011: 0.36p).

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 £3,103,000 (2011: loss £503,000).

5 INVESTMENTS

	Investment in group undertakings £000
Cost or market value	
At 1 November 2011	47,353
Additions	26,891
Disposals	–
At 31 October 2012	74,244
Impairment	
At 1 November 2011	1,600
Provided in the year	1,000
At 31 October 2012	2,600
Net book amount	
At 31 October 2012	71,644
At 31 October 2011	45,753

During the year, the Directors considered the impairment in value of the investment in TFPL. Impairment charges of £1,000,000 (2011: £Nil) arose as a result of this review.

At 31 October 2012 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
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
McLaren Software Group Limited	Scotland	Ordinary	100%	Holding Company
McLaren Software Limited	Scotland	Ordinary	100%	Software services
McLaren Software Inc	USA	Ordinary	100%	Software services
McLaren Consulting BV	Holland	Ordinary	100%	Dormant company
Lalpac Limited	England	Ordinary	100%	Software services
Interactive Dialogues Limited	England	Ordinary	100%	Software services
Interactive Dialogues NV	Belgium	Ordinary	100%	Software services
CT Space Limited	England	Ordinary	100%	Software services
Buildonline Global Limited	England	Ordinary	100%	Dormant company
Buildonline Ireland Limited	Ireland	Ordinary	100%	Software services
CT Space SARL	France	Ordinary	100%	Software services
CT Space GmbH	Germany	Ordinary	100%	Software services
CT Space Technologies Pty	India	Ordinary	100%	Software services
CT Space Inc	USA	Ordinary	100%	Software services
Citadon Inc	USA	Ordinary	100%	Software services
Opt2Vote Limited	England	Ordinary	100%	Software services
Currency Connect BV	Holland	Ordinary	100%	Software services
FMx Limited	England	Ordinary	100%	Software services
McLaren Software Australia Pty Limited	Australia	Ordinary	100%	Software services

Notes to the Company Financial Statement continued

For the year ended 31 October 2012

6 DEBTORS

	2012 £000	2011 £000
Falling due within one year:		
Other debtors	133	12
Falling due after one year:		
Other debtors	188	–
Amounts owed by group undertakings	1,928	2,228
	2,116	2,228

Included in the above for the Company is £1,928,000 (2011: £2,228,000) owed by group undertakings which is due after more than one year. The Directors consider this loan to be recoverable.

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £000	2011 £000
Bank loan	2,300	–
Amounts owed to group undertakings	20,088	32,380
Corporation tax	–	63
Other creditors	1,536	555
Accruals and deferred income	222	12
	24,146	33,010

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £000	2011 £000
Bank loan	23,200	–

During the year the Company entered into one term loan and two revolving credit facilities with Bank of Scotland. At the balance sheet date, the amount outstanding on the term loan was £9,700,000 and during the period the loan was held the average interest rate paid was 4.07%.

The Company has a revolving credit facility to fund working capital requirements. At the balance sheet date, the amount drawn down under this facility was £5,800,000 and during the period the facility was held the average interest rate paid was 3.25%.

The Group has a revolving credit facility of £10m which was made available in order to finance business acquisitions. In March 2012, £2.7m of this facility was drawn down in order to fund the acquisition of Opt2Vote Limited. In May 2012, £3.6m of this facility was drawn down in order to fund the acquisition of Currency Connect Holdings BV. In October 2012, £3.7m of this facility was drawn down in order to fund the acquisition of FMx Limited. The total amount drawn down under this facility at the year end was £10m and the average interest rate paid during the period the facility was held was 4.03%.

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.

In the current year the Group has used interest rates swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with notional values of £12m fix interest payments at an average rate of 1.33% for periods up until 2015.

The fair value of the interest rate swap liability at 31 October 2012 is estimated at £136,000 (2011: £Nil).

9 SHARE CAPITAL

	2012 £000	2011 £000
Authorised:		
650,000,000 ordinary shares of 1p each (2011: 650,000,000)	6,500	6,500
Allotted, called up and fully paid		
As at 1 November	3,463	3,442
Issued and allotted during the year	22	21
348,479,842 ordinary shares of 1p each (2011: 346,229,842)	3,485	3,463

Movement in issued share capital in the year

During the year to 31 October 2012, ten employees exercised share options. To satisfy the exercise of one of these options, the Company issued and allotted 2,250,000 new ordinary shares of 1p each.

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

At 31 October 2012, there were 239,345 (2011: 232,174) shares in issue under ESOP. During the year the average issue share price was 34p (2011: 11.1p).

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 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	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
2,250,000	–	(2,250,000)	–	–	9.00p	Feb 2007	Oct 2014
1,646,000	–	(480,000)	–	1,166,000	7.50p	May 2007	May 2017
500,000	–	(48,000)	–	452,000	8.125p	Jun 2007	Jun 2017
550,000	–	(275,000)	–	275,000	15.00p	Dec 2007	Dec 2017
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	–	–	(100,000)	12,300,000	20.00p	Mar 2011	Mar 2021
1,325,000	–	(25,002)	(200,000)	1,099,998	18.00p	Mar 2011	Mar 2021
–	850,000	–	–	850,000	35.00p	Apr 2012	Apr 2022
–	750,000	–	–	750,000	44.00p	Sep 2012	Sep 2022
29,002,008	1,600,000	(3,078,002)	(300,000)	27,224,006			

Notes to the Company Financial Statement continued

For the year ended 31 October 2012

10 SHARE OPTIONS CONTINUED

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

	2012		2011	
	No	WAEP Pence	No	WAEP Pence
Outstanding at the beginning of the year	29,002,008	14.86	23,522,393	9.55
Granted during the year	1,600,000	39.22	13,725,000	19.81
Exercised during the year	(3,078,002)	9.36	(8,245,385)	7.95
Lapsed during the year	(300,000)	18.67	–	–
Outstanding at the end of the year	27,224,006	16.87	29,002,008	14.86
Exercisable at the end of the year	19,640,226	12.12	13,945,648	12.31

The share options outstanding at the end of the year have a weighted average remaining contractual life of 8 years. The share options exercised during the year had a weighted average share price of 9.36p and a weighted average market price of 35p.

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

Date of issue	Number granted No.	Weighted average share price pence	Weighted average exercise price pence	Expected volatility %	Expected life Years	Risk free rate %	Expected dividend yield %	Weighted average fair value at grant date £
Apr 12	850,000	35	35	37.5	10	4.65	0.6	0.19
Sep 12	750,000	37	44	37.5	10	4.65	0.6	0.18

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

The Group recognised total expenses of £731,000 (2011: £1,064,000) related to equity-settled share-based payment transactions during the year. Expenses of £568,000 (2011: £994,000) related to share options granted and £163,000 (2011: £70,000) related to share options exercised.

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 year	Exercised	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
954,545	(954,545)	–	–	11.00p	Oct 2002	Oct 2012
3,000,000	(3,000,000)	–	–	10.00p	Sep 2004	May 2014
3,954,545	(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.

	2012		2011	
	No	WAEP Pence	No	WAEP pence
Outstanding at the beginning of the year	3,954,545	10.24	7,449,388	11.34
Exercised during the year	(3,954,545)	10.24	(1,909,091)	10.48
Lapsed during the year	–	–	(1,585,752)	15.13
Outstanding at the end of the year	–	–	3,954,545	10.24
Exercisable at the end of the year	–	–	3,954,545	10.24

11 SHARE PREMIUM ACCOUNT AND RESERVES

The Company	Capital redemption reserve £000	Share premium account £000	Treasury reserve £000	Share option reserve £000	Profit and loss account £000	Total £000
At 1 November 2011	1,112	10,017	(204)	1,366	(771)	11,520
Issue of share capital	–	180	–	–	–	180
Share options reserve movement	–	–	–	568	–	568
Shares repurchased	–	–	(37)	–	–	(37)
Exercise of options from treasury reserve	–	–	134	(109)	(895)	(870)
Dividends received	–	–	–	–	17,000	17,000
Dividends paid	–	–	–	–	(2,196)	(2,196)
Loss for the year	–	–	–	–	(3,103)	(3,103)
At 31 October 2012	1,112	10,197	(107)	1,825	10,035	23,062

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.

Notes to the Company Financial Statement continued

For the year ended 31 October 2012

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Loss for the financial year	(3,103)	(503)
Issue of share capital	856	135
Revaluation of investment in listed company	–	(35)
Dividends received	17,000	–
Dividends paid	(2,196)	(2,036)
Exercise of options from treasury reserve	(37)	213
Treasury shares purchased	(1,524)	(721)
Shares option reserve movement	568	994
Net increase/(decrease) in shareholders' funds	11,564	(1,953)
Shareholders' funds at 1 November 2011	14,983	16,936
Shareholders' funds at 31 October 2012	26,547	14,983

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

On 1 November 2012 the Group increased the acquisition Revolving Credit Facility from £10m to £15m.

Company Information

For the year ended 31 October 2012

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 – 28 February 2013 Announcement of 2013 Interim Results – July 2013 Announcement of 2013 Annual Report – December 2013

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