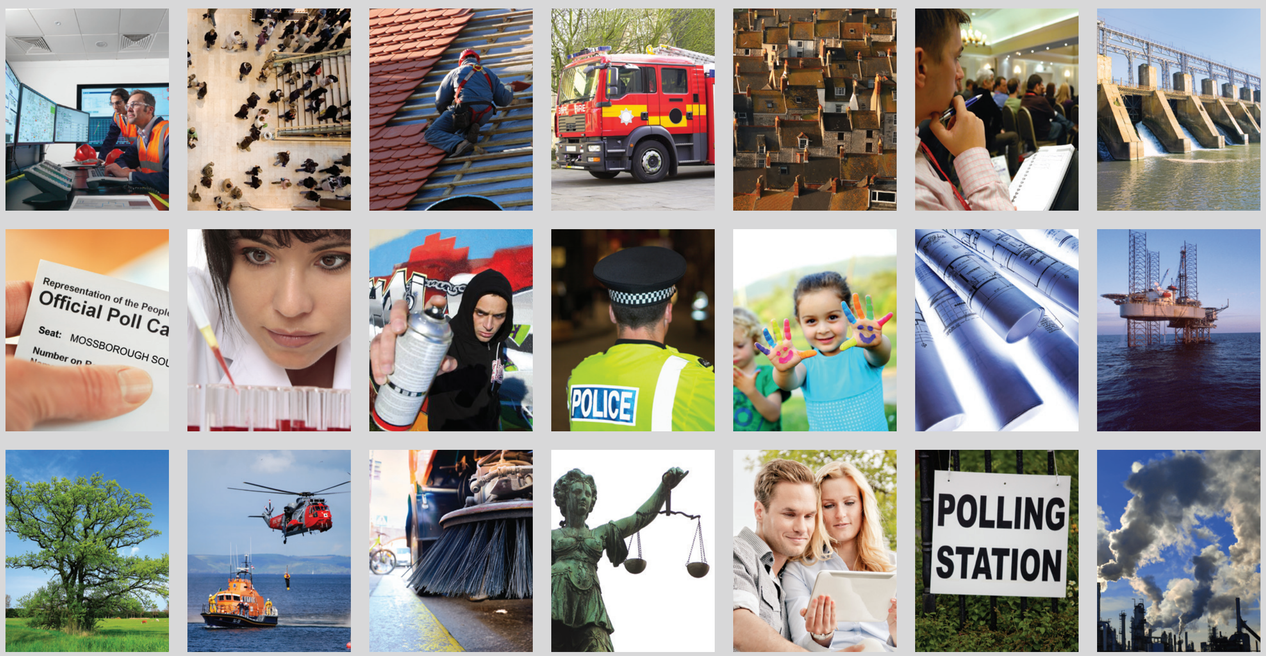


Idox plc

Second Floor, 1310 Waterside,
Arlington Business Park,
Theale, RG7 4SA
T +44 (0) 870 333 7101
F +44 (0) 870 333 7131
E investors@idoxplc.com

idoxplc.com

Idox plc

Annual Report & Accounts 2014

idox

Annual Report & Accounts 2014

About Idox

Idox plc, through its two operating divisions, is a supplier of complex information management solutions and services to the UK public sector, as well as asset-intensive corporate industries around the world.

Public Sector Software

The Public Sector Software division (PSS) provides market leading specialist document management software and related services to over 90% of UK local authorities in the fields of land and property management, regulatory services, waste management, social care and finance. The division also runs the leading grants information provider in both the UK and the Netherlands, and provides solutions for government elections and European-wide compliance and e-learning.

Engineering Information Management

The Idox Engineering Information Management (EIM) division is represented by McLaren Software. McLaren provides complex information management solutions for major capital projects and asset operations, as well as infrastructure projects and facilities management. Its solutions help reduce risk and improve safety, profitability, compliance and performance. McLaren solutions are available in the cloud, on premise or privately hosted.

Contents

Financial and Operational Highlights

- **Revenues up 6% to £61m (2013: £57m);**
  - **Organic revenue growth and market share gains in the PSS division**
  - **Revenue growth achieved in EIM division against a backdrop of difficult market conditions**
- **Adjusted EBITDA* up 9% to £16.4m (2013: £15.1m)**
- **Profit before tax £7.6m (2013: £7.5m)**
- **Adjusted EPS** 3.25p (2013: 3.53p), Basic EPS 1.65p (2013: 2.17p)*****
- **Final proposed dividend of 0.425p (2013: 0.40p), total for year 0.75p (2013: 0.70p), 7% increase over last year**
- **Successfully provided the majority of electoral services for the Scottish referendum**
- **Substantially reorganised and refocused EIM division**
- **Negotiated £40m new banking facilities with Royal Bank of Scotland and Silicon Valley Bank**
- **Completed acquisition of Digital Spirit GmbH a leading supplier of compliance solutions**

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

** Adjusted EPS excludes amortisation, restructuring, acquisition, corporate finance and share option costs

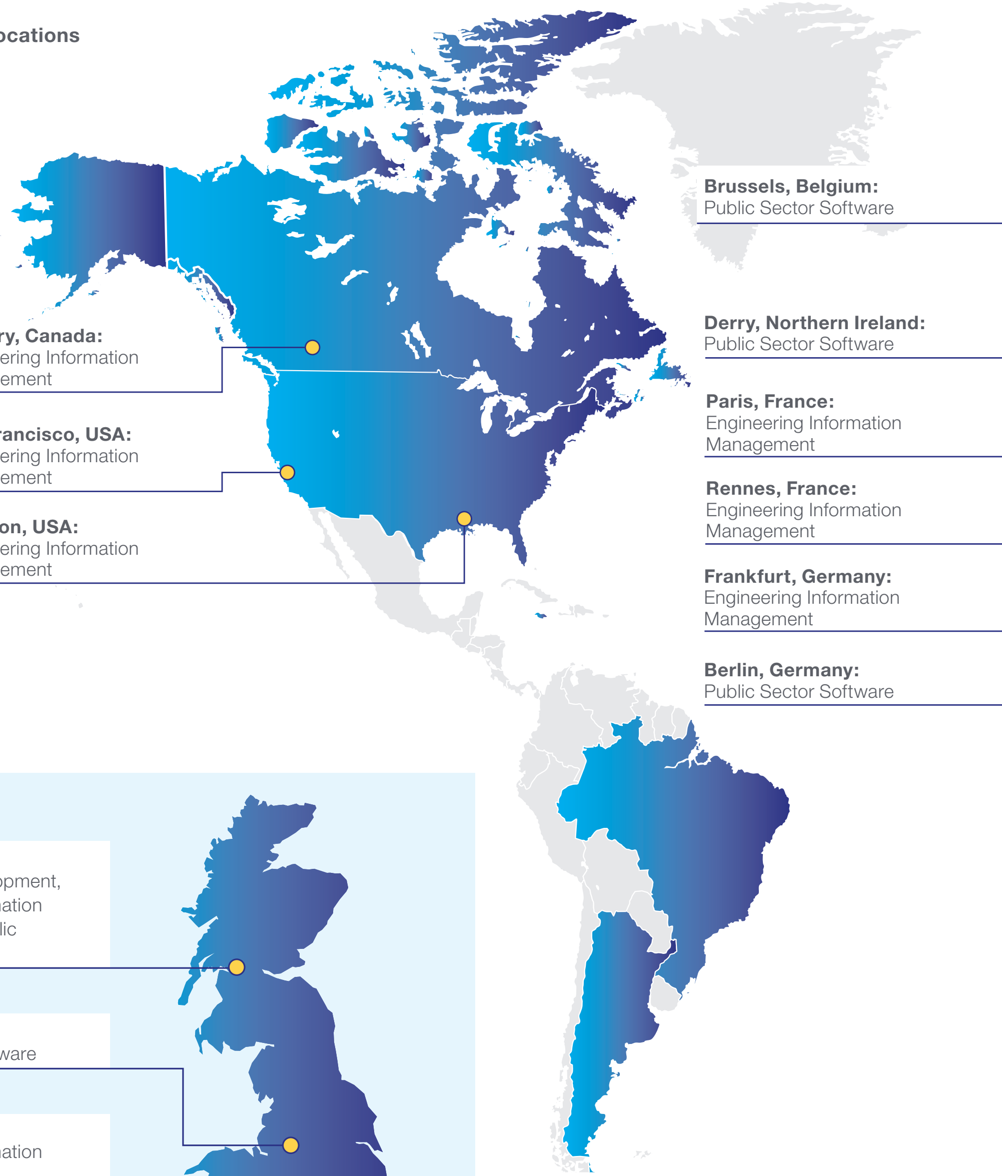
*** The current year includes a normalised tax charge (2013: £0.9m tax credit for overseas tax losses) and no write back of deferred consideration (2013: £0.7m).

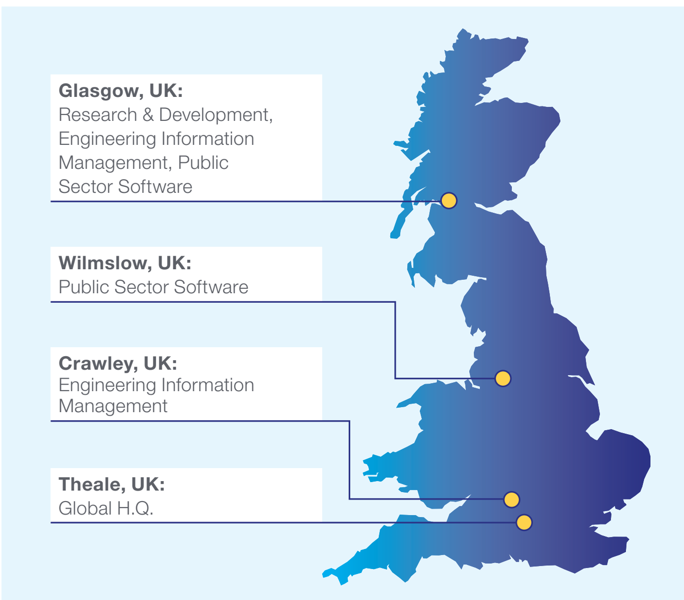
Strategic Report

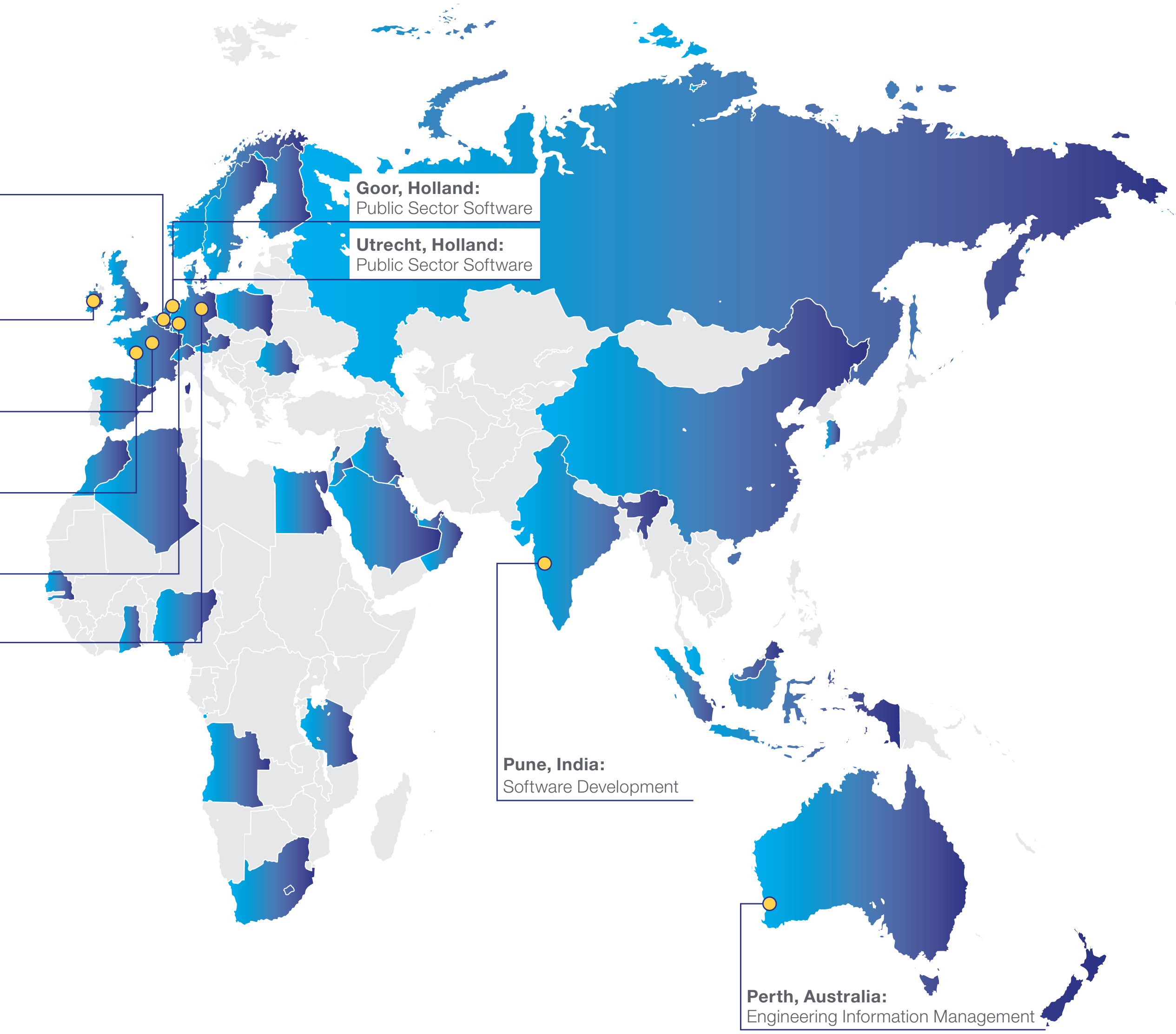
At a Glance

Idox customer locations

Idox offices






Goor, Holland:
Public Sector Software
Utrecht, Holland:
Public Sector Software
Pune, India:
Software Development
Perth, Australia:
Engineering Information Management

Strategic Report

Chairman's Statement

"Idox was restored to good growth and profit progression in 2014"

I am pleased to report that Idox restored good growth and profit progression in 2014 following a difficult year in 2013, matching the market guidance given at the end of 2013. Our core Public Sector Software Division (PSS) enjoyed an impressive year seeing organic revenue growth of 8%. The Engineering Information Management Division (EIM) only saw marginal growth in a challenging year in its global markets of 4% on a constant currency basis, and by 1% on a reported basis following adjustments for adverse exchange rate movements. The division did maintain an adjusted EBITDA margin of 23% due to the reorganisation, product improvements and cost rationalisations which were undertaken in 2013. The Group's continuing operations generated £7.6m profit before tax on revenues up 6% to £61m.

Idox is now a Group with a simplified corporate structure comprising two major divisions, PSS and EIM. We apply our specialist information management skills to our chosen markets in the UK and around the world, with approximately two thirds of business in the UK from public sectors and one third in the global EIM business.

In the year under review our UK public sector business benefitted from a high level of new activity, not the least in the Group's Elections Business; which included providing the electronic management for the Referendum in Scotland. In our traditional Land and Property business we once again increased our market share with a number of competitive wins, including Trafford, St. Helens and Ealing, and we saw growth in managed and hosted services and Cloud based solutions to local authorities, such as Birmingham, South Norfolk, Aylesbury, Shropshire and Highland.

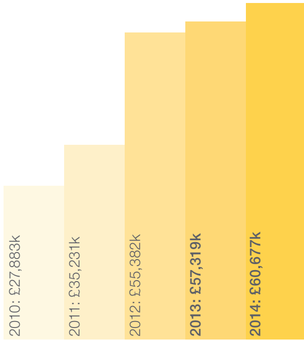
In EIM we have been challenged again by a fall in activity in the Oil & Gas sector, which currently represents just 33% of the EIM division's business. Despite this, in our main market of North America, and also in Africa, we have added some notable business wins amongst the Oil & Gas majors, such as BG Group and Pembina, and we were appointed as the supplier of choice for a fully off-premise hosted solutions by a major US independent E&P company, a leader in the emerging shale gas and alternative extraction industry. In addition, outside this sector, we have made further gains with new client wins in the Utilities sector and other sectors such as Infrastructure. These include Mustang and Eli Lilly.

As part of our executive leadership development we were delighted to appoint Jane Mackie as our new Group Chief Financial Officer in February following a formal executive search conducted outside and within the Group. This is the first time we have made an appointment to the board as a result of an internal promotion and it is a clear sign of the developing scale and sophistication of the Idox Group. Jane was previously Group Financial Controller and joined Idox in 2005 from Grant Thornton UK LLP. She has already put in place new banking arrangements with the Royal Bank of Scotland and Silicon Valley Bank which were announced in September and which will give us the additional headroom to resume an enhanced planned acquisition programme following the

Revenue

£60,677k

2013: £57,319k



past year of consolidation within the Group. The first result of this was the acquisition of Digital Spirit GmbH which was announced in October.

The Board, in reviewing the risk management of the Group, has noted the improvements in the UK and North American economies, but also the greater uncertainties elsewhere in the world and more recently the significant fall in oil prices along with its impact on many emerging economies and the Oil & Gas industry. Historically these do shift over time and while the majority of the business remains UK public sector focused, which plays to our current strengths, we continue to believe that a degree of diversification is prudent. We are pleased that we have a growing relationship with North American shale and alternative energy providers as well as long-term deep customer relationships in the Utilities sector including Nuclear, Hydro and fossil generation as well as an emerging business in the Transmission and Distribution markets. This should help mitigate against any further fall in demand from the Oil & Gas market, should the oil price continue to slide, although at present it still remains a very large addressable market for us.

In developing the business and its governance we are about to commence a formal board recruitment process utilising external consultants to recruit additional non-executive directors with a view to ensuring the continuation of high level board representation with which to take the Group forward. Idox is now a much larger Group than five years ago and, with our ambitions to continue this growth path in an accretive and measured way, the future non-executive leadership is a vital element. We have started this a little later than planned as our focus over the last few months has been to bring the Group back on a sustainable earnings growth path.

In view of this resumption in earnings growth, the Board proposes, subject to shareholder approval at the Group's Annual General Meeting, a final dividend of 0.425p, bringing the total for the year to 0.75p. This represents an uplift of 7% over the previous year, and is in line with both our improved trading and our progressive dividend policy.

I would like to thank our executive leadership team and all our staff for getting the Group back onto a path of sustainable growth, following the setbacks in 2013. We are now far better positioned to continue this by benefitting from the opportunities in the UK and North America in particular, and are ready to take up business elsewhere in the world, despite a very uncertain global economic outlook.

Martin Brooks

Chairman

16 January 2015

Strategic Report

Chief Executive's Report

"Idox has a strong and improving reputation for meeting customer needs, quality of solution and speed of delivery."

The Group has had a successful year in its further transition from a software only business to a specialist workflow solutions business in its core markets of public sector, infrastructure, utilities and Oil & Gas. This year saw our total revenues from managed services pass 8% in public sector and the completion of our first hosted, managed solution in EIM.

The Group's strategy remains focused on markets where it can demonstrate highly specialised knowledge and where we can better serve our customers by adding value in content, quality of service and efficiency. We also continue to strengthen our position in the related area of compliance solutions and grants consultancy.

In all our markets there continued to be common austerity drivers, either due to government cost savings, or due to the current global trend to lower prices in order to reduce costs. Idox has developed, and continues to enhance solutions that reduce re-work, lowers risk, cuts cost and guarantees prompt delivery and implementation. We have achieved this through delivering standardisation, integration and streamlining implementation across all our solutions and services. We believe that this allows our customers to simplify operations, and through the integration of data, speed up decision making processes.

This change in focus to solutions and on-domain expertise is in explicit response to changes in public services, and more recently, corporate expenditure, away from IT-led services to total managed services. The difficulty in the traditional approach of competing for internal specialist IT resources for the implementation of operational solutions is being exacerbated by the scarcity of resources due to cost constraints. This leads to delays in making change and driving efficiencies as operational expenditure is held up, and furthermore, the speed of change is slowed by the lack of expertise and the time taken to understand how to resolve the problem. Often the outcome is a best endeavoured solution which may miss the mark adding to the risk and cost. Increasingly, customers are realising that specialist providers of managed solutions know best, as they make services immediately available, and can now switch on solutions quickly in a hosted environment, thus making it easier and less risky to respond.

We believe this change in approach has been held back until now due to the concerns over security and connectivity. However the cyber security specialists are educating the market that by housing all your data in one place poses a greater risk, and therefore it should be distributed to reduce exposure. Connectivity is the same regardless of distance and as this becomes the more established view, we believe the market for managed solutions will accelerate.

Across our public sector market we have built a strong and improving reputation for delivery, quality of solution, speed of delivery and best practice for key roles. Our goal is to continue to build on this and extend our customers' perception of Idox as a capable, credible partner with whom they have confidence in working.

Our goal is to provide even better solutions in partnership with our strategic partners through a continued investment in project management resources, infrastructure, content and domain experts. This year, through the reorganisation of our EIM Division, we are now extending this proven approach across all our areas of expertise.

Public sector revenues grew 8% due to the continued growth in managed services, with a further 52 competitor systems wins from the likes of Trafford, St Helens and Ealing. We expect to build upon this above trend growth in 2015 with further market share wins and more managed services solutions.

The Grants business grew strongly in new accounts in 2014 and for the first time in two years funding rates have remained unchanged. This is already translating to higher services volumes and billings for 2015. Our Compliance business will benefit from the consolidation achieved by the acquisition of Digital Spirit in October 2014 and we expect this to drive revenues in the second half of the year after full integration.

The EIM division's focus in 2014 has been on customer care and delivery of solutions, namely: Investment in project management, clearer product roadmaps and a closer integration between development, product management and customers. The team has substantially changed this year with new faces and internal promotions lead by Peter Russell-Smith who joined us at the start of the year. The emphasis in 2015 is to grow by penetrating further existing accounts and developing a clearer and better partner supplier relationship with them. The focus in sales has also shifted more towards the USA given the strength of their economy and the current investment in shale gas and infrastructure.

EIM revenues from Oil & Gas represent 11% of Group revenues in 2014 and this is forecast to be lower in 2015, reflecting the dramatic slowing of investment in the sector and also our reduced investment made during the year in order to diversify our risk and expand in Infrastructure and Utilities.

The Group continues to focus on improvements in effectiveness and disciplines and cash management. This has resulted in revenues and contribution per head being 5% and 8%, respectively, ahead of the previous year and this is forecast to rise further in 2015.

Outlook

The current trading environment in Public Sector remains unchanged, with the pre-Christmas public sector spending announcements in-line with our expectations. Our customers have asked for help in finding better ways of meeting their obligations and we are here to resolve these matters as their partner in providing public services. Therefore, we believe it remains a positive environment for change, which allows Idox the opportunity to look at doing things differently and therefore provides a significant opportunity for growth.

Public sector IT spend is forecast to be flat in 2015. There continues to be investment in new and front line services, but not in infrastructure. In EIM total capital projects are down in Oil & Gas but have not collapsed altogether, and the trend to standardisation to reduce costs will continue and the tougher markets will, we believe, encourage the market to adopt change faster. There continues to be growing investments in Infrastructure and Utilities.

We believe our continuing approach to adapt to customer needs and to move more towards end-to-end total solutions is driven from knowledge, the application of technology and investment in training and staff improvement. The result of this is to deliver better solutions in public services, the demand for which, we believe, will fuel further growth. The application of these similar approaches and disciplines into our other verticals will, we hope, be adopted by these customers, as long as we focus on the continual improvement of our customer care and management.

The business is both geographically spread and diversified across different verticals and is therefore protected, to an extent, by this division. That is not to say we have not already taken the appropriate steps to protect our margins and focus on the core areas of growth.

Richard Kellett-Clarke
Chief Executive Officer
16 January 2015

Strategic Report

Chief Financial Officer's Report

Financial review

Group revenues from continuing operations grew by 6% to £61m (2013: £57m) due to organic growth in the PSS division, strong election activity and the impact of one acquisition made during 2013. The Group maintained the geographical split of its revenues with 31% generated outside of the UK (2013: 33%). Gross profit earned was 4% higher at £54m (2013: £52m) and the Group saw a decrease in gross margin from 91% to 89% as a result of the increase in lower margin managed service election revenues. Earnings before amortisation, depreciation, restructuring, acquisition, corporate finance and share option costs ("Adjusted EBITDA") increased by 9% to £16.4m (2013: £15m) with Adjusted EBITDA margins of 27% (2013: 26%).

Performance by segment

The PSS division, which accounted for 68% of Group revenues (2013: 66%), delivered revenues of £41m (2013: £38m). Product and services revenue grew organically by 8% on the previous year driven by further market share gains and a significant number of local council contract wins for managed services and hosting. Election activity increased on the prior year by nearly double due to the Individual Electoral Registration project, and the low margin managed services for the European elections and the Scottish Referendum. The Grants business in the UK and Netherlands saw double digit growth on the prior period.

Recurring revenues within the PSS division were 47% (2013: 52%). Divisional Adjusted EBITDA increased by 12.5% to £12.0m (2013: £10.6m), delivering a 29% margin, a 1% increase on 2013 (28%) due to cost efficiencies.

The EIM division accounted for 32% of Group revenues (2013: 34%) and had revenue growth of 1% to £19.5m (2013: £19.2m). On a constant currency basis, revenue grew 4% on the prior year with 52% of revenues generated in the US (2013: 46%). Professional services revenue grew 16% due to a substantial reorganisation and refocus in the year.

The level of recurring revenues in the EIM business from maintenance and Software-as-a-Service ("SaaS") were 49% (2013: 51%). Divisional Adjusted EBITDA for the EIM division was flat at £4.4m (2013: £4.4m), 27% of the Group total with margins held at 23% (2013: 23%).

Profit before tax

Adjusted EBITDA increased 9% to £16.4m (2013: £15.1m). Administrative expenses increased 5% to £46m (2013: £43m) with 1% of this increase due to a full twelve months contribution in the year of Artesys. Staff costs increased by 2% on a like for like basis partly due to a reduction in development salaries being capitalised by £0.4m. Despite an increase in bad debts charge to £0.4m (2013: £0.1m), other overheads decreased by 5% on a like for like basis with cost efficiencies achieved through office synergies in the UK.

Financing costs decreased 5% to £1.1m (2013: £1.2m) and includes interest payable of £0.7m (2013: £0.9m) and amortisation of the loan facility fees of £0.23m (2013: £0.16m) following the renegotiation of the new bank facility.

Reported profit before tax was up 1% to £7.6m (2013: £7.5m). Amortisation of intangibles increased £0.6m due to a full year of Artesys, higher research and development additions in 2013 and higher software licence additions. Restructuring charges of £0.4m (2013: £0.5m) relate to the internal reorganisation of the EIM division and the streamlining of corporate functions between London and Newbury into the combined Theale office. Acquisition costs normalised at £0.1m (2013: (£0.6m)) following the one off benefit in 2013 of £0.8m related to the release of earn-out obligations on the Opt2Vote acquisition which did not become payable. Corporate finance costs relate to the one off fees from negotiating a new, two bank, four year banking facility of £40m.

The Group continues to invest in developing innovative technology solutions and has incurred capitalised Research and Development costs of £1.0m (2013: £1.3m). Research and Development costs expensed in the period were £5.4m (2013: £4.8m).

Taxation

The Group's effective tax rate for the year was 22.9% compared to (12.8%) in 2013. During the period all brought forward trading tax losses in the UK were utilised, resulting in a greater proportion of UK profits being subject to tax. The lower effective tax rate in 2013 was due to the recognition of historic deferred tax assets within the US entities of the EIM business in relation to losses and other timing differences. Other factors decreasing the tax rate in 2013 include the recognition of tax losses in the EIM business in the UK and an adjustment to the deferred tax asset recognised in respect of share options. As trading losses in the UK have all been utilised during the year, this will result in a greater proportion of profits being taxable and an increase in the effective tax rate going forward. There was an increase to trading losses arising overseas, leaving £3.3m available to be utilised in the future, mainly in the US.

Earnings per share and dividends

Adjusted earnings per share fell 8% to 3.25p (2013: 3.53p). Diluted adjusted earnings per share fell 8% to 3.11p (2013: 3.38p).

Basic earnings per share fell 24% to 1.65p (2013: 2.17p). Diluted earnings per share fell by 23% to 1.59p (2013: 2.07p).

Earnings per share were impacted by the tax charge in the year compared to the tax credit in 2013 and the release of the earn out obligations in 2013.

The Board proposes a final dividend of 0.425p, an increase of 7% on the total dividend from prior year. The final dividend will be paid on 24 April 2015 to shareholders on the register at 10 April 2015.

Balance sheet and cashflows

The Group's balance sheet continued to strengthen during the period and at 31 October 2014 net assets were £48.6m compared to £44.7m at 31 October 2013.

Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 81%, up from 79% in the previous year.

The Group ended the period with net debt of £15.8m (2013: £19.8m), which was ahead of forecast before drawing down £2m to fund the Digital Spirit acquisition on 22 October 2014 and after total dividends of £2.6m. During the year a new four year banking facility was negotiated with Royal Bank of Scotland and Silicon Valley Bank. The Group's total signed debt facilities at 31 October 2014 stood at £40m, a combination of a £17m term loan and £23m revolving credit facility, split £25m Royal Bank of Scotland and £15m Silicon Valley Bank.

Deferred income, representing invoiced maintenance and SaaS contracts yet to be recognised in revenue stood at £13.3m at 31 October 2014 (2013: £14.0m). Accrued income, representing future cash flows from managed service contracts in the PSS division increased to £8.8m (2013: £7.6m).

Jane Mackie
Chief Financial Officer
16 January 2015

Strategic Report

Business Model and Principal Risks

Our Business Model

To provide specialist workflow document management collaboration solutions and services to the UK public sector and highly regulated asset intensive industries around the world and in the wider corporate sector.

Our strategy is to become the partner of choice due to our domain expertise, continued innovation, quality of service and guaranteed delivery. Through this focus on quality and delivery we expect to demonstrate to our customers' improvements in operational efficiency and return on investment which will in return result in us increasing our market share, growing both organically and internationally.

Principal Risks and Uncertainties

The Board review the principal risks and uncertainties on a regular basis. The principal risks and uncertainties affecting the Group include the following:

Principal risks	Management of risks
Economic conditions in markets suppress organic growth	Diversification of customers and geographical markets
Competitor products deliver increased capabilities	Investment in research and development
Barriers to entry in new markets	Strategic partnerships
Loss of skills and knowledge	Investment in and consultation of staff
Product failure	Robust market research, product testing and competitor awareness Performance management
Failure to complete sales pipeline	Robust process in place to fully qualify orders

The principal risks involved in delivering our strategy are actively managed and monitored against our risk appetite.

- 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 for continuing operations, including the management of profitability and working capital, monitored on an ongoing basis by management are set out below.

Indicator	2014	2013	Measure
Revenue (£000)	60,677	57,319	
Profitability ratios			
Gross margin	89%	91%	Gross profit as a percentage of revenue
Adjusted EBITDA	27%	26%	Profit before interest, tax, depreciation, amortisation, restructuring costs, acquisition costs, corporate finance costs and share option costs as a percentage of revenue
Other indicator			
Debtor days	62	65	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.

Composition of the Board

The Board of Directors is comprised of 33% female staff members.

Signed on behalf of the Board by:

Richard Kellett-Clarke

Chief Executive Officer

16 January 2015

Governance

Board of Directors

1 Martin Brooks (Aged 64)

Chairman

Martin Brooks was previously founding chief executive of Financial Times Information, creating the global market leader in securities valuation data on acquiring Interactive Data Corporation. Before joining the FT and a 30 year career in TMT businesses, including six years as MD of Extel Financial, he served with the 7th Gurkha Rifles. He has also been an adviser or director to other organisations including the ICAEW, where he chaired its publishing arm and is currently chairman of the Cornwall Development Company and a trustee of the Gurkha Museum.

2 Richard Kellett-Clarke (Aged 60)

Chief Executive Officer

Richard Kellett-Clarke has 31 years of directorial experience. He joined Idox first as CFO in 2006, then COO in 2007. He was appointed CEO in November 2007. Before this he has held a number of CFO appointments with Brady plc, Pickwick Group 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, an Internet start up. In 2011 he joined the board of dotDigital Group plc as a Non–Executive Director.

3 Jane Mackie (Aged 34)

Chief Financial Officer

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

4 Rt. Hon. Peter Lilley MP (Aged 71)

Non-Executive Director

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

5 Professor Dame Wendy Hall (Aged 62)

Non-Executive Director

Wendy Hall is Professor of Computer Science and Executive Director of the Web Science Institute at the University of Southampton. She is a Fellow of the Royal Society and Royal Academy of Engineering and is the holder of a number of honorary degrees and other awards. Wendy has been a member of the Prime Minister’s Council for Science and Technology and is currently a member of the Global Commission on Internet Governance. She has been involved with several start-up companies, including Active Navigation and Garlik, which attracted many million pounds of investment, and serves on a number of other Boards including the British Library, Dstl and the Digital Catapult. In 2014 she was voted the most influential woman in IT in the UK.

6 Jeremy Millard (Aged 43)

Non-Executive Director

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

Governance

Directors' Report

For the year ended 31 October 2014

The Directors are pleased to submit their report and audited financial statements for the year ended 31 October 2014.

Results and Dividends

The Group audited financial statements for the year ended 31 October 2014 are set out on pages 28 to 79. The Group's profit for the year after tax amounted to £5,843,000 (2013: £8,364,000). The Directors paid a dividend of 0.325 pence per share in the first half of the 2014 financial year, in respect of the year ended 31 October 2014. The Directors will propose, at the forthcoming AGM, a final dividend of 0.425 pence per share in respect of the year ended 31 October 2014.

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 2014	1 November 2013
R Kellett-Clarke***	12,562,911	9,904,336
J Mackie	43,169	37,110
M Brooks **	7,970,027	7,970,027
Rt. Hon. P B Lilley MP*	533,000	533,000
Prof W Hall	27,225	27,225
J Millard	–	–

* 45,150 (2013: 45,150) of these shares are held through a Self Invested Pension Plan and 59,250 (2013: 59,250) shares are held through certain members of his family.

** 3,198,948 (2013: 3,198,948) of these shares are held through a Self Invested Pension Plan and 3,019,231 (2013: 3,019,231) shares are held through certain members of his family.

*** 2,761,667 (2013: 2,761,667) of these shares are held through Self Invested Pension Plans and 4,204,231 (2013: 1,553,231) 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 18 to 20.

Details of the Directors' service contracts can be found in the Report on Remuneration on pages 18 to 20.

Substantial Shareholdings

As at 31 October 2014 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	52,482,857	14.73%
Investec Wealth & Investment	28,204,082	7.91%
Herald Investment Management	27,940,149	7.84%
Kestrel Partners	22,365,730	6.28%
Living Bridge EP LLP	17,433,409	4.89%
Octopus Investments	13,599,526	3.82%
Highclere International Investors	13,346,840	3.75%
Aviva Investors	13,311,893	3.74%
Hargreave Hale	12,998,500	3.65%
Charles Stanley	11,378,388	3.19%

Transaction in own shares

During the year, the Group purchased 2,338,219 of its own ordinary shares of 1 pence to be held as treasury shares in order to satisfy future employee share option exercises. In May 2014, the Group purchased 1,000,000 shares at a price of 40.468 pence per share. In June 2014, the Group purchased 838,219 shares at a price of 44 pence per share. In August 2014, the Group purchased 500,000 shares at a price of 44.625 pence per share.

During the year an employee exercised share options which the Group satisfied using treasury shares. The number of shares issued was 35,000 at a nominal value of £8,257.

The maximum number of shares held at any time during the year was 2,355,219 which had a nominal value of £1,000,632.

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.

Governance

Directors' Report continued

For the year ended 31 October 2014

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.

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 has a hedging policy in place.

Going Concern

The Directors have reviewed the Group's budget, cash flow forecasts, available banking facilities and level of recurring revenue and consider that the Group has adequate resources to continue in business for the foreseeable future. During the year the bank facilities were refinanced and the Group has a new four year facility in place. The Directors continue to adopt the going concern basis in preparing the financial statements.

Website Disclaimer

The maintenance and integrity of the Idox plc website is the responsibility of the Directors. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statement since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Auditor

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

By order of the Board

Jane Mackie
Company Secretary
16 January 2015

Registered office
2nd Floor
1310 Waterside
Arlington Business Park
Theale
Reading
RG7 4SA

Governance

Report on Remuneration

For the year ended 31 October 2014

Remuneration Committee

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

Remuneration Policy

The policy of the Group is to set levels of remuneration to attract, retain and motivate Executive Directors and key staff. The packages are designed to be competitive in value to those offered to the Directors of similar sized public companies in related sectors. It is the Board's policy to align the 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

2014	Basic salary and fees 2014 £000	Bonus* 2014 £000	Benefits in kind 2014 £000	Total 2014 £000	Pension 2014 £000
Executive Directors					
Richard Kellett-Clarke	321	–	12	333	–
Jane Mackie (appointed 27 February 2014)	74	–	6	80	5
Non-Executive Directors					
Martin Brooks**	105	–	1	106	–
Peter Lilley	35	–	–	35	–
Wendy Hall	35	–	–	35	–
Jeremy Millard	35	–	–	35	–
	605	–	19	624	5

2013	Basic salary and fees 2013 £000	Bonus* 2013 £000	Benefits in kind 2013 £000	Total 2013 £000	Pension 2013 £000
Executive Directors					
Richard Kellett-Clarke	275	190	12	477	–
William Edmondson (resigned 31 October 2013)	163	112	10	285	16
Non-Executive Directors					
Martin Brooks**	105	50	1	156	–
Peter Lilley	35	–	–	35	–
Wendy Hall	35	–	–	35	–
Jeremy Millard (appointed 11 June 2013)	15	–	–	15	–
Christopher Wright (retired 28 February 2013)	23	–	–	23	–
	651	352	23	1,026	16

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

** Chairman

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

During the year Richard Kellett-Clarke exercised share options resulting in a taxable gain of £827,000 (2013: £Nil). The consideration was held as shares. No other directors exercised share options in the year ended 31 October 2014 or 31 October 2013.

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.

Governance

Report on Remuneration continued

For the year ended 31 October 2014

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	New directors	Granted during the year	Exercised	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
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	–	–	(1,615,102)	–	823,922	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	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
Peter Lilley	243,902	–	–	–	–	243,902	10.25p	Mar 2010	Mar 2020
Peter Lilley	250,000	–	–	–	–	250,000	20p	Mar 2011	Mar 2021
Jane Mackie	–	195,122	–	–	–	195,122	10.25p	Mar 2010	Mar 2020
Jane Mackie	–	500,000	–	–	–	500,000	18p	Mar 2011	Mar 2021
Jane Mackie	–	–	500,000	–	–	500,000	39.12p	Mar 2014	Mar 2024
Totals	10,509,178	695,122	500,000	(3,051,000)	–	8,653,300			

The mid market price of the Company's shares at close of business on 31 October 2014 was 38.75p and the low and high share prices during the year were 28.50p and 46.75p respectively.

The Company recognised total expenses of £467,000 (2013: £511,000) related to equity-settled share-based payment transactions during the year. Expenses of £365,000 (2013: £495,000) related to share options granted and £102,000 (2013: £16,000) related to share options exercised.

The pre tax aggregate gain on exercise of share options during the year was £827,000 (2013: £Nil).

Directors' Share Interests

The Directors' shareholdings in the Company are listed in the Directors' Report on page 14.

Corporate Governance Report

For the year ended 31 October 2014

Corporate Governance

As the Group is quoted on the AIM Market it is therefore not required to comply with the provisions of the UK Corporate Governance Code (the "Code") issued in September 2012. We do not comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the company and best practice.

Board of Directors

The Code requires the Group to have an effective Board whose role is to develop strategy and provide leadership to the Group as a whole, as well as ensuring a framework of controls exist which allow for the identification, assessment and management of risk, ultimately taking collective responsibility for the success of the Group.

The Board is responsible for the overall strategy and direction of Idox Group plc as well as for approving potential acquisitions, major capital expenditure items, disposals, annual budgets, annual reports, interim statements and financing matters.

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.

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

The Board met nine times throughout the year to discuss a formal schedule of business with all Directors in attendance. 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 Group has a highly committed and experienced Board, which is supported by a senior management team, with the qualification and experience necessary for the running of the Group.

Role of Chairman and Chief Executive Officer

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

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. Once strategic and financial objectives have been agreed by the Board, it is the Chief Executive Officer's responsibility to ensure they are delivered upon. To facilitate this the Chief Executive Officer regularly meets the Executive Management Team which additionally comprises the other executive Directors and senior members of the management team. The day to day operations of the Group are managed by the Executive Management Team.

Composition of and Appointments to the Board

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

The Board comprises the Non-Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and three Non-Executive Directors. Short biographies of the Directors are given on pages 12 and 13.

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

Corporate Governance Report continued

For the year ended 31 October 2014

Composition of and Appointments to the Board continued

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

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

When a new appointment to the Board is made, consideration is given to the particular skills, knowledge and experience that a potential new member could add to the existing Board composition. A formal process is then undertaken, which may involve external recruitment agencies, with appropriate consideration being given, in regards to Executive appointments, to internal and external candidates. Before undertaking the appointment of a Non-Executive Director, the Chairman establishes that the prospective Director can give the time and commitment necessary to fulfil their duties, in terms of availability both to prepare for and attend meetings and to discuss matters at other times.

Board Committees

The Board has established two committees to deal with specific aspects of the Board's responsibilities: Audit and Remuneration Committees. The Report of the Audit Committee can be found on page 26. The Audit Committee is chaired by Jeremy Millard and included Wendy Hall and Peter Lilley.

The Remuneration Committee is chaired by Peter Lilley and includes Wendy Hall and Jeremy Millard. This Committee has responsibility for making recommendations to the Board of the remuneration packages of the Executive Directors which includes:

- making recommendations to the Board on any changes to service contracts;
- approving and overseeing any share related incentive schemes within the Group;
- ensuring that remuneration is in line with current industry practice; and
- ensuring remuneration is both appropriate to the level of responsibility and adequate to attract and/or retain Directors and staff of the calibre required by the Group.

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

The Board has also established a Nominations Committee which is chaired by Peter Lilley and includes Wendy Hall and Jeremy Millard.

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.

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; and
- sufficient resource is focused to maintain and develop internal control procedures and information systems, especially in financial management.

The Board considers that there have been no substantial weaknesses in internal financial controls that have resulted in any material losses, contingencies or uncertainties 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 Strategic Report and 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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Directors have elected to prepare the company financial statements 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 and profit or loss of the company and group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed for the Group financial statements and whether United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), have been followed for the Parent Company financial statements, 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.

Governance

Corporate Governance Report continued

For the year ended 31 October 2014

Statement of Directors' Responsibilities continued

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

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

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

Information and Development

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

The Chairman is responsible for ensuring that all the Directors continually update their skills, their knowledge and familiarity with the Group in order to fulfil their role on the Board and the Board's Committees. Updates dealing with changes in legislation and regulation relevant to the Group's business are provided to the Board by external advisors, the Chief Financial Officer and Company Secretary.

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

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

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.

AIM Rule Compliance Report

Idox plc is quoted on AIM and as a result the Group has complied with the AIM Rules, in particular AIM Rule 31 which requires the following:

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

Report of the Audit Committee

For the year ended 31 October 2014

Membership and Meetings

The Audit Committee is a committee of the Board and is comprised of three Non-Executive Directors: Jeremy Millard, Peter Lilley and Wendy Hall. During the year Jeremy Millard replaced Peter Lilley as the Chairman of the Audit Committee.

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

The Audit Committee is considered to have sufficient, recent and relevant financial experience to discharge its functions.

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

Role, Responsibilities and Terms of Reference

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

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; and
- 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 Auditor

The Committee keeps under review the relationship with the external auditor including:

- the independence and objectivity of the external auditor, 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; and
- 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 auditor, and ensures that the provision of such services does not impair the external auditor independence.

Jeremy Millard

Chairman of the Audit Committee

16 January 2015

Independent Auditor's Report to the Members of Idox plc

For the year ended 31 October 2014

We have audited the group financial statements of Idox plc for the year ended 31 October 2014 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out pages 23 to 24, the Directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 October 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Idox plc for the year ended 31 October 2014.

Stephen Maslin

Senior Statutory Auditor

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

16 January 2015

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2014

	Note	2014 £000	2013 £000
Continuing operations			
Revenue	2	60,677	57,319
Cost of sales		(6,413)	(5,298)
Gross profit		54,264	52,021
Administrative expenses		(45,774)	(43,437)
Operating profit		8,490	8,584
Analysed as:			
Earnings before depreciation, amortisation, restructuring, acquisition costs, corporate finance costs and share option costs		16,393	15,054
Depreciation	3	(813)	(722)
Amortisation	3	(5,953)	(5,388)
Restructuring costs	4	(365)	(525)
Acquisition costs	5	(148)	664
Corporate finance costs	5	(157)	–
Share option costs	24	(467)	(499)
Finance income	6	233	138
Finance costs	6	(1,144)	(1,209)
Profit before taxation		7,579	7,513
Income tax (expense)/credit	8	(1,736)	851
Profit for the year from continuing operations		5,843	8,364
Discontinued operations			
Net results for the year from discontinued operations	9	–	(519)
Loss on disposal of discontinued operations	9	–	(322)
Net result for the year from discontinued operations		–	(841)
Total operations			
Net result for the year attributable to owners of the parent		5,843	7,523
Other comprehensive income for the year			
Items that will be reclassified subsequently to profit or loss:			
Exchange (losses)/gains on retranslation of foreign operations		(107)	43
Other comprehensive income for the year, net of tax		(107)	43
Total comprehensive income for the year attributable to owners of the parent from continuing operations		5,736	7,566

	Note	2014 £000	2013 £000
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year			
Basic earnings per share			
From continuing operations	10	1.65p	2.41p
From discontinued operations	10	–	(0.24p)
From total operations		1.65p	2.17p
Diluted earnings per share			
From continuing operations	10	1.59p	2.30p
From discontinued operations	10	–	(0.23p)
From total operations		1.59p	2.07p

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

Financial Statements

Consolidated Balance Sheet

At 31 October 2014

	Note	2014 £000	2013 £000
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,449	850
Intangible assets	12	66,794	69,484
Deferred tax assets	13	1,570	2,509
Other receivables	15	2,262	1,723
Total non-current assets		72,075	74,566
Current assets			
Trade and other receivables	15	18,846	17,344
Cash and cash equivalents	16	5,855	3,399
Total current assets		24,701	20,743
Total assets		96,776	95,309
LIABILITIES			
Current liabilities			
Trade and other payables	17	4,788	4,662
Other liabilities	18	16,649	16,790
Provisions	19	18	56
Current tax		1,003	985
Derivative financial instruments	20	–	66
Borrowings	21	7,397	3,732
Total current liabilities		29,855	26,291
Non-current liabilities			
Deferred tax liabilities	13	4,038	4,870
Borrowings	21	14,293	19,462
Total non-current liabilities		18,331	24,332
Total liabilities		48,186	50,623
Net assets		48,590	44,686

	Note	2014 £000	2013 £000
EQUITY			
Called up share capital	23	3,587	3,493
Capital redemption reserve		1,112	1,112
Share premium account		11,741	10,355
Treasury reserve		(1,001)	(12)
Share options reserve		1,636	1,955
Merger reserve		1,294	1,294
ESOP trust		(213)	(142)
Foreign currency retranslation reserve		38	145
Retained earnings		30,396	26,486
Total equity		48,590	44,686

The financial statements were approved by the Board of Directors and authorised for issue on 16 January 2015 and are signed on its behalf by:

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

Financial Statements

Consolidated Statement of Changes in Equity

At 31 October 2014

	Called up share capital £000	Capital redemption reserve £000	Share premium account £000
Balance at 1 November 2012	3,485	1,112	10,197
Issue of share capital	8	–	158
Transfer on exercise of share options	–	–	–
Purchase of treasury shares	–	–	–
Share options granted	–	–	–
ESOP trust	–	–	–
Equity dividends paid	–	–	–
Transactions with owners	8	–	158
Profit for the period	–	–	–
Other comprehensive income			
Exchange gains on retranslation of foreign operations	–	–	–
Total comprehensive income for the period	–	–	–
Balance at 31 October 2013	3,493	1,112	10,355
Issue of share capital	94	–	1,386
Share options granted	–	–	–
Transfer on exercise of share options	–	–	–
Purchase of treasury shares	–	–	–
Deferred tax movement on share options	–	–	–
ESOP trust	–	–	–
Equity dividends paid	–	–	–
Transactions with owners	94	–	1,386
Profit for the period	–	–	–
Other comprehensive income			
Exchange gains on retranslation of foreign operations	–	–	–
Total comprehensive income for the period	–	–	–
At 31 October 2014	3,587	1,112	11,741

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
(107)	1,825	1,294	(95)	102	21,087	38,900
–	–	–	–	–	–	166
95	(83)	–	–	–	31	43
–	290	–	–	–	206	496
–	(77)	–	–	–	77	–
–	–	–	(47)	–	–	(47)
–	–	–	–	–	(2,438)	(2,438)
95	130	–	(47)	–	(2,124)	(1,780)
–	–	–	–	–	7,523	7,523
–	–	–	–	43	–	43
–	–	–	–	43	7,523	7,566
(12)	1,955	1,294	(142)	145	26,486	44,686
–	–	–	–	–	–	1,480
–	365	–	–	–	–	365
8	(684)	–	–	–	663	(13)
(997)	–	–	–	–	–	(997)
–	–	–	–	–	(21)	(21)
–	–	–	(71)	–	–	(71)
–	–	–	–	–	(2,575)	(2,575)
(989)	(319)	–	(71)	–	(1,933)	(1,832)
–	–	–	–	–	5,843	5,843
–	–	–	–	(107)	–	(107)
–	–	–	–	(107)	5,843	5,736
(1,001)	1,636	1,294	(213)	38	30,396	48,590

Financial Statements

Consolidated Cash Flow Statement

At 31 October 2014

	2014 £000	2013 £000
Cash flows from operating activities		
Profit for the period before taxation	7,579	7,513
Adjustments for:		
Depreciation	813	723
Amortisation	5,953	5,388
Finance income	(48)	(33)
Finance costs	856	973
Interest rate swap liability	(66)	(70)
Debt issue costs amortisation	233	159
Share option costs	365	499
Movement in receivables	(1,300)	(1,675)
Movement in payables	(1,078)	(1,663)
Cash generated by operations	13,307	11,814
Tax on profit paid	(1,807)	(1,728)
Cash generated from discontinued operations	–	(285)
Net cash from operating activities	11,500	9,801
Cash flows from investing activities		
Acquisition of subsidiaries	(1,586)	(2,064)
Cash acquired on acquisition of subsidiaries	93	285
Deferred consideration paid relating to subsidiaries acquired in prior period	–	(585)
Purchase of property, plant and equipment	(909)	(774)
Purchase of intangible assets	(1,647)	(1,696)
Disposal of discontinued operation	–	312
Finance income	48	33
Net cash used in investing activities	(4,001)	(4,489)
Cash flows from financing activities		
Interest paid	(892)	(853)
New loans	22,000	8,900
Loan related costs	(532)	(123)
Loan repayments	(23,337)	(11,322)
Equity dividends paid	(2,575)	(2,438)
Purchase of own shares	(1,084)	(141)
Sale of own shares	1,483	382
Net cash flows from financing activities	(4,937)	(5,595)
Net movement on cash and cash equivalents	2,562	(283)
Cash and cash equivalents at the beginning of the period	3,399	3,640
Exchange (gains)/losses on cash and cash equivalents	(106)	42
Cash and cash equivalents at the end of the period	5,855	3,399

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

Notes to the Accounts

For the year ended 31 October 2014

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, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA. The registered number of the company is 03984070.

The financial statements are prepared in pound sterling.

Basis of preparation

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

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

As set out on page 17 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 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of Interest in Other Entities (effective 1 January 2014)
- Amendments to IAS 27 (revised) – Separate Financial Statements (effective 1 January 2014)
- Amendments to IAS 28 (revised) – Investments in Associates and Joint Ventures (effective 1 January 2014)
- Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance (effective 1 January 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities (effective 1 January 2014)

Notes to the Accounts continued

For the year ended 31 October 2014

1 ACCOUNTING POLICIES CONTINUED

Adoption of new and revised standards

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

- Amendment to IAS 12 – Deferred tax – Recovery of Underlying Assets
- IFRS 13 Fair Value Measurement
- Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IAS 19 (revised) Employee Benefits
- Amendments to IFRS 1 – Government Loans
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
- Annual Improvements 2009–2011 Cycle

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 12.

(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 12 for further information.

(iii) Impairment of goodwill
The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based upon value-in-use and net realisable value calculations. The value-in-use method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Pre-tax discount rates have been applied and are based on WACC calculations. See note 12 for further commentary.

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

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

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

Basis of consolidation
The Group accounts consolidate the accounts of the Company and its subsidiary undertakings drawn up to 31 October each year. Subsidiaries are those entities over which the Group has the power to control the financial and operating policies. Idox plc obtains and exercises control over all of its subsidiaries through ownership of 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.

Notes to the Accounts continued

For the year ended 31 October 2014

1 ACCOUNTING POLICIES CONTINUED

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 in the prior year, recruitment services.

Continuing operations:
Software licence revenue is recognised when the licence is despatched to the customer. Where the licence is bespoke, revenue is recognised when the licence is delivered and the customer has accepted the licence as fully functional.

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

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

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

The revenues for maintenance and 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 which is determined by reference to the project delivery plan.

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

Discontinued operations:
Recruitment revenue from permanent placements was recognised in the month when the placement started. Revenue from contract recruitment was recognised as the service was 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. Provision is made for any losses as they are foreseen.

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

Management have reviewed the requirements of IFRS 15 Revenue from Contracts from Customers which will replace IAS 18 in the financial year commencing 1 November 2017 and they do not expect this to result in any significant changes to the Group's revenue recognition policies.

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. 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.

Notes to the Accounts continued

For the year ended 31 October 2014

1 ACCOUNTING POLICIES CONTINUED

Other intangible assets

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

(i) Research and development

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

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

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

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

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

(ii) Customer relationships

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

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

(vi) Order backlog
Order backlog 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.

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

1 ACCOUNTING POLICIES CONTINUED

Impairment continued

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 obligation 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 in other comprehensive income or directly in equity, in which case it is charged to equity or other comprehensive income.

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

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

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

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

Notes to the Accounts continued

For the year ended 31 October 2014

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

Notes to the Accounts continued

For the year ended 31 October 2014

2 SEGMENTAL ANALYSIS CONTINUED

As at 31 October 2014, the Group is primarily organised into two main operating segments, which are detailed below. On 1 July 2013 the Recruitment segment was sold. As Recruitment was a separately identifiable operating segment the results for the period ended 31 October 2013 have been reclassified as a discontinued operation.

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 (PSS) – delivering software and information service solutions to local government customers and public sector organisations across a broad range of departments
- Engineering Information Management (EIM) – delivering engineering document management and control solutions to asset intensive industry sectors

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

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

The segment revenues by geographic location for the year ended 31 October 2014 are as follows:

Revenues from external customers	Continuing operations £000	Discontinued operations £000	Total operations £000
United Kingdom	41,628	–	41,628
USA	10,051	–	10,051
Europe	7,519	–	7,519
Australia	595	–	595
Rest of World	884	–	884
	60,677	–	60,677

The segment revenues by geographic location for the year ended 31 October 2013 are as follows:

Revenues from external customers	Continuing operations £000	Discontinued operations £000	Total operations £000
United Kingdom	38,369	1,226	39,595
USA	8,862	–	8,862
Europe	7,990	76	8,066
Australia	1,470	–	1,470
Rest of World	628	5	633
	57,319	1,307	58,626

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

The segment results by business unit for the year ended 31 October 2014 are as follows:

	PSS £000	EIM £000	Total operations £000
Revenues from external customers	41,219	19,458	60,677
Cost of sales	(4,709)	(1,704)	(6,413)
Gross profit	36,510	17,754	54,264
Administrative expenses	(24,539)	(13,332)	(37,871)
Profit before interest, tax, depreciation, amortisation, impairment, share option costs, acquisition costs and restructuring costs	11,971	4,422	16,393
Depreciation	(671)	(142)	(813)
Amortisation	(4,695)	(1,258)	(5,953)
Share option costs	(322)	(145)	(467)
Restructuring	(183)	(182)	(365)
Acquisition costs	(144)	(4)	(148)
Profit before interest and taxation	5,956	2,691	8,647
Finance income	45	3	48
Finance costs	114	(86)	28
Segment profit (see reconciliation below)	6,115	2,608	8,723

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

2 SEGMENTAL ANALYSIS CONTINUED

The segment results by business unit for the year ended 31 October 2013 are as follows:

	PSS £000	EIM £000	Total (continuing operations) £000	Recruitment (discontinued operation) £000	Total operations £000
Revenues from external customers	38,077	19,242	57,319	1,307	58,626
Cost of sales	(3,431)	(1,867)	(5,298)	(717)	(6,015)
Gross profit	34,646	17,375	52,021	590	52,611
Administrative expenses	(24,004)	(12,963)	(36,967)	(643)	(37,610)
Profit before interest, tax, depreciation, amortisation, impairment, share option costs, acquisition costs and restructuring costs	10,642	4,412	15,054	(53)	15,001
Depreciation	(589)	(133)	(722)	(1)	(723)
Amortisation	(4,138)	(1,250)	(5,388)	–	(5,388)
Impairment of goodwill	–	–	–	(457)	(457)
Share option costs	(415)	(84)	(499)	(12)	(511)
Restructuring	(335)	(190)	(525)	–	(525)
Acquisition costs	841	(89)	752	–	752
Profit before interest and taxation	6,006	2,666	8,672	(523)	8,149
Finance income	132	(64)	68	–	68
Finance costs	(86)	(29)	(115)	–	(115)
Segment profit (see reconciliation below)	6,052	2,573	8,625	(523)	8,102

Reconciliations of reportable profit	2014 £000	2013 £000
Total profit for reportable segments	8,723	8,102
Group acquisition costs	–	(88)
Corporate finance costs	(157)	–
Net financial costs	(987)	(1,024)
Discontinued operations loss*	–	523
Profit before taxation	7,579	7,513

Group acquisition costs comprise legal fees in relation to aborted acquisitions. Corporate finance costs are in relation to the new banking facility. Net financial costs relate to Group bank loan interest, bank facility fee amortisation and fair value gain on financial derivatives which have not been included in reportable segments.

* Discontinued operations loss excludes Group costs allocated to the segment relating to acquisition costs relating to disposal.

3 OPERATING PROFIT FOR THE YEAR

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

	2014 £000	2013 £000
Auditor's remuneration:		
Fees payable to the company auditor for the audit of the parent company and consolidated annual accounts	53	51
The audit of the company's subsidiaries, pursuant to legislation	55	65
Other services pursuant to legislation	40	30
	148	146
Tax services – compliance	49	76
Tax services – advisory	2	3
Operating lease rentals – buildings	1,071	868
Depreciation – owned	813	722
Amortisation of intangibles	5,953	5,388
Equity-settled share-based payments	467	499
Research & development costs	5,473	4,888

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	Continuing operations 2014 £000	Discontinued operations 2014 £000	Total 2014 £000
Wages and salaries	25,599	–	25,599
Social security costs	2,558	–	2,558
Pension costs	1,014	–	1,014
	29,171	–	29,171

During the year share based payment charges of £467,000 were incurred in respect of continuing operations and £Nil in respect of discontinued operations.

Staff costs during the prior year were as follows:

	Continuing operations 2013 £000	Discontinued operations 2013 £000	Total 2013 £000
Wages and salaries	24,398	418	24,816
Social security costs	2,465	47	2,512
Pension costs	1,241	21	1,262
	28,104	486	28,590

During the prior year, share based payment charges of £499,000 were incurred in respect of continuing operations, and £12,000 in respect of discontinued operations.

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

4 DIRECTORS AND EMPLOYEES CONTINUED

During the year the Group incurred restructuring costs in respect of continuing operations of £365,000 (2013: £525,000). The restructuring costs represent redundancy payments to former staff. In 2014 and 2013 there were no restructuring costs incurred in respect of discontinued operations.

The average number of employees of the Group during the year was 554 and was made up as follows:

	Continuing operations 2014 No.	Discontinued operations 2014 No.	Total 2014 No.
Office and administration (including Directors of the company and its subsidiary undertakings)	23	–	23
Sales	59	–	59
Development	115	–	115
Operations	223	–	223
Solutions	134	–	134
Recruitment	–	–	–
	554	–	554

The average number of employees of the Group during the prior year was 558 and was made up as follows:

	Continuing operations 2013 No.	Discontinued operations 2013 No.	Total 2013 No.
Office and administration (including Directors of the company and its subsidiary undertakings)	24	–	24
Sales	68	–	68
Development	117	–	117
Operations	197	–	197
Solutions	142	–	142
Recruitment	–	10	10
	548	10	558

Remuneration in respect of Directors was as follows:

	2014 £000	2013 £000
Emoluments	624	1,026
Pension contributions	5	16
Share based payment charge	116	127
	745	1,169

In addition to the remuneration stated above, the Group incurred social security costs in respect of Directors of £79,000 (2013: £134,000).

During the year ended 31 October 2014 one director exercised share options resulting in a taxable gain of £827,000. This share option exercise was held as shares. No directors exercised share options in the year ended 31 October 2013.

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

	2014 £000	2013 £000
Aggregate emoluments	333	477
Pension contributions	–	–
	333	477

During the year the Group incurred social security costs in respect of the highest paid director of £44,000 (2013: £64,000).

During the year the highest paid director exercised share options resulting in a taxable gain of £827,000 (2013: £Nil). The share option exercise was held as shares.

Details of the remuneration for each Director are included in the remuneration report which can be found on pages 18 to 20 but does not form part of the audited accounts.

Notes to the Accounts continued

For the year ended 31 October 2014

5 ACQUISITION COSTS AND CORPORATE FINANCE COSTS

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 25.

Acquisition costs in 2013 included the following contingent considerations which were released during the previous year in respect of previous year acquisitions:

	£000
Opt2Vote Limited	800
Lalpac Limited	50
	850

Corporate finance costs are in relation to bank financing costs which have been expensed in the period.

6 FINANCE INCOME AND COSTS

	2014 £000	2013 £000
Interest receivable	4	6
Fair value gain on financial liabilities recognised in profit or loss	66	70
Dividends receivable	17	15
Foreign exchange differences	119	35
Other income	27	12
Finance income from continuing operations	233	138
Bank loans interest payable	(724)	(900)
Bank charges and loan facility fees	(393)	(222)
Fair value loss on financial assets recognised in profit or loss	(27)	(86)
Foreign exchange differences	–	(1)
Finance costs from continuing operations	(1,144)	(1,209)

7 DIVIDENDS

	2014 £000	2013 £000
Final dividend paid in respect of the year ended 31 October 2013 and 31 October 2012	1,417	1,394
Pence per ordinary share	0.40p	0.40p
Interim dividend paid in respect of the year ended 31 October 2014 and 31 October 2013	1,158	1,044
Pence per ordinary share	0.325p	0.30p

The Directors have proposed the payment of a final dividend of 0.425p per share, which would amount to £1,515,000 (2013: 0.40p).

8 INCOME TAX

The tax charge is made up as follows:

Continuing operations	2014 £000	2013 £000
Current tax		
UK corporation tax on profits for the period	1,439	1,611
Foreign tax on overseas companies	489	624
Over provision in respect of prior periods	(75)	(652)
Total current tax	1,853	1,583
Deferred tax		
Origination and reversal of temporary differences	(4)	(2,195)
Adjustment for rate change	(104)	(165)
Adjustments in respect of prior periods	(9)	(74)
Total deferred tax	(117)	(2,434)
Total tax charge	1,736	(851)

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

8 INCOME TAX CONTINUED

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

	2014 £000	% ETR movement	2013 £000	% ETR movement
Profit before taxation on continuing operations	7,578		7,153	
Loss before taxation on discontinued operations	–		(523)	
Loss before taxation on disposal of discontinued operations	–		(322)	
Profit before taxation on continuing and discontinued operations	7,578		6,668	
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.83% (2013: 23%)	1,654	21.83	1,534	23.00
Effects of:				
Share option deduction	(325)	(4.29)	(36)	(0.53)
Tax losses utilised in year	–	–	(48)	(0.72)
International losses not recognised	166	2.19	–	–
Recognition of historic deferred tax	–	–	(1,744)	(26.15)
Other timing differences	222	2.93	–	–
Expenses not deductible for tax purposes	52	0.69	424	6.35
Prior year over-provision	(77)	(1.02)	(726)	(10.88)
Non-taxable income	(4)	(0.05)	(360)	(5.40)
Adjustment for tax rate differences in foreign jurisdictions	40	0.53	42	0.63
R&D enhanced relief	(6)	(0.08)	(43)	(0.64)
Foreign tax suffered	14	0.18	69	1.03
Deferred tax on acquisitions/disposal	–	–	37	0.56
	1,736	22.91	(851)	(12.75)

The effective tax rate for the period was 22.91% (2013: -12.75%). During the period all brought forward trading tax losses in the UK were utilised, resulting in a greater proportion of UK profits being subject to tax. The lower effective tax rate in 2013 was due to the recognition of historic deferred tax assets within the US entities of the EIM business in relation to losses and other timing differences amounting to £4,492,000. Other factors decreasing the tax rate in 2013 include the recognition of tax losses in the EIM business in the UK of £2,439,000 and an adjustment to the deferred tax asset recognised in respect of share options of £473,000.

Movement on trading losses during 2014 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 2013	2,652	2,943	5,595	1,175
Recognised during the year	–	346	346	76
Utilised during the year	(2,652)	–	(2,652)	(579)
Adjustment for difference between standard rate of tax at 21.83% and deferred tax rate at 20%	–	–	–	(14)
	–	3,289	3,289	658
Unrecognised trading losses				
Losses not recognised	–	(166)	(166)	(33)
	–	(166)	(166)	(33)

As noted above all UK trading losses of £2,652,000 were utilised during the year. The foreign losses recognised during the year of £346,000 arise mainly in the US and it is anticipation that the Group will benefit from these tax losses in future. Across the year the total deferred tax asset in respect of unrelieved trading losses has decreased from £1,175,000 to £658,000.

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

9 DISCONTINUED OPERATIONS

The Group announced on 1 July 2013 the sale of the recruitment business, TFPL Limited. The TFPL business represented an identifiable division of the Group and as such has been disclosed as a discontinued operation for the year ended 31 October 2013. A single amount is shown on the consolidated statement of comprehensive income representing the post-tax result of the discontinued operation for the period until disposal. Additionally the post-tax loss arising from the disposal of the operation has been recognised within the discontinued operations section of the consolidated statement of comprehensive income.

Discontinued operation financial performance	Period to 1 July 2013 £000
Revenue	1,307
Costs of sale	(717)
Depreciation and amortisation	(1)
Impairment	(457)
Other operating expenses	(655)
Operating result	(523)
Finance costs	–
Result from discontinued operations before taxation	(523)
Tax expense	4
Net operating result from discontinued operations	(519)

Disposal of discontinued operation	£000	£000
Total consideration		300
Payment received to settle net assets		100
Net consideration for shares		400
Less: Assets associated with discontinued operations		(101)
Costs associated with disposal		
– Staff bonuses	(34)	
– Professional fees	(88)	
– Other expenses and provisions	(499)	
		(621)
Loss on disposal before taxation		(322)
Taxation		–
Loss on disposal after taxation		(322)

During the year ended 31 October 2013 the TFPL business incurred £420,000 in relation to the Group's net operating cash flows, paid £Nil in respect of investing activities and paid £Nil in respect of financing activities.

A reconciliation of the loss on disposal to the cash flow from the disposal is given in the table below:

Receipt from disposal of discontinued operations	**£000**
Loss on disposal after taxation	(322)
Assets associated with discontinued operations	101
Non-cash expenses associated with disposal	533
Cash inflow from disposal of discontinued operations	312

10 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:

Continuing operations	**2014 £000**	**2013 £000**
Profit for the year	5,843	8,364
Basic earnings per share		
Weighted average number of shares in issue	353,448,442	347,231,721
Basic earnings per share	1.65p	2.41p
Weighted average number of shares in issue	353,448,442	347,231,721
Add back:		
Treasury shares	1,005,841	368,667
ESOP shares	1,263,989	1,018,343
Weighted average allotted, called up and fully paid share capital	355,718,272	348,618,731
Diluted earnings per share		
Weighted average number of shares in issue used in basic earnings per share calculation	353,448,442	347,231,721
Dilutive share options	15,015,960	16,020,147
Weighted average number of shares in issue used in dilutive earnings per share calculation	368,464,402	363,251,868
Diluted earnings per share	1.59p	2.30p

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

10 EARNINGS PER SHARE CONTINUED

Discontinued operations	2014 £000	2013 £000
Loss for the year	–	(841)
Basic earnings per share		
Weighted average number of shares in issue	353,448,442	347,231,721
Basic earnings per share	–	(0.24p)
Weighted average number of shares in issue	353,448,442	347,231,721
Add back:		
Treasury shares	1,005,841	368,667
ESOP shares	1,263,989	1,018,343
Weighted average allotted, called up and fully paid share capital	355,718,272	348,618,731
Diluted earnings per share		
Weighted average number of shares in issue used in basic earnings per share calculation	353,448,442	347,231,721
Dilutive share options	15,015,960	16,020,147
Weighted average number of shares in issue used in dilutive earnings per share calculation	368,464,402	363,251,868
Diluted earnings per share	–	(0.23p)

Total operations	2014 £000	2013 £000
Profit for the year	5,843	7,523
Basic earnings per share		
Weighted average number of shares in issue	353,448,442	347,231,721
Basic earnings per share	1.65p	2.17p
Weighted average number of shares in issue	353,448,442	347,231,721
Add back:		
Treasury shares	1,005,841	368,667
ESOP shares	1,263,989	1,018,343
Weighted average allotted, called up and fully paid share capital	355,718,272	348,618,731
Diluted earnings per share		
Weighted average number of shares in issue used in basic earnings per share calculation	353,448,442	347,231,721
Dilutive share options	15,015,960	16,020,147
Weighted average number of shares in issue used in dilutive earnings per share calculation	368,464,402	363,251,868
Diluted earnings per share	1.59p	2.07p

	2014 £000	2013 £000
Adjusted earnings per share		
Profit for the year	5,843	7,523
Add back:		
Amortisation	5,953	5,388
Impairment	–	457
Share option costs	467	511
Acquisition costs	148	(664)
Corporate finance costs	157	–
Restructuring costs	365	525
Tax effect	(1,458)	(1,477)
Adjusted profit for year	11,475	12,263
Weighted average number of shares in issue – basic	353,448,442	347,231,721
Weighted average number of shares in issue – diluted	368,464,402	363,251,868
Adjusted earnings per share	3.25p	3.53p
Adjusted diluted earnings per share	3.11p	3.38p

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

11 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 2012	1,467	445	23	234	2,169
Additions	703	4	–	67	774
Additions on acquisition	–	36	–	–	36
Disposals	(1,314)	(308)	(12)	(87)	(1,721)
At 31 October 2013	856	177	11	214	1,258
Additions	587	273	–	78	938
Additions on acquisition	459	44	–	–	503
Disposals	(47)	–	–	(56)	(103)
At 31 October 2014	1,855	494	11	236	2,596
Depreciation					
At 1 November 2012	976	221	3	152	1,352
Provided in the year	542	105	9	67	723
Eliminated on disposal	(1,314)	(308)	(7)	(84)	(1,713)
Fair value adjustment	36	5	5	–	46
At 31 October 2013	240	23	10	135	408
Provided in the year	609	134	1	69	813
Eliminated on disposal	(18)	–	–	(56)	(74)
At 31 October 2014	831	157	11	148	1,147
Net book amount at 31 October 2014	1,024	337	–	88	1,449
Net book amount at 31 October 2013	616	154	1	79	850

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

The depreciation charge for the year includes £Nil in respect of discontinued operations (2013: £1,000).

12 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 2012	44,931	17,944	7,460	9,406	3,391	569	4,200	87,901
Additions	–	–	–	351	1,345	–	–	1,696
Additions on acquisition	1,314	21	301	358	8	–	–	2,002
Disposals	(3,875)	–	–	(45)	–	–	–	(3,920)
Fair value adjustment	760	–	–	–	–	–	–	760
At 31 October 2013	43,130	17,965	7,761	10,070	4,744	569	4,200	88,439
Revaluation of opening balance	–	–	–	–	(8)	–	–	(8)
At 1 November 2013	43,130	17,965	7,761	10,070	4,736	569	4,200	88,431
Additions	–	–	–	681	974	–	–	1,655
Additions on acquisition	739	465	206	206	–	–	–	1,616
At 31 October 2014	43,869	18,430	7,967	10,957	5,710	569	4,200	91,702
Amortisation and impairment losses								
At 1 November 2012	3,565	3,905	1,712	3,208	1,358	388	2,394	16,530
Amortisation for the year	–	1,911	751	1,223	763	112	628	5,388
Impairment	457	–	–	–	–	–	–	457
Disposals	(3,375)	–	–	(45)	–	–	–	(3,420)
At 31 October 2013	647	5,816	2,463	4,386	2,121	500	3,022	18,955
Amortisation for the year	–	1,796	764	1,522	902	54	915	5,953
At 31 October 2014	647	7,612	3,227	5,908	3,023	554	3,937	24,908
Carrying amount at 31 October 2014	43,222	10,818	4,740	5,049	2,687	15	263	66,794
Carrying amount at 31 October 2013	42,483	12,149	5,298	5,684	2,623	69	1,178	69,484

During the year, goodwill and intangibles were reviewed for impairment in accordance with IAS 36, Impairment of assets. There were no impairment charges identified as a result of this review (2013: £457,000). The impairment charge in the prior year relates to the discontinued operations of TFPL Recruitment.

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

12 INTANGIBLE ASSETS CONTINUED

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

	2014 Remaining amortisation period (years)	2013 Remaining amortisation period (years)	2014 Carrying value £000	2013 Carrying value £000
CAPS intangibles				
Customer relationships	12.5	13.5	3,665	3,958
Trade names	12.5	13.5	1,560	1,685
Software	2.5	3.5	760	1,065
Plantech intangibles				
Customer relationships	13	14	752	810
Trade names	13	14	338	364
Software	3	4	252	336
J4B intangibles				
Customer relationships (product)	0	0.5	0	12
Customer relationships (project)	4.5	5.5	59	72
Trade names	4.5	5.5	92	113
Database	0	0.5	0	41
Grantfinder intangibles				
Trade name	5.5	6.5	128	151
Database	0.5	1.5	15	47
Customer contracts and relationships	0.5	1.5	130	390
Order backlog	0.5	1.5	130	390
Strand intangibles				
Trade name	0.8	1.8	53	124
Software	0.8	1.8	67	155
Customer relationships	5.8	6.8	1,335	1,567
LAMP contracts intangibles				
Backlog order book	3	6	133	789
McLaren intangibles				
Customer relationships	6	7	621	722
Trade names	1	2	231	437
Software	1	2	173	328
Lalpac intangibles				
Customer relationships	6.5	7.5	1,069	1,234
Trade names	6.5	7.5	107	123
Software	6.5	7.5	213	246

	2014 Remaining amortisation period (years)	2013 Remaining amortisation period (years)	2014 Carrying value £000	2013 Carrying value £000
Interactive Dialogues intangibles				
Customer relationships	7	8	247	282
Trade names	7	8	144	164
Software	7	8	288	329
CT Space intangibles				
Customer relationships	2	2	250	375
Trade names	7	8	867	991
Software	7	8	1,040	1,189
Opt2Vote intangibles				
Customer relationships	2.4	2.6	370	522
Trade names	7.4	8.4	391	444
Software	7.4	8.4	522	592
Currency Connect intangibles				
Customer relationships	7.4	8.4	1,463	1,661
Trade names	7.4	8.4	193	220
Software	7.4	8.4	208	236
FMx intangibles				
Customer relationships	2.9	3.8	393	529
Trade names	7.9	8.9	178	198
Software	7.9	8.9	262	297
Artesys intangibles				
Customer relationships	0.4	1.4	4	15
Trade names	8.4	9.4	253	283
Software	8.4	9.4	301	337
Digital Spirit intangibles				
Customer relationships	2	–	460	–
Trade names	10	–	205	–
Software	10	–	205	–
Development costs	5	5	2,687	2,623
Software costs	3	3	758	555

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

12 INTANGIBLE ASSETS CONTINUED

Impairment test for goodwill

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

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

Cash Generating Units (CGU)	2014 £000	2013 £000
Public Sector Software	27,226	26,487
Engineering Information Management	15,996	15,996
	43,222	42,483

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. Cash flows beyond this period are extrapolated using the estimated growth rates stated below. Growth rates are reviewed in line with historic actuals to ensure reasonableness and are based on an increase in market share.

For value in use calculations, the growth rates and margins used to estimate future performance are based on 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 2014, the Weighted Average Cost of Capital for each CGU has been used as an appropriate discount rate to apply to cash flows. The same basis was used in the year to 31 October 2013.

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 2014	Growth rate 2014	Discount rate 2013	Growth rate 2013
Public Sector Software	12.64%	2%	10.11%	2%
Engineering Information Management	11.92%	2%	10.24%	2%

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

An impairment charge of £457,000 was recorded in the prior year against goodwill in relation to the disposal of TFPL Recruitment. This has been disclosed within the discontinued operation results for that year. There have been no impairment charges identified for the year ended 31 October 2014.

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 exceeding the recoverable amount. A 0% growth rate would result in the following headroom:

Cash generating unit (CGU)	Growth rate 0% headroom £000
Public Sector Software	52,218
Engineering Information Management	17,224

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

13 DEFERRED INCOME TAX

Deferred tax assets and liabilities are summarised as follows:

	2014 £000	2013 £000
Deferred tax assets	1,570	2,509
Deferred tax liabilities (non current)	(4,038)	(4,870)
	(2,468)	(2,361)

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

	2014 £000	2013 £000
At 1 November	(2,361)	(4,684)
Credit to income for the year	(20)	2,199
Adjustment for changes in rate	104	164
Prior year adjustment	9	95
Other movements	(5)	(12)
Charged to goodwill for the year	(175)	(123)
Transferred to equity	(20)	–
At 31 October	(2,468)	(2,361)

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

13 DEFERRED INCOME TAX CONTINUED

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

	Share-based payments £000	Other temporary differences £000	Tax losses carried forward £000	Accelerated tax depreciation £000	Total deferred tax asset £000	Total deferred tax liability £000
At 1 November 2012	82	9	941	385	1,417	(6,101)
Charge to income	517	442	311	82	1,352	929
Changes in rate	(104)	(39)	(111)	(40)	(294)	458
Deferred tax recognised on acquisition	–	–	34	–	34	(156)
At 31 October 2013	495	412	1,175	427	2,509	(4,870)
At 1 November 2013	495	412	1,175	427	2,509	(4,870)
Charge to income	(17)	(342)	(462)	1	(820)	854
Changes in rate	(24)	(20)	(56)	(20)	(120)	153
Deferred tax recognised on acquisition			1		1	(175)
At 31 October 2014	454	50	658	408	1,570	(4,038)

14 FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

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

Financial assets	Note	2014 £000	2013 £000
Non-current:			
Amounts recoverable on contracts	15	2,262	1,723
		2,262	1,723
Current:			
Trade and other receivables	15	17,215	15,837
Cash and cash equivalents	16	5,855	3,399
		23,070	19,236

Financial liabilities	Note	2014 £000	2013 £000
Financial liabilities measured at amortised cost:			
Non-current:			
Bank borrowings	21	14,293	19,462
		14,293	19,462
Current:			
Bank borrowings	21	7,397	3,732
Derivative financial instruments at fair value through profit or loss	20	–	66
Trade and other payables	17	4,788	4,662
Other liabilities	18	1,639	1,499
Other liabilities at fair value through profit or loss *	18	156	–
		13,980	9,959

* Hierarchy 3 being inputs for the asset or liability which are not based on observable market data. The liability relates to a deferred consideration on the acquisition of Digital Spirit GmbH.

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

15 TRADE AND OTHER RECEIVABLES

	2014 £000	2013 £000
Trade receivables, gross	10,242	10,269
Allowance for credit losses	(144)	(728)
Trade receivables, net	10,098	9,541
Amounts recoverable on contracts	6,628	5,919
Other receivables	489	377
Financial assets	17,215	15,837
Prepayments	1,631	1,507
Non-financial assets	1,631	1,507
Trade and other receivables due within one year	18,846	17,344

	2014 £000	2013 £000
Amounts recoverable on contracts	2,262	1,723
Trade and other receivables due after one year	2,262	1,723

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

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

	2014	2013
Euros	€2,347,000	€3,275,000
Australian dollars	AUD37,000	AUD101,000
Emirati dirham	AED152,000	AED79,000
US dollars	$2,224,000	$3,382,000
Canadian dollars	$1,000	$1,000

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:

	2014 £000	2013 £000
Local authorities and other public bodies	4,560	4,430
Private companies	5,682	5,839
	10,242	10,269

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

	Gross 2014 £000	Impairment 2014 £000	Gross 2013 £000	Impairment 2013 £000
Not past due	6,662	–	5,699	–
Past due 0 to 30 days	1,413	–	1,172	–
Past due 31 to 60 days	289	–	306	–
More than 61 days	1,878	144	3,092	728
	10,242	144	10,269	728

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

	2014 £000	2013 £000
At 1 November 2013	728	616
Charge for the year	383	114
Relating to acquisitions	–	98
Utilised	(967)	(100)
At 31 October 2014	144	728

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.

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

16 CASH AND CASH EQUIVALENTS

	2014 £000	2013 £000
Cash at bank and in hand	5,855	3,399
Cash and cash equivalents per cash flow statements	5,855	3,399

17 TRADE AND OTHER PAYABLES

	2014 £000	2013 £000
Trade payables	2,504	2,527
Accruals	2,284	2,135
	4,788	4,662

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.

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

18 OTHER LIABILITIES

	2014 £000	2013 £000
Social security and other taxes	1,599	1,339
Other payables	1,795	1,499
Deferred income	13,255	13,952
	16,649	16,790

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.

19 PROVISIONS

	2014 £000	2013 £000
At 1 November 2013	56	76
Provision made during the year	11	4
Provision utilised during the year	(49)	(24)
At 31 October 2014	18	56

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

20 DERIVATIVE FINANCIAL INSTRUMENTS

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

	2014 £000	2013 £000
Fair value:		
Interest rate swap – Fair value hierarchy level 2	–	66
Derivative financial liabilities	–	66

The Group used an interest rate swap to manage its exposure to interest rate movements on its bank borrowings during the current and preceding financial year. The swap was terminated during the year ended 31 October 2014.

The fair value of the interest rate swap liability at 31 October 2013 was estimated at £66,000. Contracts with notional values of £12m fixed interest payments at an average rate of 1.33% for periods up until 2015.

21 BORROWINGS

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

	2014 £000	2013 £000
Current:		
Bank borrowings	7,397	3,732
Non-current:		
Bank borrowings	14,293	19,462
Total borrowings	21,690	23,194

During the year the Group moved its banking facilities from Bank of Scotland Plc to a two-bank facility with Royal Bank of Scotland and Silicon Valley Bank.

The existing Bank of Scotland facilities were repaid in full during the year. The facilities which were repaid consisted of one term loan and two revolving credit facilities. The average interest rate paid during the year was: term loan 3.03%; working capital revolving credit facility 3.00%; acquisition revolving credit facility 3.04%.

The new banking facilities consist of a term loan and a revolving credit facility.

At the balance sheet date, the term loan had an outstanding balance of £17,000,000 and during the period the loan was held the average interest rate was 3.06%.

At the balance sheet date the revolving credit facility had an outstanding balance of £5,000,000 and during the period the loan was held the average interest rate was 3.06%.

There are unamortised loan fees of £390,000 at the balance sheet date.

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

The Group also has two term loans in place with Oseo, France. At the balance sheet date the total outstanding amount was £80,000 and the average interest rate paid during the period the facility was held was 6.48%.

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 2014

22 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 functional currency of the operations. The Group has minimal exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions.

(ii) Cash flow and fair value interest rate risk

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

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2014 and 2013, all the Group's borrowings at variable rate were denominated in UK Sterling. To protect cash flows against movements in interest rates the Group used an interest LIBOR swap agreement. This swap agreement was terminated during the year.

Credit risk

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

Classes of financial assets – carrying amounts	2014 £000	2013 £000
Cash and cash equivalents	5,855	3,399
Trade receivables	10,098	9,541
Amounts recoverable on contracts	8,890	7,642
Other receivables	489	377
Financial assets at fair value	25,332	20,959

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 banks with high credit-ratings assigned by international credit-rating agencies. Management does not expect any losses from non-performance of these counterparties.

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

Liquidity risk

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

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

Detailed analysis of the debt facilities taken out and available to the Group are disclosed in note 21.

As at 31 October 2014, 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	5,057	2,915	15,671	–
Trade and other payables	4,788	–	–	–

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	362	4,050	20,457	–
Trade and other payables	4,662	–	–	–

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

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

22 RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

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:

	2014 £000	2013 £000
Total equity	48,590	44,686
Less unrestricted cash and cash equivalents (note 16)	(5,855)	(3,399)
	42,735	41,287
Total equity	48,590	44,686
Borrowings (note 21)	21,690	23,194
	70,280	67,880
Capital-to-overall financing ratio	0.61	0.61

23 SHARE CAPITAL

	2014 £000	2013 £000
Authorised:		
650,000,000 ordinary shares of 1p each (2013: 650,000,000)	6,500	6,500
Allotted, called up and fully paid:		
As at 1 November	3,493	3,485
Issued and allotted during the year	94	8
358,733,615 ordinary shares of 1p each (2013: 349,313,142)	3,587	3,493

Movement in issued share capital in the year

During the year to 31 October 2014, eleven employees exercised share options. To satisfy the exercise of six tranches of these options, the company issued and allotted 9,420,473 new ordinary shares of 1p each.

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

At 31 October 2014 there were 2,489,915 (2013: 2,153,622) shares in issue under ESOP. During the year the average issue share price was 39p (2013: 44p).

At 31 October 2014 there were 2,355,219 (2013: 52,000) shares held in treasury.

24 SHARE OPTIONS

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

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

Details of all share options over 1p Ordinary shares, falling within the measurement and recognition criteria of IFRS 2 "Share-based Payment", 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
866,000	–	–	–	866,000	7.50p	May 2007	May 2017
452,000	–	(35,000)	–	417,000	8.125p	Jun 2007	Jun 2017
275,000	–	–	–	275,000	15.00p	Dec 2007	Dec 2017
1,192,308	–	(769,231)	–	423,077	13.00p	Aug 2008	Aug 2018
1,033,334	–	(666,667)	–	366,667	15.00p	Aug 2008	Aug 2018
8,105,366	–	(3,622,907)	–	4,482,459	10.25p	Mar 2010	Mar 2020
11,200,000	–	(4,066,670)	(383,330)	6,750,000	20.00p	Mar 2011	Mar 2021
1,099,998	–	(44,998)	–	1,055,000	18.00p	Mar 2011	Mar 2021
850,000	–	(303,328)	(26,672)	520,000	35.00p	Apr 2012	Apr 2022
750,000	–	–	(150,000)	600,000	44.00p	Sep 2012	Sep 2022
450,000	–	–	–	450,000	35.75p	Jul 2013	Jul 2023
–	500,000	–	–	500,000	39.12p	Mar 2014	Mar 2024
–	700,000	–	–	700,000	39.00p	Apr 2014	Apr 2024
–	610,000	–	–	610,000	39.00p	Jul 2014	Jun 2024
26,274,006	1,810,000	(9,508,801)	(560,002)	18,015,203			

Notes to the Accounts continued

For the year ended 31 October 2014

24 SHARE OPTIONS CONTINUED

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

	2014		2013	
	No.	WAEP Pence	No.	WAEP Pence
Outstanding at the beginning of the year	26,274,006	17.17	27,224,006	16.87
Granted during the year	1,810,000	39.03	450,000	35.75
Exercised during the year	(9,508,801)	15.79	(1,233,330)	16.96
Lapsed during the year	(560,002)	27.14	(166,670)	20.00
Outstanding at the end of the year	18,015,203	19.78	26,274,006	17.17
Exercisable at the end of the year	16,940,481	18.57	24,044,840	15.98

The share options outstanding at the end of the year have a weighted average remaining contractual life of 6 years. The share options exercised during the year had a weighted average exercise price of 15.79p and a weighted average market price of 37.39p.

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

Date of issue	Number granted No.	Weighted average share price Pence	Weighted average exercise price Pence	Expected volatility %	Expected life Years	Risk free rate %	Expected dividend yield %	Weighted average fair value at grant date £
Mar 14	500,000	38.62	39.12	35	8	4.65	0.6	0.18
Apr 14	700,000	41.50	39.00	35	8	4.65	0.6	0.20
Jul 14	610,000	43.62	39.00	35	7.5	4.44	0.6	0.21

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 a total charge of £467,000 (2013: £511,000) related to equity-settled share-based payment transactions during the year. A charge of £365,000 (2013: £495,000) related to share options granted and £102,000 (2013: £16,000) related to share options exercised. In 2014, a charge of £Nil (2013: £12,000) relating to equity-settled share-based payment transactions were in respect of discontinued operations. These charges all related to share options granted.

25 ACQUISITIONS

Digital Spirit GmbH

On 22 October 2014 the Group acquired the entire share capital of Digital Spirit GmbH for a total consideration of €2.2m (£1.7m) in cash. Digital Spirit provides compliance software and content to corporate, public and commercial customers across Europe. The acquisition is complementary to Idox's e-learning software business, Interactive Dialogues, which it acquired in November 2011.

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

	Book value £000	Provisional fair value adjustments £000	Fair value £000
Intangible assets	–	877	877
Property, plant and equipment	503	–	503
Trade receivables	565	–	565
Other receivables	176	–	176
Cash at bank	93	–	93
TOTAL ASSETS	1,337	–	2,214
Trade payables	(54)	–	(54)
Other liabilities	(554)	–	(554)
Deferred income	(325)	–	(325)
Social security and other taxes	(103)	–	(103)
Deferred tax liability	–	(175)	(175)
TOTAL LIABILITIES	(1,036)	(175)	(1,211)
NET ASSETS			1,003
Purchased goodwill capitalised			739
Total consideration			1,742
Satisfied by:			
Cash to vendor			1,586
Earn out consideration			156
Total consideration			1,742

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

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

Financial Statements

Notes to the Accounts continued

For the year ended 31 October 2014

25 ACQUISITIONS CONTINUED

The revenue included in the consolidated statement of comprehensive income since 22 October 2014, contributed by Digital Spirit was £92,000. Digital Spirit also made a loss of £20,000 for the same period. If Digital Spirit had been included from 1 November 2013, it would have contributed revenue of £5,412,000 and a loss after tax of £856,000.

The earn out period is 1 January 2014 to 31 December 2014. The earn out arrangement requires the Group to pay the former owners of Digital Spirit an amount to be determined by EBITDA in the earn out period, up to a maximum of €200,000 in cash. €200,000 has been recognised at the date of acquisition, which represents the fair value of the contingent consideration.

Acquisition costs of £104,000 have been written off 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:	
Digital Spirit GmbH	1,493
	1,493

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

26 OPERATING LEASE COMMITMENTS

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

	2014 £000	2013 £000
Amounts due:		
Within one year	754	747
Between one and five years	1,792	1,561
After five years	58	25
	2,604	2,333

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

27 CAPITAL COMMITMENTS

The Group had no capital commitments at 31 October 2014 or 31 October 2013.

28 CONTINGENT LIABILITIES

There were no material Group contingent liabilities at 31 October 2014 or 31 October 2013.

29 RELATED PARTY TRANSACTIONS

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

	2014 £000	2013 £000
Salaries and other short term employee benefits	1,433	2,114
Post-employment benefits	32	43
Share-based payments	265	198
	1,730	2,355

In the year ended 31 October 2014 Martin Brooks, Chairman of Idox plc, was entitled to remuneration of £6,750 (2013: £6,750) as Chairman of Cornwall Development Company, which he elected not to take. Cornwall Development Company Ltd is a company limited by guarantee which is wholly owned by Cornwall Council. Cornwall Council is a customer of Idox Software Limited which is a wholly owned subsidiary of Idox plc.

Independent Auditor's Report to the Members of Idox plc

For the year ended 31 October 2014

We have audited the parent company financial statements of Idox plc for the year ended 31 October 2014 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 pages 23 and 24, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the group financial statements of Idox plc for the year ended 31 October 2014.

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

16 January 2015

Company Balance Sheet

At 31 October 2014

	Note	2014 £000	2013 £000
Fixed assets			
Investments	5	73,775	72,339
Current assets			
Debtors: falling due within one year	6	164	197
Debtors: falling due after one year	6	2,064	1,879
Creditors: amounts falling due within one year	7	(37,408)	(31,989)
Net current liabilities		(35,180)	(29,913)
Total assets less current liabilities		38,595	42,426
Creditors: amounts falling due after more than one year	8	(14,500)	(19,600)
Net assets		24,095	22,826
Capital and reserves			
Called up share capital	9	3,587	3,493
Capital redemption reserve	11	1,112	1,112
Share premium account	11	11,741	10,355
Treasury reserve	11	(1,001)	(12)
Share option reserve	11	1,636	1,955
Profit and loss account	11	7,020	5,923
Shareholders' funds		24,095	22,826

The financial statements were approved by the Board of Directors and authorised for issue on 16 January 2015 and are signed on its behalf by:

Richard Kellett-Clarke
Chief Executive Officer

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

Company name: Idox plc Company number: 03984070

Notes to the Company Financial Statements

For the year ended 31 October 2014

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 18 to 20 but which do not form part of the audited accounts.

3 DIVIDENDS

	2014 £000	2013 £000
Final dividend paid in respect of the year ended 31 October 2013 and 31 October 2012	1,417	1,394
Pence per ordinary share	0.40p	0.40p
Interim dividend paid in respect of the year ended 31 October 2014 and 31 October 2013	1,158	1,044
Pence per ordinary share	0.325p	0.30p

The Directors have proposed the payment of a final dividend of 0.425p per share, which would amount to £1,515,000 (2013: 0.40p).

Notes to the Company Financial Statements continued

For the year ended 31 October 2014

4 PROFIT FOR THE FINANCIAL YEAR

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £3,678,000 (2013: loss £1,622,000).

5 INVESTMENTS

	Investment in Group undertakings £000
Cost or market value	
At 1 November 2013	75,396
Additions	2,107
Disposals	(671)
At 31 October 2014	76,832
Impairment	
At 1 November 2013 and 31 October 2014	3,057
Net book amount	
At 31 October 2014	73,775
At 31 October 2013	72,339

At 31 October 2014 the company held investments in the following companies:

	Country of registration	Class of share held	Proportion held	Nature of business
i-documentsystems Trustees Limited	England	Ordinary	100%	Corporate trustee of Employee share ownership trust
Idox Software Limited	England	Ordinary	100%	Software services
Interactive Dialogues NV	Belgium	Ordinary	100%	Information services
J4B Nederland BV	Holland	Ordinary	100%	Information services
Currency Connect Holdings BV	Holland	Ordinary	100%	Holding company
Currency Connect BV	Holland	Ordinary	100%	Information services
De Jong & Laan Subsidieadviseurs BV	Holland	Ordinary	51%	Information services
Digital Spirit GmbH	Germany	Ordinary	100%	Software services
McLaren Software Limited	Scotland	Ordinary	100%	Software services
McLaren Software Inc	USA	Ordinary	100%	Software services
Artesys International SA	France	Ordinary	100%	Software services
CT Space GmbH	Germany	Ordinary	100%	Software services
CT Space SARL	France	Ordinary	100%	Software services
CT Space Technologies Pty	India	Ordinary	100%	Software services
Interactive Dialogues Limited	England	Ordinary	100%	Dormant company
Uwsubsidie BV	Holland	Ordinary	100%	Dormant company
Strand Electoral Management Services Limited	England	Ordinary	100%	Dormant company
Strand Enterprises Limited	England	Ordinary	100%	Dormant company
Idox Information Solutions Limited (formerly J4B Software & Publishing Limited)	England	Ordinary	100%	Dormant company
Grantfinder Limited	England	Ordinary	100%	Dormant company
Plantech Limited	England	Ordinary	100%	Dormant company
Opt2Vote Limited	England	Ordinary	100%	Dormant company
CAPS Solutions Limited	England	Ordinary	100%	Dormant company
Lalpac Limited	England	Ordinary	100%	Dormant company
Idox Information Services Limited	England	Ordinary	100%	Dormant company
McLaren Software Group Limited	Scotland	Ordinary	100%	Holding Company
McLaren Software GmbH	Germany	Ordinary	100%	Dormant company
McLaren Consulting BV	Holland	Ordinary	100%	Dormant company
McLaren Software SARL	Switzerland	Ordinary	100%	Dormant company
FMx Limited	England	Ordinary	100%	Dormant company
Buildonline Global Limited	England	Ordinary	100%	Dormant company
Buildonline Ireland Limited	Ireland	Ordinary	100%	Dormant company
CT Space Limited	England	Ordinary	100%	Dormant company
CT Space Inc	USA	Ordinary	100%	Dormant company
Citadon Inc	USA	Ordinary	100%	Dormant company
McLaren Software Australia Pty Limited	Australia	Ordinary	100%	Dormant company

The results of the De Jong & Laan Subsidieadviseurs BV joint venture have not been consolidated into the Company accounts as the amounts were immaterial in the year to 31 October 2014.

Financial Statements

Notes to the Company Financial Statements continued

For the year ended 31 October 2014

6 DEBTORS

	2014 £000	2013 £000
Falling due within one year:		
Other debtors	164	197
Falling due after one year:		
Other debtors	257	64
Amounts owed by Group undertakings	1,807	1,815
	2,064	1,879

Included in the above for the company is £1,807,000 (2013: £1,815,000) 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

	2014 £000	2013 £000
Bank loan	7,500	3,700
Amounts owed to Group undertakings	29,421	27,761
Other creditors	314	289
Accruals and deferred income	173	239
	37,408	31,989

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £000	2013 £000
Bank loan	14,500	19,600

During the year the Company moved its banking facilities from Bank of Scotland Plc to a two-bank facility with Royal Bank of Scotland and Silicon Valley Bank.

The existing Bank of Scotland facilities were repaid in full during the year. The facilities which were repaid consisted of one term loan and two revolving credit facilities. The average interest rate paid during the year was: term loan 3.03%; working capital revolving credit facility 3.00%; acquisition revolving credit facility 3.04%.

The new banking facilities consist of a term loan and a revolving credit facility.

At the balance sheet date, the term loan had an outstanding balance of £17,000,000 and during the period the loan was held the average interest rate was 3.06%.

At the balance sheet date the revolving credit facility had an outstanding balance of £5,000,000 and during the period the loan was held the average interest rate was 3.06%.

There are unamortised loan fees of £390,000 at the balance sheet date.

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

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

9 SHARE CAPITAL

	2014 £000	2013 £000
Authorised:		
650,000,000 ordinary shares of 1p each (2013: 650,000,000)	6,500	6,500
Allotted, called up and fully paid		
As at 1 November	3,493	3,485
Issued and allotted during the year	94	8
358,733,615 ordinary shares of 1p each (2013: 349,313,142)	3,587	3,493

Movement in issued share capital in the year

During the year to 31 October 2014, eleven employees exercised share options. To satisfy the exercise of six tranches of these options, the company issued and allotted 9,420,473 new ordinary shares of 1p each.

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

At 31 October 2014, there were 2,489,915 (2013: 2,153,622) shares in issue under ESOP. During the year the average issue share price was 39p (2013: 44p).

At 31 October 2014 there were 2,355,219 (2013: 52,000) shares held in treasury.

Notes to the Company Financial Statements continued

For the year ended 31 October 2014

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.

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.

At start of year	Granted	Exercised	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
866,000	–	–	–	866,000	7.50p	May 2007	May 2017
452,000	–	(35,000)	–	417,000	8.125p	Jun 2007	Jun 2017
275,000	–	–	–	275,000	15.00p	Dec 2007	Dec 2017
1,192,308	–	(769,231)	–	423,077	13.00p	Aug 2008	Aug 2018
1,033,334	–	(666,667)	–	366,667	15.00p	Aug 2008	Aug 2018
8,105,366	–	(3,622,907)	–	4,482,459	10.25p	Mar 2010	Mar 2020
11,200,000	–	(4,066,670)	(383,330)	6,750,000	20.00p	Mar 2011	Mar 2021
1,099,998	–	(44,998)	–	1,055,000	18.00p	Mar 2011	Mar 2021
850,000	–	(303,328)	(26,672)	520,000	35.00p	Apr 2012	Apr 2022
750,000	–	–	(150,000)	600,000	44.00p	Sep 2012	Sep 2022
450,000	–	–	–	450,000	35.75p	Jul 2013	Jul 2023
–	500,000	–	–	500,000	39.12p	Mar 2014	Mar 2024
–	700,000	–	–	700,000	39.00p	Apr 2014	Apr 2024
–	610,000	–	–	610,000	39.00p	Jul 2014	Jun 2024
26,274,006	1,810,000	(9,508,801)	(560,002)	18,015,203			

Details of all share options over 1p Ordinary shares, falling within the measurement and recognition criteria of FRS 20 "Share-based Payment", including their contractual life and exercise prices are as follows:

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

	2014		2013	
	No.	WAEP Pence	No.	WAEP Pence
Outstanding at the beginning of the year	26,274,006	17.17	27,224,006	16.87
Granted during the year	1,810,000	39.03	450,000	35.75
Exercised during the year	(9,508,801)	15.79	(1,233,330)	16.96
Lapsed during the year	(560,002)	27.14	(166,670)	20.00
Outstanding at the end of the year	18,015,203	19.78	26,274,006	17.17
Exercisable at the end of the year	16,940,481	18.57	24,044,840	15.98

The share options outstanding at the end of the year have a weighted average remaining contractual life of 6 years. The share options exercised during the year had a weighted average exercise price of 15.79p and a weighted average market price of 37.39p.

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

Date of issue	Number granted No.	Weighted average share price pence	Weighted average exercise price pence	Expected volatility %	Expected life Years	Risk free rate %	Expected dividend yield %	Weighted average fair value at grant date £
Mar 14	500,000	38.62	39.12	35	8	4.65	0.6	0.18
Apr 14	700,000	41.50	39.00	35	8	4.65	0.6	0.20
Jul 14	610,000	43.62	39.00	35	7.5	4.44	0.6	0.21

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 a total charge of £467,000 (2013: £511,000) related to equity-settled share-based payment transactions during the year. A charge of £365,000 (2013: £495,000) related to share options granted and £102,000 (2013: £16,000) related to share options exercised. In 2014, a charge of £Nil (2013: £12,000) relating to equity-settled share-based payment transactions were in respect of discontinued operations. These charges all related to share options granted.

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

Financial Statements

Notes to the Company Financial Statements continued

For the year ended 31 October 2014

11 SHARE PREMIUM ACCOUNT AND RESERVES

	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 2013	1,112	10,355	(12)	1,955	5,923	19,333
Issue of share capital	–	1,386	–	–	–	1,386
Share options reserve movement	–	–	–	(319)	–	(319)
Shares repurchased	–	–	(997)	–	–	(997)
Exercise of options from treasury reserve	–	–	8	–	(6)	2
Dividends paid	–	–	–	–	(2,575)	(2,575)
Profit for the year	–	–	–	–	3,678	3,678
At 31 October 2014	1,112	11,741	(1,001)	1,636	7,020	20,508

The capital redemption reserve for the Group and the Company was created during 2003 when the entire deferred ordinary share capital was bought in exchange for one ordinary 1p share. Other reserves relate to the issued share capital and share premium account in the Company's subsidiary undertaking, Idox Software Limited, and has been treated in accordance with FRS 6 under merger accounting. The share options reserve represents shares to be issued on potential exercise of those share options that have been accounted for under FRS20 (IFRS2) Share Based Payments.

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

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Profit/(loss) for the financial year	3,678	(1,622)
Issue of share capital	1,480	166
Dividends paid	(2,575)	(2,438)
Exercise of options from treasury reserve	2	–
Treasury shares purchased	(997)	(117)
Shares option reserve movement	(319)	290
Net increase/(decrease) in shareholders' funds	1,269	(3,721)
Shareholders' funds at 1 November 2013	22,826	26,547
Shareholders' funds at 31 October 2014	24,095	22,826

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.

Company Information

For the year ended 31 October 2014

Secretary and Registered Office:	J Mackie 2nd Floor 1310 Waterside Arlington Business Park Theale Reading RG7 4SA
Nominated Advisor & Broker:	N+1 Singer Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Auditor:	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 1AP
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

Designed and produced by
ACCRUE FULTON
www.accruefulton.com