Ideagen plc

Annual Report and Accounts for the Year Ended 30 April 2018

Registration number: 02805019

ideagen

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WELCOME TO IDEAGEN

Ideagen is a UK-headquartered global technology company quoted on the AIM market of the London Stock Exchange (Ticker: IDEA.L) and is a leading supplier of information management software solutions to highly regulated industries.

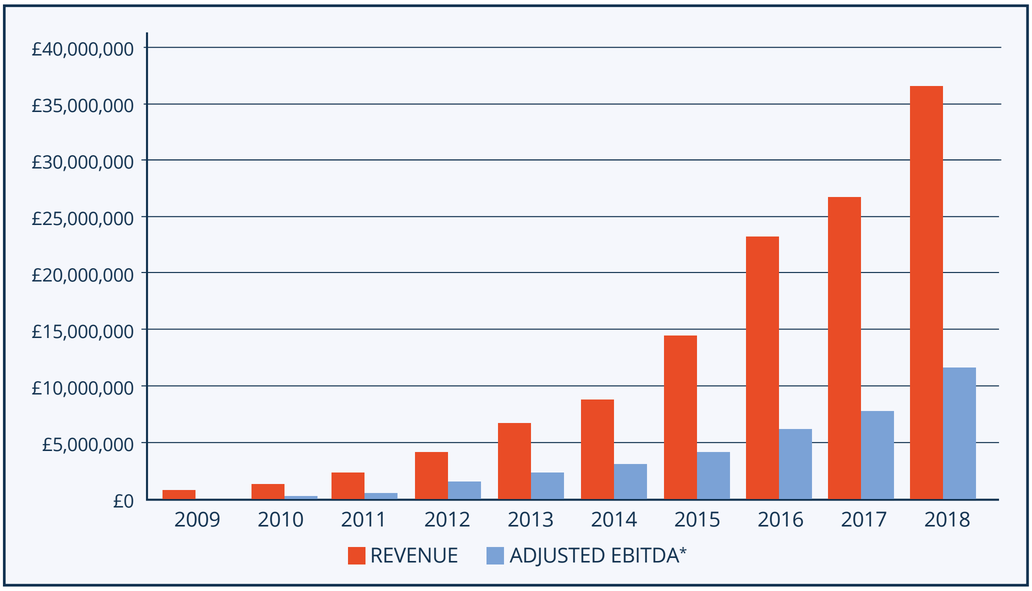
The Group has established a global business supplying Governance, Risk and Compliance (GRC) solutions predominantly to the Aviation, Life Sciences, Banking and Finance, Aerospace and Defence, and Automotive sectors.

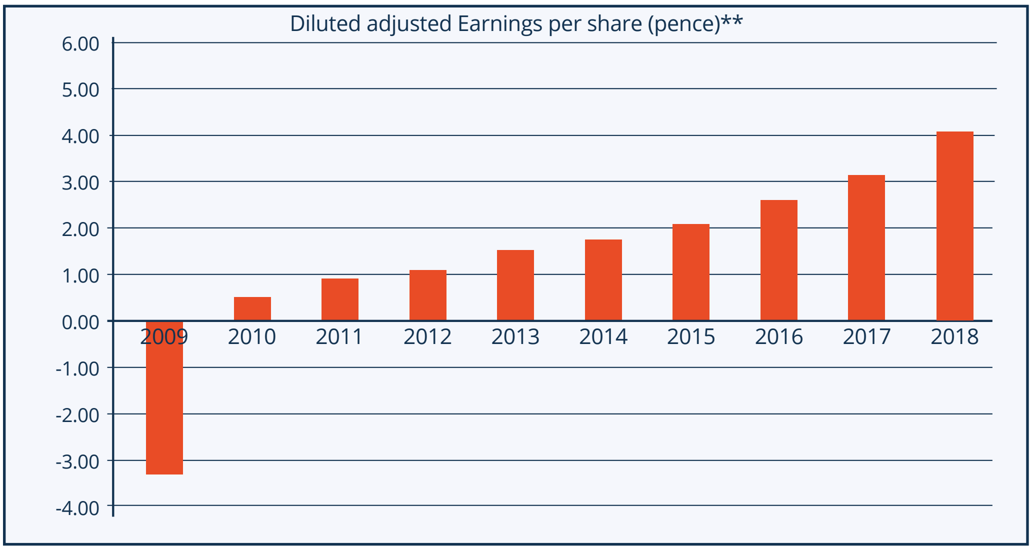
Ideagen has operations in the UK, the United States, Bulgaria, Malaysia and the Middle East and a network of partners servicing Asia Pacific, Europe and South America.

Ideagen is able to provide complete content lifecycle solutions that enable organisations to meet their Regulatory and Compliance standards, helping them to reduce corporate risks and deliver operational excellence.

The Group has over 4000 customers including 7 of the top 10 UK accounting firms, over 80% of NHS Trusts the top 7 global Aerospace and Defence companies and 35 of the top global Life Sciences companies.

The Group has grown both organically and through a number of strategic acquisitions and this year's results represent the 9th consecutive year of growth in revenue, adjusted EBITDA* and adjusted earnings per share**.





* Before share-based payments and exceptional items

** Before share-based payments, amortisation of acquisition intangibles and exceptional items

OFFICERS

David Hornsby

Executive Chairman

Aged 51

David was the Chief Executive Officer of Ideagen Plc between June 2009 and May 2018 when he became Executive Chairman. David has over 20 years' experience in the technology sector and has held a number of senior management positions in both UK and US based software companies including Smart Workforce Management Plc, Parametric Technology Corporation and Profund Systems Limited.

Ben Dorks

Chief Executive Officer

Aged 44

Ben joined Ideagen via the acquisition of Plumtree Group in December 2012 and joined the Board in January 2017 as Chief Customer Officer. He became Chief Executive Officer in May 2018. Ben has over 15 years' experience helping companies fast-track their growth strategy and at Plumtree Group consistently exceeded annual growth and delivered on corporate strategy. Previous to this, Ben held a variety of sales and management roles for Applied Group, TSF Group, and others.

Graeme Spenceley

Chief Financial Officer & Company Secretary

Aged 53

Graeme has been a chartered accountant for over 25 years. He spent 18 years with KPMG, initially specialising in audit where he managed a number of public company clients and later as an associate director in Transaction Services which specialised in the provision of due diligence and reporting accountant services to corporates, private equity companies and banks. Graeme was appointed to the Board of Ideagen in March 2010.

Barnaby Kent

Chief Operating Officer

Aged 41

Barnaby joined Ideagen via the acquisition of Plumtree Group in 2012, where he was the CEO. Plumtree specialised in software for the Content and Clinical markets. He has over 15 years' experience within the Technology sector, prior to that working at Corus Group plc, now Tata Steel. Barnaby has a BSc (Hons) from the University of Southampton and an MBA from Edinburgh Business School. He joined the Board in January 2017.

Alan Carroll

Senior Independent Non-Executive Director

Aged 67

Alan has 25 years' experience in the information systems industry during which he has worked in a senior capacity in the development of the Ministry of Defence's Information System Strategy. He has also been a senior sales manager and advisor to a number of major companies. He is currently managing director of Ultris Limited and Ultris Information Services Limited which are focused on the UK confidential government market. Alan has an MSc in Design of Information Systems from Cranfield Institute of Technology. Alan was appointed to the Board in June 2012. Time commitment to Ideagen is typically one to two days per month.

OFFICERS (CONTINUED)

Jonathan Wearing

Non-Executive Chairman

Aged 65

Jonathan was formerly the Chairman of Ideagen until May 2018 when he was succeeded by David Hornsby. He was previously a director in the London corporate finance department of Citicorp Investment Bank Limited and previously worked in the corporate banking group of Citibank in London. He has run corporate advisory and consultancy businesses in the City for the last 20 years and has worked on training and lecturing assignments with a wide variety of institutions in many parts of the world. He is an early stage investor in technology companies and holds a number of directorships. Jonathan has an MA in Economics from Cambridge University. Time commitment to Ideagen is typically one to two days per month.

Tony Rodriguez

Independent Non-Executive Director

Aged 49

Tony is an experienced technology entrepreneur and software developer. After an early career in a number of blue-chip technology companies, he founded Avellino Technologies Ltd in 1997, and personally led the development of its data profiling software product, now known as TS Discovery, before its acquisition in 2004 by Harte Hanks Trillium. Subsequently he founded X88 Software, since acquired by Experian in 2014, where he led, as CEO and CTO, the development of its data management product (now known as Experian Pandora), which was recognised as a visionary by Gartner. Time commitment to Ideagen is typically one to two days per month.

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FINANCIAL HIGHLIGHTS

33%

Revenue increased by 33% to **£36.1m** (2017: £27.1m)

11%

Underlying organic revenue growth of **11%** (2017: 10%)*

62%

Recurring revenues of **£22.2m** (2017: £15.5m) representing **62%** (2017: 57%) of total revenues

40%

Adjusted EBITDA** increased 40% to **£11.0m** (2017: £7.9m)

33%

Adjusted diluted EPS*** increased 33% to **4.19 pence** (2017: 3.16 pence)

15%

Proposed final dividend of **0.163 pence** per share making a total of 0.241 pence (2017: 0.21 pence) per share for the year representing a 15% increase

£1.4m

Profit before tax of **£1.4m** (2017: £0.7m)

£9.4m

Cash generated by operations of **£9.4m** (2017: £8.9m)

£0.8m

Net cash at year end of **£0.8m** (2017: £4.2m)

OPERATIONAL HIGHLIGHTS

- Acquisition of Medforce Inc. adding 300 US healthcare customers, IP, recurring revenues and a platform for further growth in North America
- Strong international growth with 78% of all new SaaS logo wins outside of the UK
- Significant growth in SaaS business with SaaS bookings up by 174%
- 106 new logo SaaS customer wins including Scandinavian Airlines, AirAsia, RATP DEV, and Northumbrian Water
- 122 new logo on-premise customer wins including Lockheed Martin, Bayer Pharmaceuticals, Verizon, Aston Martin Lagonda and Citibank
- Strong account management with significant contract extensions from SABIC, Danone, Standard Life, HNZ Global and NHS Greater Glasgow and Clyde
- Continued high levels of customer retention with support and maintenance contract renewal rate of 96% (FY2017: 96%)
- Ongoing product innovation and investment across all products
- Strengthening of the board with appointment of Tony Rodriguez as Non-Executive Director

* Comparison calculated on a pro-forma basis as if acquired businesses had been in the Group for the same period in the previous year

** Before share-based payments and exceptional items

*** Before share-based payments, amortisation of acquisition intangibles and exceptional items

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

I am pleased to report on another strong performance for the year to 30 April 2018, representing Ideagen's 9th consecutive year of revenue and EBITDA growth. The Group met or exceeded all key financial and operational objectives for the year covering revenue, profitability, organic growth, cash generation and customer retention.

These results demonstrate that Ideagen has scale, a world class customer base, an outstanding product set and a proven and effective management team. This year's focus has been a combination of organic growth whilst integrating four businesses acquired in the previous year. In April the Group made its first acquisition in North America. Medforce Inc, based in New York State supplies compliance solutions to the US Healthcare sector and represents an important platform for the Group as we expand our Global footprint.

Board

Post year end the Company announced a series of changes to its Board of Directors. These changes were designed to optimise the talent and expertise within the Group and will provide a structure that ensures the Board's skillset remains aligned to the Group's ongoing growth strategy. As Executive Chairman my focus is on the development and the execution of the Group's medium-term growth strategy whilst providing the necessary oversight around our weekly, monthly and annual performance.

In May, the Board appointed Ben Dorks to succeed me as Group Chief Executive. Ben has had a number of Senior Management roles with Ideagen since the acquisition of Plumtree in 2012. Most recently he held the position of Chief Customer Officer and was responsible for all customer facing activities including sales, marketing, professional services, support and product management. Ben has been the architect behind the Group's predictable organic growth, focussed on revenue visibility and strong customer retention, applying a data driven and systems-based methodology. The Board believe that the entire Group will now benefit from such a level of rigour as we continue to execute on our growth strategy.

Jonathan Wearing has stepped down from his position as Non-Executive Chairman after 15 years in this role. Jonathan will remain on the Board as a Non-Executive Director and continue to add his expertise to Board discussions. I would like to thank Jonathan for his commitment and contribution to the Group since 2003.

In September 2017 Tony Rodriguez joined Ideagen as a Non-Executive Director. Tony is a successful software entrepreneur having founded and sold two high growth data management companies. Tony was recruited to help the Board with a number of our strategic technology decisions and to provide Board level oversight on data security and compliance matters. Tony has also provided advice to the Board regarding the recruitment of the Group's new Chief Technical Officer, Ian Hepworth and will mentor Ian in his new role.

Market Opportunity

The Board believes the long-term prospects for the Group are positive. The Governance, Risk and Compliance (GRC) market was, according to Gartner, worth $4.8 billion globally in 2017 and is estimated to be growing at 13% per annum. We believe that we have established a compelling business platform that has been enhanced by the integration of the acquisitions made in the previous year and are well placed to participate in this growth.

Highly regulated organisations require the tools we provide to help them identify, assess and manage corporate risk while complying with international industry standards, and many are only in the early stages of adopting an enterprise-wide approach. The Board believes that the Group's cloud solutions will be a particular growth area for the Group which will increase the percentage of total revenues derived from recurring contracts providing even greater visibility of earnings.

The Group is in discussions with a number of acquisition targets which would potentially add significant value as we aim to consolidate our position in the market.

Dividend

In line with our progressive dividend policy and reflecting our continued confidence in the prospects for the Group, the Board is pleased to propose a final dividend of 0.163 pence per share making a total dividend of 0.241 pence for the year (2017: 0.21 pence) an increase of 15%. Subject to approval at the forthcoming AGM, the final dividend will be payable on 21 November 2018 to shareholders on the register on 2 November 2018. The corresponding ex-dividend date is 1 November 2018.

The success of Ideagen is the result of the excellence and dedication of our employees and on behalf of the Board I should like to thank all of them for their continued hard work. The new financial year has started well and I look forward to continuing our track record of growth and delivering on our strategic objectives.

David Hornsby
Executive Chairman

CHIEF EXECUTIVE'S REVIEW

BUSINESS REVIEW

I am pleased to report on another excellent performance for the twelve months ended 30 April 2018 during which we achieved strong organic revenue growth of approximately 11% and made our first US acquisition which has strengthened our North American opportunity and provides infrastructure and a platform for further growth in this important market.

Total revenue of £36.1 million (2017: £27.1 million), which was approximately £1 million ahead of original expectations, represented overall growth of 33% and adjusted EBITDA grew 40% to £11.0 million (2017: £7.9 million). A key financial metric for the Group continues to be adjusted EPS and I am pleased to report an increase in adjusted diluted EPS of 33% to 4.19 pence for the year (2017: 3.16 pence).

Our early visibility of revenue ahead of expectations enabled the Group to bring forward the investment in a number of sales, marketing and technology initiatives. These include the launch of a new dedicated research and development team, customer success and delivery platform and launch of a new customer website and digital marketing platform. This additional investment will provide resource, technology and infrastructure to further support the Group's growth strategy.

Net cash at the end of the year of £0.8 million was in-line with our expectations following strong cash generation throughout the year.

The Group continues to benefit from a strong and growing base of recurring revenues, which represented 62% of total revenue in the year (2017: 57%). The Group is committed to increasing the percentage of total revenue derived from recurring contracts through the medium-term transition from a traditional licence model to a SaaS subscription-based model. This transition is well underway and recurring SaaS revenues increased by 76% to £8.4 million (2017: £4.8 million).

GRC represents the large majority of Ideagen revenues at 91% and continues to be the primary engine with 17% organic revenue growth. GRC provides software tools that enable customers to identify, assess and prioritise risk and to manage information in line with rigorous regulations. In each of our chosen verticals, our customers are increasingly required to take a holistic view of risk management, internal audit and compliance, with many organisations at the beginning of the adoption phase of high value enterprise-wide solutions.

In order to drive growth we have successfully added new customers to the Group across all of our key GRC verticals, with aviation, financial services and life sciences providing particularly notable success in the year. We also continue to maintain a strong focus on customer success with continuous investment in customer teams, technology and product enhancement. This has resulted in significant revenues from a strong retention of recurring contracts and new projects from our extensive customer base.

All of the acquisitions from the previous financial year have been successfully integrated into the business and have contributed strongly to the Group's performance. The PleaseTech acquisition has contributed strongly in the Defence and Life Sciences Market and we are already seeing significant joint sales of the products in both existing and new customers. IPI and Covalent have been fully integrated in to the Q-Pulse and Pentana products respectively broadening the functionality and creating greater market opportunity.

In April 2018 we acquired Medforce Technologies Inc for a net consideration of $8.7 million (£6.2 million) financed partly from the Group's cash reserves and partly from the Group's debt facilities.

Medforce is a growing, profitable and cash generative healthcare software company having developed the 'Center' suite of enterprise information management, workflow and compliance software used by over 300 US based healthcare customers, including a number of Fortune 500 companies, to support business process productivity and legal compliance.

The acquisition broadens Ideagen's relationships in our existing core sector of healthcare, enhances Ideagen's geographic customer footprint and provides an additional source of recurring revenue.

We continue to invest heavily in our customer success programs and continually measure customer sentiment and health. Net Promotor Score (NPS) is a customer loyalty metric measured on a scale of -100 to +100, where NPS of greater than Zero (0) is considered good within the enterprise software space. During the year we established that our overall NPS score is +23; given the diverse nature of our customers, this is a great starting point for us to measure future success.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

The Board remains committed to an ongoing buy and build strategy and would expect to complete further acquisitions in the future. Our acquisition strategy focusses on recurring revenues and compelling product offerings, and we apply strict criteria to ensure that acquisitions represent value for shareholders.

MARKETS AND PRODUCT STRATEGY

Ideagen's product-market strategy involves horizontal market penetration in quality, environmental health and safety (EHS), audit, performance and risk management, and vertical concentration in aviation, aerospace, automotive and defence manufacturing, life sciences, healthcare, financial services and banking. As an acquisitive Plc, Ideagen actively manages and develops its software products while also seeking acquisitions that strengthen and support the portfolio and strategy.

We have subject matter expertise and decades of experience in our vertical markets and in our technology domains. We acquire, develop, market and sell software products that satisfy our customers' critical needs at the intersection of these domains and markets. For example, we have major focus on the following product to market opportunities:

Q-Pulse

- Quality management in aerospace, defence, healthcare and life sciences
- Quality in the supply chain in aerospace and automotive manufacturing

Coruson

- Safety and risk in aviation
- EHS in manufacturing and utilities

Pentana

- Internal audit
- Performance and risk management

PleaseReview

- Document collaboration, co-authoring and compliance review

Our 3-year portfolio strategy has three pillars:

- Active management of core products
- Migration of core products to cloud, supported by a cloud services technology strategy
- Maintenance and migration of legacy products

This product strategy is designed to support our ambition to be the market leader in quality management software, a visionary challenger with a complete offering in internal audit and EHS management, and a leading vendor in the document collaboration space.

SALES AND MARKETING REVIEW

Our marketing objectives are to generate qualified sales leads and to enhance the global recognition and reputation of our brand and solutions. This is achieved through content driven product and vertical marketing covering blogs, white papers, webinars, a dedicated digital team and over 50 global events per year. Key highlights of the year have been the introduction of a new customer marketing team, over 400 customers at our annual Horizons events and the launch of a new social media team.

We sell our products primarily through a direct sales force which generates 95 per cent (2017 - 93%) of Group revenue. Our sales force operates globally with a focus on UK, Europe, North America, and Asia. The team is organized by both vertical market and product focus area and includes 48 'quota carrying' sales executives and account managers supported by technical sales and domain experts.

We generate revenues from sales to new customers and through repeat licence and services sales to our existing customers. Key highlights of the year have been the success of the graduate program and continued growth of our geographical expansion in Asia and the US.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

OPERATIONAL REVIEW

Ideagen continues to make strong progress in its drive towards operational excellence, with a core focus on its people, processes, systems and facilities. At 30 April 2018 Ideagen had 423 (2017: 363) employees based across its UK and international office network, with over 250 of these located at the 2 core UK offices of Nottingham and Glasgow. Ideagen maintains an international office presence in the US, Dubai, Bulgaria, and Malaysia, where a combined total of 57 people are based.

The organisation is committed to significant investment within our development teams, with 75% of this resource based at the core development sites in Nottingham, Glasgow, and Malaysia. Ideagen maintains its focus upon building domain expertise within core markets and delivering excellence across the customer base. As a result, the Group has 92 people within Sales & Marketing, 65 in Service Delivery and 44 in Support.

Ideagen is pleased to combine success with continued investment in the team, and 53% of employees have been with the Group for 3 or more years. The Group is delighted that this traditionally male dominated sector continues to see strong growth in female applications, resulting in an improved ratio of 67% male to 33% female.

In order to facilitate the growth of recent years, Ideagen continues to invest significantly in 'best of breed' systems that have scalability, functionality and reporting at their core. Salesforce.com remains the number one system for the organisation, providing both the internal platform for sales and marketing, and the external platform for self-service support portals for our customers. In addition, the Group has made commitments for new systems over the next 12 months in Service Delivery, People Management, and Customer Success.

As Ideagen develops, significant resource is invested in benchmarking processes and systems to ensure best practice is standard and that Ideagen remains fit for growth. Ideagen remains committed to relevant accreditations and currently holds Microsoft Gold Partner status, ISO 9001, ISO 27001, and ISO 14001. The Group has membership of a significant number of leading bodies including the Chartered Quality Institute (CQI), Institute of Internal Auditors (IIA), Flight Safety Foundation, and the Institute of Biomedical Science (IBMS).

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

CUSTOMER CASE STUDIES

IDEAGEN CORUSON

IPL

CLOUD BASED RISK AND QUALITY MANAGEMENT

IPL Plastics plc is a high-growth rigid plastics manufacturer specialising in packaging, environmental containers and industrial products. Headquartered in Dublin, Ireland, the company employs around 2000 people in Europe, Canada, USA, Mexico and China and supplies products from 14 production facilities to customers across Europe, USA, Canada, Mexico, Chile and China.

As Head of Risk and Assurance at IPL Plastics, P.J. Brown manages several key risks for the company on a day-to-day basis: "Health and safety is perhaps the most important risk I manage, but all employees across the organisation – in all our plants, in all our offices and, indeed, in all our warehouses – themselves have a key part to play in risk management."

IPL Plastics therefore sought an EHS management system with which employees could capture any hazards with the potential for injury and report them into the system, both to stop incidents from happening again as well as to stop them from happening in the first place.

Pursuant to its risk management strategy, and specifically those goals relating to health and safety, loss prevention and compliance management, IPL Plastics chose Coruson, the cloud-native EHS management application from Ideagen.

Conor Wall is Group Head of EHS and Sustainability at IPL Plastics, and is focused on driving consistency in EHS processes and performance and measures IPL against a range of industry benchmarks, such as OSHA recordable case rate "By migrating to a more intelligent platform and capturing the data across all our facilities in a very consistent manner, we can use that information and mine that data in order to spot trends across the group. For example, forklift safety – if we start to see trends in terms of speed or collisions, but we're seeing it happening a little bit too regularly across multiple sites, we know we have a problem before somebody actually gets hurt."

Conor concludes:

> *"Coruson is easy to use and allows me to configure it quickly – without going back to the vendor – and deploy changes back to the user with absolute ease, as well as giving me the confidence that we have an engaged workforce that uses the system."*

P.J Brown adds: "Coruson enables all employees to take a key position and to contribute significantly to the management of health and safety in all our locations."

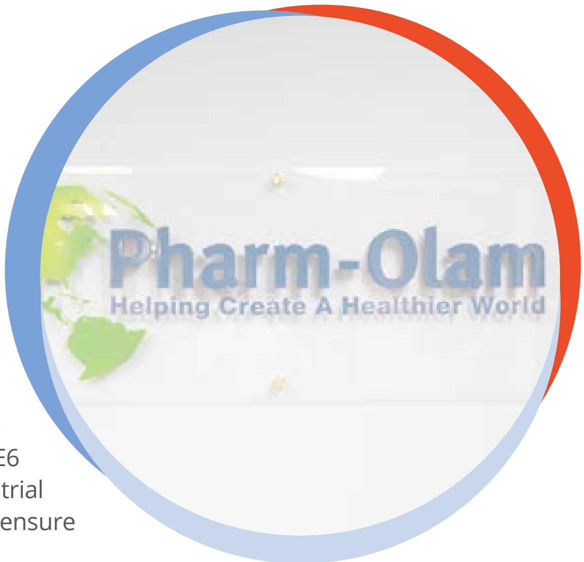
CHIEF EXECUTIVE'S REVIEW (CONTINUED)

CUSTOMER CASE STUDIES

IDEAGEN Q-PULSE

PHARM-OLAM

ON PREMISE QUALITY MANAGEMENT



Headquartered in Houston, Texas and with 27 offices around the world, Pharm-Olam is a mid-size global full service contract research organisation (CRO) that conducts clinical trials in all major global markets. Pharm-Olam was founded in 1994 and has a strong reputation of performing exceptionally in challenging international clinical trials.

The International Council for Harmonisation's (ICH) addendum to the ICH E6 Guideline for Good Clinical Practice (GCP) (ICH E6 (R2)) in 2016 has been the most significant change to GCP guidance in the last 20 years. ICH E6 (R2) encourages organisations to adopt a risk-based approach to clinical trial design, conduct, oversight, recording and reporting, while continuing to ensure the safety of patients and the integrity of trial data and results.

Melisa Williamson is Quality and Compliance Officer at Pharm-Olam International, where she manages the organisation's corrective and preventative action (CA/PA) analysis, risk management and process improvement "The implications of ICH E6 (R2) are asking us to take a more critical look at our processes and our critical data points and ensure that we are always securing patient safety and data integrity as our highest priority."

Pharm-Olam chose Q-Pulse from Ideagen to manage its quality management system (QMS). Q-Pulse provided document control, audit management, risk reporting, non-conformance management and system workload and performance analytics.

As Chief Compliance Officer for Pharm-Olam International, Dan Burgess is responsible for overseeing the organisation's quality management system (QMS), including its controlled documentation, investigations and CA/PA "Risk and quality are really important when we're looking at two things – we're predominantly focused on patient safety and data integrity. Q-Pulse gives us the ability to look around the entire lifecycle of data and any risks that could impact patients and accommodate those within our systems."

Dan concluded "Q-Pulse also gives me the advantage of being able to work around the full quality cycle, so having document control, CA/PA management and audit in one solution is a huge advantage."

Pharm-Olam also chose Ideagen's cloud-based risk management software, Q-Pulse Risk, which is based on the international risk management standard ISO 31000, to provide risk identification and risk management that could integrate with Q-Pulse.

> *Q-Pulse Risk allows us to see the entire system and find out where our controls are effective, ineffective or perhaps non-existent.*

Melisa Williamson is Quality and Compliance Officer at Pharm-Olam International.

Using Q-Pulse Risk, Pharm-Olam have been able to put in place robust risk management practices throughout the organisation to ensure that any risks associated with patient safety and data integrity can be analysed, understood, evaluated and appropriate risk treatment applied.

In addition, being able to identify risks on an ongoing basis has enabled teams to ensure that threats and their corresponding tasks can continue to be recognised and communicated and that appropriate action can be taken. Teams have also been able to significantly reduce the time taken to implement risk assessment and risk treatment activities.

Q-Pulse Risk also provides unlimited access for other users, which has accelerated progress and communications. Together with this, the improved management of data has resulted in stronger buy-in from senior management. "Because we're taking a proactive approach, we can identify issues before they arise," concludes Melisa. "This allows our teams to execute a risk-based approach that is tailored to each study at the system level and at the protocol level."

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

CUSTOMER CASE STUDIES

IDEAGEN PLEASEREVIEW

US NAVY WDC

DOCUMENT COLLABORATION AND REVIEW

The US Navy Warfare Development Command (NWDC) is the executive agent for the Navy Doctrine Library System (NDLS) that is used to distribute doctrine to fleet users and manages the content of the entire Navy doctrine library.

Frustrated by reading through lengthy emails searching for relevant comments amid the background clutter of irrelevant information or administrative remarks and having to lead a document review project where a CRM (comments resolution matrix) is used to track hundreds of inputs led the Navy Warfare Development Command to research commercial off-the-shelf collaboration options to increase review productivity and save crucial time.

Navy Doctrine Library System (NDLS) had the capability for uploading Word documents for online review and commenting. The system was designed to maximize collaboration during the review process, but the document import process was clunky and labor-intensive requiring multiple manual entries and many steps that took days to complete.

NWDC settled on PleaseReview and completed installation of the system on its portal and now uses it to develop and revise Navy doctrine.

Uploading a document now takes less than five minutes and requires very little additional formatting work. "We wanted to find a capability that would expedite the document review process, to make it a lot simpler," explained Robert Wilhelm, NWDC Publishing Manager.

"Now stakeholders can work on the same document at the same time which increases productivity and saves time. The author can see all the comments, accepting or rejecting changes, and the software automatically merges all the accepted changes into the document."

Robert Wilhelm, NWDC Publishing Manager

By making the document available for review in a secure, controlled, browser-based environment multiple participants can access the same copy of the document and work on the review simultaneously, as well as accessing it offline. In this way, PleaseReview provides distinctive collaboration features where everybody can see other users' contributions, ensuring a more open and transparent process.

This means an end to multiple emails and attachments, version incompatibility, style and formatting issues and duplication of effort. In fact, the time spent reviewing documents has been dramatically reduced, which means the final document is completed faster, and the collaboration features result in more accurate, higher quality results.

Using the previous system, the author had to wait for feedback from all stakeholders and then painstakingly go through each comment, cutting and pasting text for accepted changes. "Changes had to be modified manually. It was tedious and time-consuming," Wilhelm said. "PleaseReview displays a history of changes and comments so one critical comment is not a show-stopper. It also allows comments to be categorized so that a reviewer can filter out administrative remarks, for example, which is very useful for reviewing staffs."

NWDC estimates that timelines for the review process are now cut in half to about one to three weeks, and the new software is about half the cost of the previous system to operate.

Now, authors do not have to wait until the deadline for commenting has passed to begin adjudicating comments. Instead, reviews can be made in real-time in an energetic and innovative collaborative environment. At the end of the review, PleaseReview automatically exports the completed document with or without track changes for the participants.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

OUTLOOK

Trading since the year end has remained robust and we continue to see strong demand for our products from new potential customers. With acquisitions made during the previous year performing well, and with a base of over 4,000 customers generating growing recurring revenues and repeat business together with the recent share placing and acquisitions of InspectionXpert and Morgan Kai, the Board has every confidence in the continued prospects for the Group.

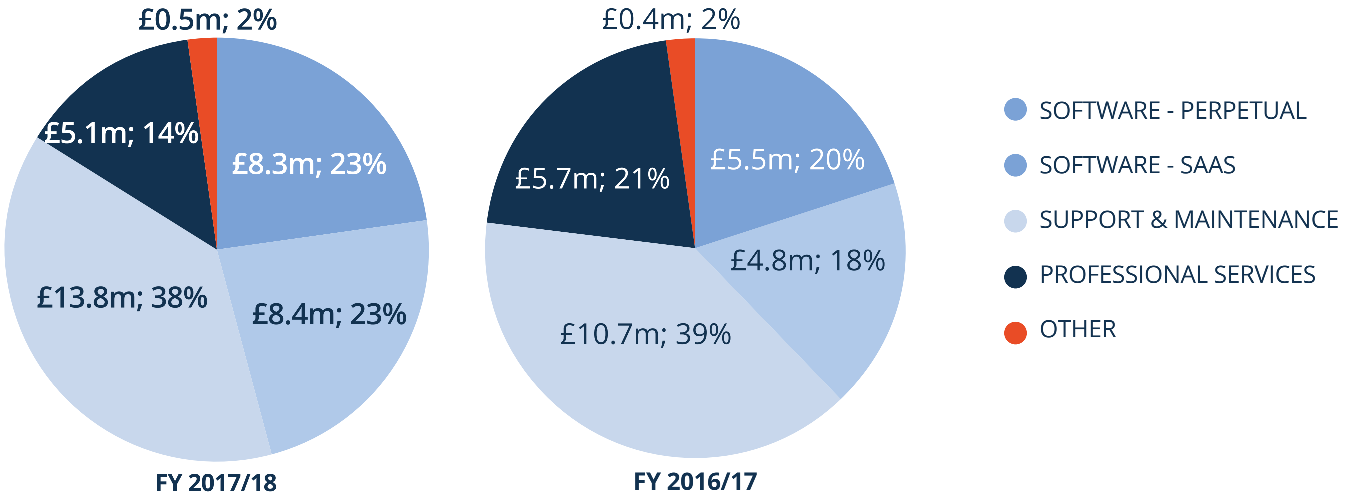
Ben Dorks
Chief Executive Officer

FINANCIAL REVIEW OF THE YEAR

Revenue for the year ended 30 April 2018 increased by 33% to £36.1 million (2017: £27.1 million). Within this, pro-forma organic revenue growth was 11% (2017: 10%). This is calculated based on a comparison with pro-forma revenue for FY2017 of £32.6 million which includes revenues for Covalent, IPI, PleaseTech, Ideagen EOOD and Medforce Technologies for the same period that they were owned by the Group in FY2018.

Sales bookings increased by 63% to £22.7million (2017: £13.9million). For SaaS based contracts, a booking includes three years of SaaS subscriptions and associated professional services revenues. For on-premise based contracts, a booking includes a perpetual licence, one year of maintenance and associated professional services revenues.

Revenues are analysed by revenue type as follows:



Recurring revenues are a key strategic focus and they have grown strongly because of both the continuing emphasis on growing sales of our SaaS/Subscription-based products and the acquisitions of businesses with high levels of recurring revenues. SaaS revenues were £8.4 million (2017: £4.8 million) representing 23% (2017: 18%) of Group revenue. Maintenance and Support revenues on perpetual licence sales continued to grow in value terms but represented a reducing proportion of total revenues at 38.2% (2017: 39.4%). Total recurring revenues increased by 44% to £22.2 million (2017: £15.5 million) representing 62% (2017: 57%) of overall revenues.

Professional services revenues represented 14% (2017: 21%) of total revenues. This decline is mainly due to the much lower proportions of professional services revenues inherent within the businesses acquired over the last two years.

Licence sales increased to £8.3m (2017: £5.5m) or 23% (2017: 20%) of total revenue. This is due to a combination of strong upsells in existing customers and the continued sales into new logo customers.

The Group provides software solutions in two areas; GRC and Content and Clinical, although the Group is now almost entirely focused on GRC products after further resources were re-deployed from Content and Clinical to GRC to address the wider and more profitable opportunities available in the GRC market. Revenues from GRC products increased to 91% (2017: 84%) of Group revenue as a result of both the acquisitions of GRC businesses in the prior year and strong pro-forma organic GRC revenue growth of 17% (2017: 13%).

As a result of the Group's increased concentration of its resources on GRC products, Content and Clinical revenues declined in the year to £3.3 million (2017: £4.5 million) representing only 9% (2017: 16%) of total Group revenue. The majority of this decline is due to the Group's decision to no longer bid for contracts for the design and build of web sites for the UK public sector which represented lower margin, service-based business for the Group.

Adjusted EBITDA increased by 40% to £11.0 million (2017: £7.9 million) and the adjusted EBITDA margin increased to 30.5% (2017: 29.0%). The improved margin was largely driven by an increase in gross margin to 91.2% (2017: 89.5%) which was positively affected by the higher gross margins in businesses acquired in the prior year. Operating costs continue to be tightly controlled representing 60.7% (2017: 60.5%) of revenue, however we continue to target investment in our staff and the infrastructure of the business to support continued organic growth and to provide a strong, scalable platform for the integration of future acquisitions.

FINANCIAL REVIEW OF THE YEAR (CONTINUED)

The Group has significant intangible assets, primarily from the acquisitions that it has made. Amortisation of acquisition intangibles of £5.8 million (2017: £4.3 million) represents the majority of the total depreciation and amortisation charge of £7.1 million (2017: £5.3 million). Amortisation of development costs amounted to £1.0 million (2017: £0.7 million). The share-based payment charge of £1.9 million (2017: £1.2 million) relates to the Group's equity-settled share option schemes including the Long Term Incentive Plan and the Share Incentive Scheme for employees. The charge included £0.3 million (2017: £0.3 million) of national insurance costs on the exercise of non-tax efficient options. The remainder of the charge does not represent a cash cost to the Group.

The adjusted Group tax charge amounted to £1.0 million (2017: £0.8 million). This has been adjusted to exclude the deferred tax effects associated with the amortisation of acquisition intangibles and share based payment charges. The adjusted Group tax charge represents 10% (2017: 12%) of adjusted profit before tax of £9.7 million (2017: £6.9 million). The Group's use of tax losses, R&D tax credit claims and tax deductions linked to the exercises of share options have significantly reduced the Group's liability to UK corporation tax on FY2018 profits.

As a result of the above, adjusted diluted earnings per share increased by 33% to 4.19 pence (2017: 3.16 pence).

The Group's financial position has continued to strengthen during the year with net assets increasing to £50.5 million (2017: £46.4 million).

The level of intangible assets increased to £60.3 million (2017: £56.4 million) mainly as a result of the acquisition of Medforce completed during the year. The Group capitalised £2.2 million (2017: £2.0 million) of R&D development costs during the year which represented 6.2% (2017: 7.3%) of total revenues. The increase is due to costs capitalised in respect of the products being developed by the businesses acquired during the prior year.

During the year, the Group made payments of £3.7 million in respect of deferred and contingent consideration in respect of prior year acquisitions. The net cash cost of the acquisition of Medforce during the year of £6.2 million was funded through a combination of the Group's existing cash resources and the Group's revolving working capital facility. The Group increased the level of this facility to £8 million (2017: £3million) during the year and at 30 April 2018, £4.75 million (2017: £2.0 million) of this facility was being utilised.

Cash generated by operations during the year amounted to £9.4 million (2017: £8.9 million) representing cash conversion of approximately 85% (2017: 113%) of adjusted EBITDA. It is however important to note that these cash conversion figures were impacted by the receipt, prior to the year-end of £1.1 million (2017: £0.8 million) of cash from option holders who have exercised options near the end of the financial year to cover payroll taxes arising on the exercise. These sums were paid out after the relevant year ends. Excluding these amounts, cash generated by operations would have represented approximately 83% (2017: 103%) of adjusted EBITDA. The Group has therefore achieved the average minimum cash conversion target set by the Board of 90% over a two- year period.

Free Cash flow in the year amounted to £6.1 million (2017: £6.1 million) representing 55% (2017: 77%) of adjusted EBITDA. The Group ended the year with net cash balances of £0.8 million (2017: £4.2 million) after taking into account the amounts borrowed on the revolving credit facility.

FINANCIAL REVIEW OF THE YEAR (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is an important part of the management process throughout the Group and a policy of continuous improvement is adopted in assessing the adequacy of the internal system of controls. The Group's operations expose it to a variety of risks including strategic, economic, operational and financial. The management of the group monitors the exposures to these risks in order to limit the adverse effects of these risks on the financial performance of the Group.

Strategic. The Group operates in a dynamic market and constantly seeks to ensure the solutions it offers are competitive.

Economic. A worsening of the economic climate may lead to reduced spend on IT systems and services by customers. The risk of a worsening economic climate in the UK is perceived by many to have increased as a result of the uncertainties surrounding Brexit. However the Group has a wide geographical spread of customers and the effects of Brexit on the Group have so far been quite limited. The Group also has products and solutions which can help customers lower their cost base in difficult trading conditions and which address compliance issues that, to a large extent, need to be covered even in an economic downturn.

Operational. The Group's most significant assets are the intellectual property developed by the Group, the intangible assets acquired with business acquisitions and the employees of the Group. Ongoing product review and investment into product development together with the Group's quality procedures seek to ensure that products are reliable, of high quality and relevant to market requirements.

Financial. Management actively review the cash flow position of the Group both in the short and medium term and maintain a level of cash and debt finance facilities designed to ensure that the Group has sufficient funds for its operations and its strategic requirements. The greater part of the Group's revenues and costs are denominated in sterling however the Group is exposed to foreign exchange risk, principally through profits and cash inflows generated in US dollars by the Group's US subsidiaries and through invoicing a proportion of overseas customers in foreign currencies, most notably US dollars and euros. The foreign exchange risk is partly addressed by maximising costs denominated in US dollars. Management closely monitors exchange rate fluctuations and will use forward contracts when considered to be appropriate to reduce this risk. The Group implements appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit which is regularly reassessed.

KEY PERFORMANCE INDICATORS

The Board measures the performance of the Group against budgets and its strategic objectives on a regular basis. The following key financial performance indicators are used by management as part of this ongoing assessment.

PERFORMANCE INDICATOR	2018	2017	COMMENTARY
Total revenue growth	33%	24%	Revenue growth is used in the internal assessment of how the Group is performing against strategy.
Organic revenue growth	11%	10%	Organic revenue growth is calculated based on a comparison of current year revenue with prior year revenue as adjusted to include acquisitions for the same period as the current year.
Recurring revenue as a percentage of total revenue	62%	57%	One of the Group's strategic aims is to increase the proportion of contracted recurring revenues in the medium term.
Adjusted EBITDA (£million)	11.0	7.9	EBITDA adjusted for share-based payment charges and exceptional items. Management consider this to be a more appropriate measure of the underlying performance of the Group.
Adjusted EBITDA margin	30.5%	29.0%	Adjusted EBITDA as a percentage of revenue.
Adjusted diluted earnings per share (pence)	4.19	3.16	The calculation of adjusted earnings per share is detailed in note 8 to the financial statements. Management consider that adjusted earnings per share is a better indicator of the underlying performance of the Group than unadjusted earnings per share.
Adjusted diluted earnings per share growth	33%	19%	
Cash generated by operations as a percentage of adjusted EBITDA	85%	113%	This is a measure of the rate of conversion of adjusted EBITDA into operating cash flow.
Free cash flow as a percentage of adjusted EBITDA	55%	77%	Free cash flow is defined as cash generated by operating activities plus cash flows from investing activities excluding those cash flows associated with the acquisition of businesses. It is a measure of the cash generated by the Group which is available for investing in business acquisitions before taking into account any financing cash flows.

Approved by the Board and signed on its behalf by

....
Graeme Spenceley
Director and Company Secretary
2 October 2018

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 APRIL 2018

INTRODUCTION

The Board understands the value and importance of good corporate governance and is committed to the ongoing development of practices within the Group to provide better governance. In this statement we explain our approach to governance and how the Board and its committees operate.

The corporate governance framework which the Group operates is proportional to the size, stage of development and complexity of the business. In order to meet the requirements of AIM Rule 26, we have decided to follow the Quoted Companies Alliance ("QCA") guidance for smaller and mid-sized quoted companies.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the board judges these to be appropriate in the circumstances. The QCA also provides recommendations as to whether the explanations in respect of each principle should be provided in the annual accounts or on the Company's website or both. We have provided information below in respect of those principles which the QCA recommends should be explained in the annual accounts. Further information can be found on the Company's website at www.ideagen.com.

ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS

The purpose of the Group is to provide document and data centric Quality, Safety, Audit and Risk solutions to heavily regulated markets such as Aviation, Life Sciences, Banking and Finance, Aerospace and Defence, and Automotive. This is distributed through our Ideagen Cloud Service architecture (ICSA) and licensed software technology to deliver world class governance, risk and compliance outcomes for our customers on a long-term basis.

Our business model is to deliver this through our own sales, marketing and customer delivery teams within our global network of offices in the UK, Europe, Middle East, Asia and the US.

Our strategy is to develop, in conjunction with our 4000+ global customers, leading proprietary software technology that acts as a competitive differentiator. This enables us to drive excellent return on investment and world class outcomes for our customers while providing high-quality long-term recurring revenue. In addition, we look to make acquisitions in complementary markets which deliver high value IP and strong recurring revenue growth.

This will deliver a profitable and highly-valued business with competitive advantages over other providers of similar services.

The key challenges we face include:

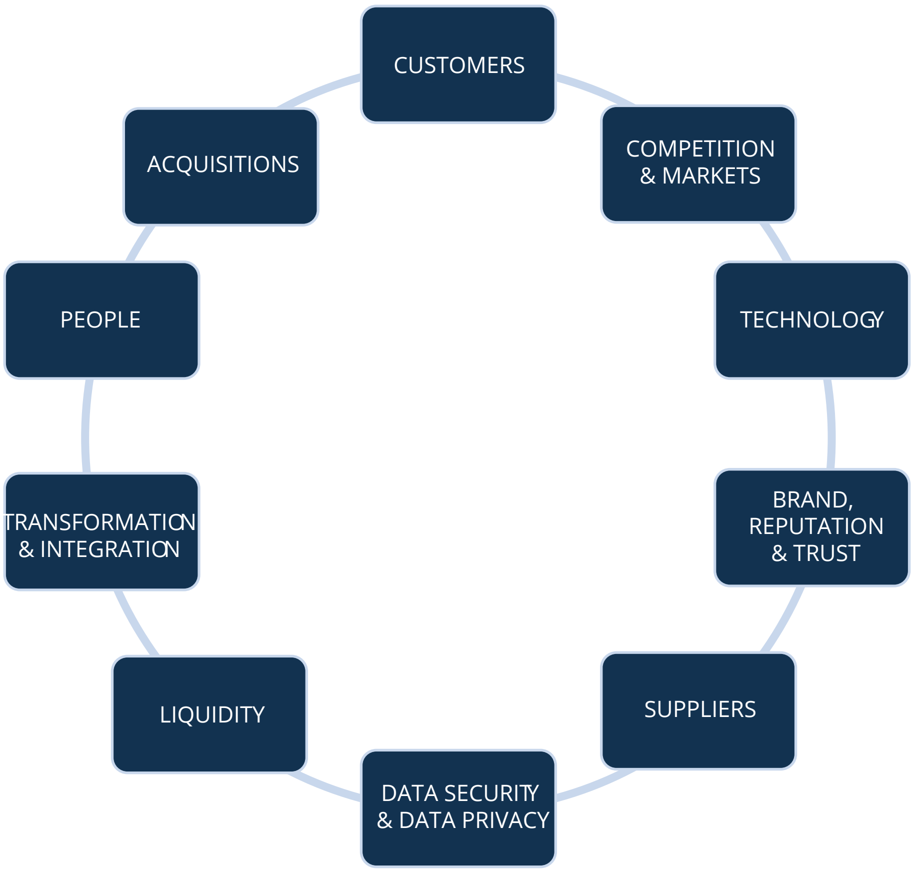
- **Maintaining consistently high levels of quality development and market leading roadmap** – With 35% of all employees engaged in our R&D teams we invest heavily in ensuring the continued development of our products. Very high standards are now expected by customers when it comes to software development. We have implemented automated testing wherever possible, and our software is 100% unit tested throughout its lifecycle. Our product roadmaps are developed through a 15-strong product team that works closely with customers and industry analysts such as Gartner. This delivers a product roadmap which maintains competitive advantage and ensures our continued high rate of customer retention.
- **Customer Success and Loyalty** – We continue to invest heavily in customer success and continually measure customer sentiment and health through an ongoing programme. This includes voice of the customer survey, transactional measurement of customer service and net promoter score as well as a full customer success platform. Additionally, we have a customer success team managing recurring revenue, subscriptions and attrition rates.
- **Delivering continuous availability** – a failure in the group's systems could lead to an inability to deliver services to our customers. This is addressed by operating redundant systems across multiple availability zones using both AWS and Azure cloud infrastructure, and a comprehensive business continuity programme. In addition, we have a 24/7 global support operation in the UK and Kuala Lumpur which monitors availability and performance.

- **Acquisition and Integration** – We apply strict criteria to ensure that acquisitions represent value for shareholders. A key element is the active integration of all the acquisition's technology, organisational and sales capability. We have a dedicated integration team which actively bring together the integration through our 87-point programme. This is reviewed by the senior management and leadership team through a regular monthly meeting, and the PLC Board on a quarterly basis to ensure this is independently checked and verified and that the integration and return on capital is being fully maximised.
- **Recruiting and retaining suitable staff** – the group's ability to execute its strategy is dependent on the skills and abilities of its staff. We undertake ongoing initiatives to foster good staff engagement and ensure that remuneration packages are competitive in the market.

We believe we have the right strategy and service in place to deliver strong growth in sales over the medium to long term and we expect to continue growing our base of recurring revenues. This is achieved by increasing the percentage of total revenue derived from recurring contracts through the medium-term transition from a traditional licence model to a SaaS subscription-based model. This transition is well under way which will result in improving EBITDA margins or provide us with scope for additional investment in new services. This will enable us to deliver sustainable shareholder value.

EMBEDDING EFFECTIVE RISK MANAGEMENT

In the formation of the Ideagen medium term strategy the Group has documented the strategic drivers and key corporate risks that it needs to understand and manage. These 10 identified areas represent all aspects of the Ideagen operational model and specifically cover the risks attached to the Group's acquisitive 'Buy and Build' strategy.



Overall accountability for risk management rests with the Board, which is actively engaged in setting risk appetite and monitoring the process of risk assessment and mitigation. However, through Ideagen's proven organisational structure, the responsibility for all individual aspects of risk is passed down to the operational functions, ensuring that risk becomes a cultural part of the Group's identity. When this is combined with open communication and a policy of honesty and transparency, the Board has confidence that all decisions are being made against the backdrop of a controlled process, clearly striking the balance between a drive for growth and an awareness of risk.

MAINTAINING THE BOARD AS A WELL-FUNCTIONING BALANCED TEAM LED BY THE CHAIR

The Board has a legal obligation to promote the interests of the Group, and the members of the Board are collectively responsible for defining the Group's corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chairman.

The Board consists of seven directors of which four are executives and three are non-executives, one of whom was appointed during the year. In May 2018, the roles of three members of the Board were changed. These changes are designed to optimise the talent and expertise within the Group and will provide a structure that ensures the Board's skillset remains aligned to the Group's ongoing growth strategy.

David Hornsby moved from the role of Chief Executive Officer to become the Group's Executive Chairman. The Board has a clear strategic objective to grow the business significantly both organically and through further acquisitions. Having led Ideagen's significant growth since 2009, David now has responsibility for Ideagen's medium and long-term growth plans and his particular areas of focus will include Group strategy, M&A and Investor Relations. David will continue to be involved with Ideagen on a full-time basis but will not be involved in the day to day operational management of the Group.

Ben Dorks, formerly Ideagen's Chief Customer Officer, succeeded David to become Ideagen's Chief Executive Officer. In this role Ben is building upon his previous leadership responsibilities and his focus is on the Group's overall operational performance, customer acquisition and retention and product development.

Jonathan Wearing has stepped down from his position as Non-Executive Chairman after 15 years in this role. Jonathan will remain on the Board as a Non-Executive Director although due to the size of his shareholding in the Company the Board takes the view that he should not be considered as independent within the meaning of the Code. However, Jonathan's wealth of experience is still considered to be of significant ongoing value to the Board.

Alan Carroll and Tony Rodriguez are considered to be independent non-executive directors and Alan Carroll is considered to be the senior independent non-executive.

The board is supported by an Audit Committee and a Remuneration Committee. The Board does not consider that it is of a size at present to require a separate nominations committee, and all members of the board are involved in the appointment of new directors. The board intends to appoint additional non-executive directors as the Group expands further. In addition to attending Board meetings, non-executive directors are required to be available at other times as required for face-to-face and telephone meetings with the executive team and investors.

During the year ended 30 April 2018, there were 11 scheduled Board meetings and other Board meetings as required to approve other business such as the acquisition of a business. Due to other Ideagen commitments, Ben Dorks was unable to attend two of these scheduled meetings and Barney Kent was unable to attend one meeting. Tony Rodriguez attended all of the meetings following his appointment in September 2017 and the other directors attended all of the scheduled Board meetings held during the year.

In addition, there were two Audit Committee meetings and two Remuneration Committee meetings which were all attended by Alan Carroll as committee chairman. Jonathan Wearing and Tony Rodriguez attended all of the meetings that they were required to attend during their tenure as members of those committees.

The chairman is responsible for ensuring that directors receive accurate, sufficient and timely information. The company secretary compiles the board and committee papers which are circulated to directors prior to meetings. The company secretary provides minutes of each meeting and every director is aware of the right to have any concerns minuted and to seek independent advice at the group's expense where appropriate.

DIRECTOR EXPERIENCE, SKILLS AND CAPABILITIES

The Board considers that it has an appropriate blend of sector, financial and public markets experience and personal skills and capabilities to enable it to deliver its strategy. Five members of the Board have been involved in the technology sector for many years and four of the directors have at least 6 years of public markets experience. Directors attend trade events and seminars to ensure that they remain up to date with current developments.

The Board acknowledges that as the Group continues to develop, the mix of skills and experience of its members will need to change to reflect this. An additional non-executive director joined the Board during the year and the Board will seek to balance the number of executives and non-executives through the appointment of an additional non-executive as the size and complexity of the Group develops further.

Further information on the experience of each of the directors is provided on pages 4 and 5.

EVALUATING BOARD PERFORMANCE

It is recognised by shareholders that the Board has performed well both in terms of the development of an effective business strategy and in its day to day execution. The Board has continued to evolve and a number of important changes have been implemented to ensure continuous improvement and performance.

In January 2016 Ben Dorks, then Chief Customer Officer and Barney Kent, Chief Operating Officer joined the Board to provide deeper and broader input to board decision making .In September 2017 Tony Rodriguez joined the board as an independent non-executive Director with a specific responsibility for technology.

Subsequently a further board evaluation process led by the Chairman took place between November 2017 and April 2018. All directors met with the Chairman about the effectiveness of the board and provided a self-assessment of their own contributions, skillset and future development.

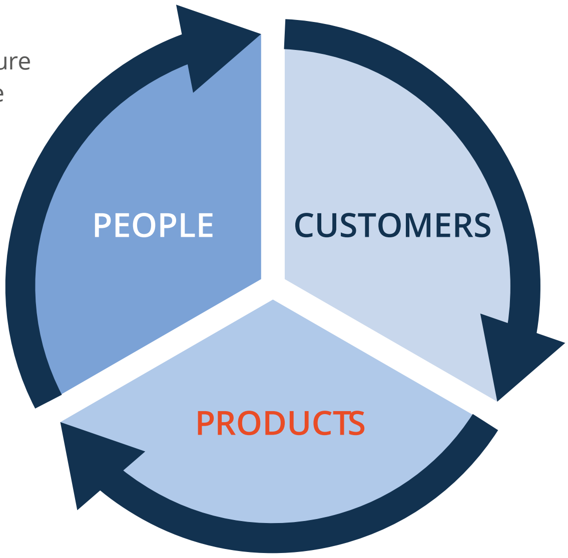
PROMOTING A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

Ideagen is an organisation built on the three core pillars of People, Customers, and Products. These provide the foundation for the company culture and identity, which revolves around investment in our people, to build great products for both existing and new customers. These customers in turn provide the revenue to feed back into the cycle for continuous improvement of our People.

This simple approach is at the heart of the Group, whereby all the functions and teams believe they contribute to the success of Ideagen and feel empowered to contribute to the delivery of the Group's vision.

Complimenting these three pillars are seven shared strategic drivers, which are used to ensure the actions of our employees are targeted towards improving the organisation in a sustainable and controlled manner and one that represents Ideagen's core values and beliefs of open communication and transparency.

In support of all actions within the Group is a strong organisational structure and a comprehensive suite of documented policies and processes to ensure all appropriate workflows have rigorous safeguards. However, as an organisation we are conscious to strike the balance to create a culture of openness and collaboration, where teamwork in delivering the Group's objectives is the primary driver.



The Group has recently taken the decision to change its approach to consulting with employees by replacing lengthy annual surveys with a shorter, more regular survey designed to measure and improve employee engagement. We anticipate that this will provide a continuous process for feedback allowing Ideagen to learn more about what drives our employees, areas we could improve and also what we are already doing well. The first survey has just been completed and the response rate was very high. The Board will review the results and take appropriate actions.

AUDIT COMMITTEE REPORT

The Audit Committee is required to meet not less than twice each year. The audit committee receives and reviews reports from management and from the Group's external auditors relating to the annual accounts and to the internal control procedures in use throughout the Group. It is responsible for ensuring that the financial performance of the Group is properly reported with particular regard to legal requirements, accounting standards and the AIM Rules for Companies. The ultimate responsibility for reviewing and approving the annual report and accounts and the interim reports remains with the Board.

The Audit Committee comprises the two independent non-executive directors, Alan Carroll (as committee chairman) and Tony Rodriguez since his appointment as a non-executive director in September 2017. Jonathan Wearing was also previously a member of the Audit Committee but stepped down from this role on the appointment of Tony Rodriguez.

During the year the Committee met with the external auditors on two occasions, prior to and after the annual audit. The members of the Committee also have direct access to the external auditors on an ongoing basis as required.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee is required to meet not less than twice each year. It is responsible for considering and reviewing the terms and conditions of service (including remuneration) of executive directors and senior employees and the design and operation of the Company's share option schemes and making appropriate recommendations to the Board.

The Audit Committee comprises the two independent non-executive directors, Alan Carroll (as committee chairman) and Tony Rodriguez since his appointment as a non-executive director in September 2017. Jonathan Wearing was also previously a member of the Remuneration Committee but stepped down from this role on the appointment of Tony Rodriguez.

The Company's remuneration policy for directors is designed to retain and attract high-calibre executives and motivate them to develop and execute strategies aimed at optimising long-term shareholder value. When formulating remuneration policies for the directors, the Remuneration Committee considers external data on market rates for remuneration of directors of comparable seniority and type of other companies which are of a similar size and nature to Ideagen. The Company aims to pay its directors at the median level based on this comparison whilst aiming for top quartile long-term performance.

The salaries of the Executive Directors are reviewed annually taking into account their experience, responsibilities and performance. Executive Directors have private medical insurance and the Company makes contributions into the Company's contributory pension scheme on behalf of the Executive Directors.

The fees of the Non-Executive Directors are determined by the Executive Directors.

During the year ended 30 April 2017, the Company introduced the 2017 Long Term Incentive Plan and 1,200,000 share options with an exercise price of 1 penny each were granted to each of Graeme Spenceley, Ben Dorks and Barnaby Kent. In total, 1,800,000 of these options would become eligible to vest on the Company's share price reaching 98 pence over 30 consecutive business days. The remaining 1,800,000 options would become eligible to vest on the Company's share price reaching 136 pence over 30 consecutive business days. Any shares issued in respect of the exercise of any of these options cannot be sold until the fourth anniversary of the grant date and are subject to continued service throughout.

These options were issued with the principal aim of becoming fully exercisable on the doubling of the Company's share price from the 68 pence target price incorporated into the previous 2015 Long Term Incentive Plan award.

During the year ended 30 April 2018, a total of 1,800,000 of these options linked to the 98 pence share price condition were exercised by Graeme Spenceley, Ben Dorks and Barnaby Kent.

Full details of the remuneration and share options of the directors are set out at notes 6 and 21 to the financial statements.

By order of the Board

David Hornsby
Chairman

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2018

The directors are pleased to present their report and the audited financial statements for the year ended 30 April 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the development and supply of software solutions and the provision of associated professional and support services.

RESULTS AND DIVIDENDS

A review of the results for the year and the financial position of the Group is included in the Strategic Report on pages 7 to 18 and details are set out in the financial statements on pages 32 to 97.

A final dividend in respect of the year ended 30 April 2017 of 0.142 pence per ordinary share was paid to shareholders on 22 November 2017. The total cost of this dividend was £284,000.

An interim dividend in respect of the year ended 30 April 2018 of 0.078 pence per ordinary share was paid to shareholders on 20 March 2018. The total cost of this dividend was £156,000.

The directors propose a final dividend in respect of the year ended 30 April 2018 of 0.163 pence per share payable on 21 November 2018 to shareholders on the register on 2 November 2018. This is subject to approval by shareholders at the forthcoming Annual General Meeting.

In accordance with S414c(ii) of the Companies Act 2006, the Group has chosen to set out in the Group's Strategic Report, information required by the Large and Medium Companies and Groups (Accounts and Reports) Regulations 2008 Sch.7 to be contained in the Director's Report.

DIRECTORS

The directors who held office were as follows:

- David R K Hornsby (Executive Chairman)
- Benjamin C Dorks (Chief Executive Officer)
- Graeme P Spenceley (Chief Financial Officer)
- Barnaby L Kent (Chief Operating Officer)
- Alan M Carroll (Non-Executive Director)
- Jonathan P Wearing (Non-Executive Director)
- Tony Rodriguez (Non-Executive Director) *appointed 4 September 2017*

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

During the year ended 30 April 2017, the Company introduced the 2017 Long Term Incentive Plan and 1,200,000 share options with an exercise price of 1 penny each were granted to each of Graeme Spenceley, Ben Dorks and Barnaby Kent. In total, 1,800,000 of these options will become eligible to vest on the Company's share price reaching 98 pence over 30 consecutive business days. The remaining 1,800,000 options will become eligible to vest on the Company's share price reaching 136 pence over 30 consecutive business days. Any shares issued in respect of the exercise of any of these options cannot be sold until the fourth anniversary of the grant date, and are subject to continued service throughout.

These options were issued with the principal aim of becoming fully exercisable on the doubling of the Company's share price from the 68 pence target price incorporated into the 2015 Long Term Incentive Plan award.

During the year ended 30 April 2018, 1,800,000 of these options linked to the 98 pence share price condition were exercised by Graeme Spenceley, Ben Dorks and Barnaby Kent.

Full details of the remuneration and share options of the directors are set out at notes 6 and 21 to the financial statements.

The directors who served during the year had the following interests in the share capital of the Company at the beginning and end of the year.

	30 April 2018	**30 April 2017**
David Hornsby	8,648,853	8,644,533
Ben Dorks	1,699,320	1,495,000
Graeme Spenceley	827,040	622,720
Barnaby Kent	1,976,980	2,017,660
Alan Carroll	204,021	204,000
Jonathan Wearing	4,189,066	4,439,066
Tony Rodriguez	-	-*

* As at 4 September 2017, the date of appointment as a director.

DIRECTORS' INDEMNITY AND INSURANCE

The Group maintained insurance cover during the year for its Directors and Officers and those of subsidiary companies under a Directors and Officers liability insurance policy against liabilities which may be incurred by them while carrying out their duties.

EMPLOYEES

The Group invests considerable resource and time into rewarding and recognising the contribution that employees make to the Group by offering a balanced lifestyle reward package which includes: private medical insurance, life insurance, contributory pension scheme and more recently we have introduced a Share Incentive Plan (SIP). The SIP is run across all of our UK locations and globally, as this is a benefit which can be offered to employees outside of the UK. This enables us to provide employees with an all-inclusive reward program that enables them to share in the success of Ideagen. All eligible employees receive free shares on an annual basis provided that the Group achieves its profit targets and UK employees are able to purchase additional partnership shares. We believe this scheme encourages greater employee shareholding and supports high levels of employee ownership for the business and our performance. The scheme has proven very popular with approximately 80 employees electing to purchase additional partnership shares.

The Group is also working on numerous initiatives to improve employee communications. We have established an Employee Forum which has now been in place for two years and is of significant value to the Group. We have also reviewed our organisational structure to ensure it has scalability to support our growth plans and we have established a wider senior management forum to ensure the business moves forwards and information is cascaded throughout the organisation to all the teams.

Learning and Development is a significant area of investment for us. During the year we established the Ideagen Leadership program which 30 senior managers have attended. This is now providing a platform for their longer term development and helps us to achieve consistency in managers' approach to managing their areas of the business. The program is tailored to our requirements and is culturally aligned to our operational aspirations for Ideagen. We are also utilising the Apprenticeship Levy to help fund development programs for new and existing employees to provide us with some succession planning from a management perspective and a more technical focus to ensure we don't fall short with any skill gaps.

Ideagen is an equal opportunities employer and it is our policy to treat all employees, job applicants, customers and suppliers equally regardless of their age, disability, gender reassignment, marital status, pregnancy, race (including nationality, ethnic or national origins), religion or religious beliefs, sex or sexual orientation.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 13 September 2018 the company allotted and issued 14,084,507 ordinary shares under a share placing at a price of 142 pence per share to raise £20 million before costs which will allow the company to quickly capitalise on a number of acquisition opportunities.

On 4 September 2018, the Group completed the acquisition of InspectionXpert Corporation, a company domiciled in the United States of America. The initial consideration for the purchase was $5 million with a further $1 million deferred for 12 months and up to an additional $1 million will become payable in December 2019 based on the achievement of certain revenue objectives.

This acquisition supports the Group's global growth strategy and consolidates its position within the fast-growing Quality Inspection market with the addition of a digital Quality Inspection SaaS solution for the advanced engineering and manufacturing sector and a range of both SME and global Tier 1 customers.

On 27 September 2018, the Company completed the acquisition of Morgan Kai Group Limited, a company domiciled in the United Kingdom, together with its subsidiaries, Morgan Kai Limited (a company domiciled in the United Kingdom) and Morgan Kai Group Inc (a company domiciled in the United States of America). The net cash consideration for the purchase paid at completion was approximately £20.5 million.

This acquisition significantly increases the Group's presence in the Internal Audit market, with the addition of further intellectual property and a wide geographical spread of customers particularly in the USA.

SUBSTANTIAL SHAREHOLDINGS

As at 30 April 2018, the Company was notified of the following interests which represented 3% or more of the Ordinary share capital of the Company.

	Number of shares held at 30 April 2018	**Percentage of shares held at 30 April 2018**
Investec Wealth & Investment	27,647,197	13.6%
Liontrust Asset Management	19,452,094	9.6%
Vind LV AS	15,210,302	7.5%
Canaccord Genuity Wealth Management	14,678,565	7.2%
Living Bridge	11,145,511	5.5%
River & Mercantile Asset Management	9,277,547	4.6%
David Hornsby	8,648,853	4.3%

AUDITOR

In accordance with the Companies Act 2006 a resolution proposing the reappointment of RSM UK Audit LLP as auditor will be put to the members at the forthcoming Annual General Meeting.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as the directors are aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditor is aware of that information.

GOING CONCERN

The Group's business activities and the factors likely to affect its future development, performance and position together with a review of the financial position of the Group, its cash flows and liquidity position are set out in the Strategic Report on pages 7 to 18.

The directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

FUTURE DEVELOPMENTS

The Strategic Report on pages 7 to 18 refers to the Group's ongoing strategy and development. In addition, the directors will continue to seek to acquire businesses with strong intellectual property and recurring revenues operating within appropriate markets.

Approved by the Board and signed on its behalf by:

....

Graeme Spenceley
Director & Company Secretary
2 October 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors are required by the AIM rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company 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 they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Ideagen plc website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IDEAGEN PLC

(REGISTRATION NUMBER: 02805019)

OPINION

We have audited the financial statements of Ideagen plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 April 2018 which comprise the Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Changes in Equity, Group Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity, Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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 and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Revenue recognition – We focused on the recognition of revenue as the timing of revenue recognition and its presentation in the statement of comprehensive income is subject to inherent complexities in the software industry. We considered the controls over the recognition of revenue and whether these continued to be appropriate and consistently applied. We performed controls testing, cut-off testing and substantive analytical review procedures to validate the recognition of revenue throughout the year. We also considered the adequacy of the Group's revenue recognition accounting policy given in note 1.
- Trade receivables - We understood management's basis for determining provisions against expected bad debts. The adequacy of the provisions was assessed by consideration and testing of the level of overdue debts, the historic track record of payments and cash receipts since the year end.
- Development costs - We focused on the capitalisation of development costs due to its impact on reported earnings and the judgements involved in assessing whether the IAS 38 criteria for capitalisation have been suitably met. We reconfirmed our understanding of management's basis for capitalising development costs and reviewed whether the costs had been appropriately capitalised in accordance with IAS 38. Our procedures included an assessment over the appropriateness of any management judgements including the future expected economic benefit of capitalised projects and substantive testing of the costs capitalised. We also assessed the reasonableness of the amortisation policies in place, potential impairment and the level of taxation credits recognised for eligible expenditure.

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £550,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £15,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit approach focused on the Company, the UK trading subsidiaries and the consolidation which have been subject to a full scope audit to Group materiality. These audits covered 94% of Group revenue, 81% of Group profit before tax and 97% of Group total assets. In addition, we have performed desk top review procedures on the overseas subsidiaries corroborating any significant differences from expectations.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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.

Neil Stephenson (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor
City Gate East
Tollhouse Hill
Nottingham
NG1 5FS

2 October 2018

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2018

	NOTES	2018 £'000	2017 £'000
Revenue	2	36,120	27,112
Cost of sales		(3,166)	(2,841)
Gross profit		32,954	24,271
Operating costs	3	(21,936)	(16,404)
Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items		11,018	7,867
Depreciation and amortisation	3	(7,122)	(5,255)
Costs of acquiring businesses	18	(426)	(609)
Restructuring costs		(151)	(104)
Share-based payment charges	21	(1,880)	(1,203)
Profit from operating activities		1,439	696
Finance costs	5	(40)	(33)
Profit before taxation		1,399	663
Taxation	7	130	68
Profit for the year		1,529	731
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		(133)	252
Corporation tax on exercise of options		325	277
Total comprehensive income for the year attributable to the owners of the parent company		1,721	1,260
Earnings per share		Pence	Pence
Basic	8	0.77	0.40
Diluted	8	0.74	0.38

The notes on pages 43 to 97 form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION AT 30 APRIL 2018

	NOTE	2018 £'000	2017 £'000
Assets and liabilities			
Non-current assets			
Intangible assets	9	60,289	56,427
Property, plant and equipment	10	787	583
Deferred income tax assets	7	-	1,348
		61,076	58,358
Current assets			
Inventories	12	-	10
Trade and other receivables	13	12,482	10,971
Current income tax recoverable		-	27
Cash and cash equivalents		5,532	6,205
		18,014	17,213
Current liabilities			
Trade and other payables	14	5,400	5,115
Current income tax liabilities		147	-
Short term borrowings	16	4,750	2,000
Deferred revenue		12,527	11,609
Contingent consideration on business combinations	15	-	2,054
Deferred consideration on business combinations	17	460	1,640
		23,284	22,418
Non-current liabilities			
Deferred consideration on business combinations	17	-	460
Deferred income tax liabilities	7	5,322	6,274
		5,322	6,734
Net assets		50,484	46,419

The notes on pages 43 to 97 form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION AT 30 APRIL 2018 (CONTINUED)

	NOTES	2018 £'000	2017 £'000
Equity			
Issued share capital	19	2,027	1,981
Share premium	19	34,257	33,405
Merger reserve	19	1,658	1,658
Share-based payments reserve	21	1,148	961
Retained earnings		11,194	8,081
Foreign currency translation reserve		200	333
Equity attributable to owners of the parent		50,484	46,419

The Company reported a profit for the year of £401,000 (2017: £27,000).

Approved and authorised for issue by the Board on 2 October 2018 and signed on its behalf by:

....

David Hornsby
Director

Graeme Spenceley
Director

Registration number: 02805019

The notes on pages 43 to 97 form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2018

	SHARE CAPITAL	SHARE PREMIUM	MERGER RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2017	1,981	33,405	1,658	961	8,081	333	46,419
Shares issued under share option scheme (note 19)	40	793	-	-	-	-	833
Shares issued under the share incentive scheme (note19)	6	59	-	-	-	-	65
Share-based payments (note 21)	-	-	-	1,545	-	-	1,545
Shares purchased under the share incentive scheme	-	-	-	(6)	-	-	(6)
Transfer on exercise of share options (note 21)	-	-	-	(1,337)	1,337	-	-
Transfer in respect of share incentive scheme (note 21)	-	-	-	(15)	15	-	-
Taxation on share-based payments in equity	-	-	-	-	347	-	347
Equity dividends paid (note 20)	-	-	-	-	(440)	-	(440)
Total transactions with owners recognised directly in equity	46	852	-	187	1,259	-	2,344
Profit for the year	-	-	-	-	1,529	-	1,529
Other comprehensive income for the year	-	-	-	-	325	(133)	192
Total comprehensive income for the year	-	-	-	-	1,854	(133)	1,721
Balance at 30 April 2018	2,027	34,257	1,658	1,148	11,194	200	50,484

The notes on pages 43 to 97 form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017

	SHARE CAPITAL	SHARE PREMIUM	MERGER RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2016	1,790	23,598	1,167	1,482	5,565	81	33,683
Share placing (note 19)	133	9,867	-	-	-	-	10,000
Share placing issue costs (note 19)	-	(335)	-	-	-	-	(335)
Shares issued on acquisition of business (note 19)	9	-	491	-	-	-	500
Shares issued under share option scheme (note 19)	49	275	-	-	-	-	324
Share-based payments (note 21)	-	-	-	858	-	-	858
Transfer on exercise of share options (note 21)	-	-	-	(1,379)	1,379	-	-
Taxation on share-based payments in equity	-	-	-	-	475	-	475
Equity dividends paid (note 20)	-	-	-	-	(346)	-	(346)
Total transactions with owners recognised directly in equity	191	9,807	491	(521)	1,508	-	11,476
Profit for the year	-	-	-	-	731	-	731
Other comprehensive income for the year	-	-	-	-	277	252	529
Total comprehensive income for the year	-	-	-	-	1,008	252	1,260
Balance at 30 April 2017	1,981	33,405	1,658	961	8,081	333	46,419

The notes on pages 43 to 97 form an integral part of these financial statements.

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2018

		2018	2017
Cash flows from operating activities	NOTES	**£'000**	**£'000**
Profit for the year		1,529	731
Depreciation of property, plant and equipment	10	320	249
Amortisation of intangible assets	9	6,802	5,006
Profit on disposal of property, plant and equipment	3	(6)	(14)
Share-based payment charges	21	1,880	1,203
Finance costs recognised in profit or loss	5	40	33
Taxation credit recognised in profit or loss	7	(130)	(68)
Business acquisition costs in profit or loss	18	426	609
Decrease in inventories		10	23
Increase in trade and other receivables		(1,447)	(1,395)
(Decrease)/increase in trade and other payables		(259)	1,237
Increase in deferred revenue liability		255	1,264
Cash generated by operations		9,420	8,878
Finance costs paid		(99)	(33)
Income tax paid		(21)	(14)
Business acquisition costs paid		(204)	(390)
Employer's national insurance paid on share-based payments		(253)	(108)
Net cash generated by operating activities		8,843	8,333
Cash flows from investing activities			
Net cash outflow on acquisition of businesses net of cash acquired	18	(6,225)	(16,393)
Payments of deferred consideration on business combinations	17	(1,640)	(1,623)
Payments of contingent consideration on business combinations	15	(2,057)	-
Payments for development costs	9	(2,246)	(1,988)
Payments for property, plant and equipment	10	(517)	(289)
Proceeds of disposal of property, plant and equipment		6	23
Net cash used in investing activities		(12,679)	(20,270)
Cash flows from financing activities			
Proceeds from placing of equity shares	19	-	10,000
Payments for share issue costs	19	-	(335)
Proceeds from issue of shares under the share option schemes	19	833	324
Proceeds from issue of shares under the share incentive scheme		65	-
Cost of shares purchased under the share incentive scheme		(6)	-
New short-term borrowings	16	4,750	2,000
Repayment of short term borrowings	16	(2,000)	-
Equity dividends paid	20	(440)	(346)
Net cash generated by financing activities		3,202	11,643
Net decrease in cash and cash equivalents during the year		(634)	(294)
Cash and cash equivalents at the beginning of the year	25	6,205	6,317
Effect of exchange rate changes on cash balances held in foreign currencies		(39)	182
Cash and cash equivalents at the end of the year	25	5,532	6,205

The notes on pages 43 to 97 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2018

	NOTES	2018 £'000	2017 £'000
Assets and liabilities			
Non-current assets			
Intangible assets	9	78	149
Property, plant and equipment	10	92	43
Investments in subsidiaries	11	51,824	54,954
Deferred income tax asset	7	70	79
		52,064	55,225
Current assets			
Trade and other receivables	13	24,082	3,899
Cash and cash equivalents		2,301	1,317
		26,383	5,216
Current liabilities			
Trade and other payables	14	28,024	12,081
Contingent consideration on business combinations	15	-	2,054
Short-term borrowings	16	4,750	2,000
Deferred revenue		697	413
Deferred consideration on business combinations	17	460	1,640
		33,931	18,188
Non-current liabilities			
Deferred consideration on business combinations	17	-	460
Net assets		44,516	41,793

The notes on pages 43 to 97 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2018 (CONTINUED)

	NOTES	2018 £'000	2017 £'000
Equity			
Issued share capital	19	2,027	1,981
Share premium	19	34,257	33,405
Merger reserve	19	1,709	1,709
Share-based payments reserve	21	1,148	961
Retained earnings		5,375	3,737
Equity attributable to the owners of the parent		44,516	41,793

Approved and authorised for issue by the Board on 2 October 2018 and signed on its behalf by:

....

David Hornsby
Director

....

Graeme Spenceley
Director

Registration number: 02805019

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2018

	SHARE CAPITAL	SHARE PREMIUM	MERGER RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2017	1,981	33,405	1,709	961	3,737	41,793
Shares issued under share option scheme (note 19)	40	793	-	-	-	833
Shares issued under the share incentive scheme (note 19)	6	59	-	-	-	65
Share-based payments (note 21)	-	-	-	1,545	-	1,545
Shares purchased under the share incentive scheme	-	-	-	(6)	-	(6)
Transfer on exercise of share options (note 21)	-	-	-	(1,337)	1,337	-
Transfer in respect of share incentive scheme (note 21)	-	-	-	(15)	15	-
Equity dividends paid (note 20)	-	-	-	-	(440)	(440)
Total transactions with owners recognised directly in equity	46	852	-	187	912	1,997
Profit for the year	-	-	-	-	401	401
Other comprehensive income for the year	-	-	-	-	325	325
Total comprehensive income for the year	-	-	-	-	726	726
Balance at 30 April 2018	2,027	34,257	1,709	1,148	5,375	44,516

The notes on pages 43 to 97 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017

	SHARE CAPITAL	SHARE PREMIUM	MERGER RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2016	1,790	23,598	1,218	1,482	2,284	30,372
Share placing (note 19)	133	9,867	-	-	-	10,000
Share placing issue costs (note 19)	-	(335)	-	-	-	(335)
Shares issued on acquisition of business (note 19)	9	-	491	-	-	500
Shares issued under share option scheme (note 19)	49	275	-	-	-	324
Share-based payments (note 21)	-	-	-	858	-	858
Transfer on exercise of share options (note 21)	-	-	-	(1,379)	1,379	-
Taxation on share-based payments in equity	-	-	-	-	393	393
Equity dividends paid (note 20)	-	-	-	-	(346)	(346)
Total transactions with owners recognised directly in equity	191	9,807	491	(521)	1,426	11,394
Profit for the year	-	-	-	-	27	27
Total comprehensive income for the year	-	-	-	-	27	27
Balance at 30 April 2017	1,981	33,405	1,709	961	3,737	41,793

The notes on pages 43 to 97 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2018

		2018	2017
Cash flows from operating activities	NOTES	£'000	£'000
Profit for the year		401	27
Depreciation of property, plant and equipment	10	28	10
Amortisation of intangible assets	9	71	72
Share-based payment charge		-	239
Finance costs recognised in profit or loss		44	34
Taxation charge recognised in profit or loss		291	318
Business acquisition costs in profit or loss		426	609
Decrease/(increase) in trade and other receivables		5	(211)
Movement in intra-group balances		436	12,918
(Decrease)/increase in trade and other payables		(123)	76
Increase in deferred revenue		283	180
Cash generated by operations		1,862	14,272
Finance costs paid		(102)	(34)
Business acquisition costs paid		(204)	(390)
Employer's national insurance paid on share-based payments		-	(36)
Net cash generated by operating activities		1,556	13,812
Cash flows from investing activities			
Payments for investments in subsidiaries	18	-	(23,580)
Payment of deferred consideration on business combinations	17	(1,640)	(1,623)
Payment of contingent consideration on business combinations	15	(2,057)	-
Receipts from warranty claims on business combinations		-	128
Payments for property, plant and equipment	10	(77)	(40)
Net cash used in investing activities		(3,774)	(25,115)
Cash flows from financing activities			
Proceeds from placing of equity shares	19	-	10,000
Payments for share issue costs	19	-	(335)
Proceeds from issue of shares under the share option schemes	19	833	324
Proceeds from issue of shares under the share incentive scheme		65	-
Cost of shares purchased under the share incentive scheme		(6)	-
New short-term borrowings	16	4,750	2,000
Repayment of short term borrowings	16	(2,000)	-
Equity dividends paid	20	(440)	(346)
Net cash generated by financing activities		3,202	11,643
Net increase in cash and cash equivalents in the year		984	340
Cash and cash equivalents at the beginning of the year	25	1,317	977
Cash and cash equivalents at the end of the year	25	2,301	1,317

The notes on pages 43 to 97 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

1 | ACCOUNTING POLICIES

REPORTING ENTITY

Ideagen plc is a public limited company, incorporated and domiciled in England & Wales. The ordinary shares of the Company are traded on the AIM market of the London Stock Exchange.

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all International Financial Reporting Standards ("IFRS"), as adopted by the European Union, and IFRIC interpretations applicable as at 30 April 2018 and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRS.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the development and sale of information management software to businesses in highly regulated industries and the provision of associated professional services and support.

BASIS OF PREPARATION

These financial statements have been prepared in sterling on an historical cost basis, unless otherwise stated, and have been rounded to the nearest thousand pounds.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes. The profit for the year dealt with in the financial statements of the Company for the year ended 30 April 2018 was £401,000 (2017: £27,000).

A summary of the significant accounting policies used in the preparation of these financial statements is set out below.

BASIS OF CONSOLIDATION

The Group financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 30 April 2018. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances and transactions are eliminated. The financial statements of all subsidiaries are prepared up to the same date as the parent Company with the exception of Ideagen EOOD in Bulgaria which makes its financial statements up to 31 December each year as required by Bulgarian law.

GOING CONCERN

The directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1 | ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received from the sale of software licences and the rendering of services, net of value added tax and any discounts. Revenue is recognised as follows:

a. **Software licences**
Revenue on perpetual software licences is recognised on delivery of the licence to the customer. Software as a service, hosted software and software sold on a subscription basis are invoiced quarterly or annually in advance and revenue is recognised on a time-basis over the appropriate service or subscription period. A deferred revenue liability is recognised in the statement of financial position to represent the element of the service or subscription revenue deferred to be recognised as revenue in the future.

b. **Professional services and hardware sales**
Revenue in respect of professional services such as consulting days, training and bespoke development are recognised as these services are delivered. Revenue in respect of sales of third party hardware are recognised on delivery.

c. **Annual support and maintenance**
Revenue is recognised on a time-basis over the length of the support period. Annual support and maintenance is normally invoiced in advance and a deferred revenue liability is recognised in the statement of financial position to represent the element of the support and maintenance revenue deferred to be recognised as revenue in the future. Products owned and supported by third parties where there is no further liability to the Group are invoiced in advance and revenue and the associated third party costs are recognised on delivery.

FOREIGN CURRENCIES

In preparing the financial information of each individual group entity, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the date of those transactions. At the end of the financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of the consolidated financial information, the assets and liabilities of foreign operations are translated into sterling using exchange rates prevailing at the end of each financial year. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a foreign currency translation reserve within equity

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are expensed in the Statement of Comprehensive Income on a straight-line basis over the lease term.

EXCEPTIONAL ITEMS

The Group presents as exceptional items on the face of the Statement of Comprehensive Income those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior years.

1 | ACCOUNTING POLICIES (CONTINUED)

TAXATION

The tax charge or credit is based on the result for the year and comprises current and deferred income tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date and includes any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the tax base of those assets and liabilities. Deferred income tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits in the future against which an asset can be utilised.

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 year end date. Deferred income tax assets and deferred income tax liabilities arising in different tax jurisdictions are not offset.

PENSIONS AND POST RETIREMENT BENEFITS

The Group operates a defined contribution pension scheme which is available to all employees. The assets of the scheme are held separately from those of the Group in independently administered funds. Payments are made by the Group to this scheme and contributions are charged in the Statement of Comprehensive Income as they become payable.

GOODWILL

Goodwill arising on business combinations is initially measured at cost being the excess of the fair value of the consideration paid over the Group's interest in the net fair value of the identifiable assets and liabilities acquired. Costs of acquiring businesses are expensed as incurred. Goodwill is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed annually for impairment. Impairment is determined by assessing the recoverable amount of the cash-generating unit which contains the goodwill. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Statement of Comprehensive Income.

OTHER INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed annually with the effect of any changes being reflected on a prospective basis.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at their initial fair value less amortisation and accumulated impairment losses.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on a project is only recognised if management considers that it is technically feasible and that there are sufficient resources available to complete the asset so that it will be available for use or sale, that it intends to complete and is able to sell or use the asset to generate future economic benefits and that the costs of the development project can be measured reliably. Following the initial recognition of the expenditure, the asset will be carried at cost less accumulated amortisation and impairment losses. Amortisation is applied once the asset is available for sale to write off the cost over the period which is expected to benefit from the sale of the asset.

The annual amortisation rates applied to the group's intangible assets on a straight line basis are as follows:

Software	20%
Development costs	20% or 25%
Customer relationships	10%

Amortisation charges are included in 'Depreciation and amortisation' in the Statement of Comprehensive Income.

1 | ACCOUNTING POLICIES (CONTINUED)

THE COMPANY'S INVESTMENTS IN SUBSIDIARIES

The Company recognises its investments in subsidiaries at cost less any impairment in its separate financial statements. Costs of acquiring businesses are expensed as incurred. Impairment is determined by assessing the recoverable amount of the investment. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the Statement of Comprehensive Income.

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated at the annual rates shown below so as to write off the cost, less any estimated residual values, over the expected useful economic lives of the assets concerned:

- Office equipment at 15% - 33% on a straight line basis
- Motor vehicles at 25% - 33% on a reducing balance basis
- Leasehold improvements over the remaining lease term
- All other plant and equipment assets at 15% - 33% on a straight line basis.

The remaining useful lives and residual values of plant and equipment are reassessed by the directors each year.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any indication exists, the carrying values are written down to the recoverable amount.

IMPAIRMENT OF ASSETS

The Group reviews the carrying amounts of its tangible and intangible assets at least annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount provided that this does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for the inventories less all costs necessary to complete the sale.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are measured at amortised cost using the effective interest method less any impairment provision. An impairment provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover the whole invoiced amount as a result of events occurring after the initial recognition of the asset.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand. For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above are stated net of any outstanding bank overdrafts.

1 | ACCOUNTING POLICIES (CONTINUED)

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Equity and debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities include trade and other payables and borrowings which are measured at amortised cost using the effective interest rate method.

An equity instrument is any contract which evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group, such as share capital and share premium, are recognised at the proceeds received net of direct issue costs.

CONTINGENT CONSIDERATION

Contingent consideration is initially measured at fair value at the date of completion of the acquisition.

The accounting for changes in the fair value of contingent consideration arising on business combinations that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured to fair value at subsequent reporting dates and the corresponding gain or loss is recognised in the Statement of Comprehensive Income.

SHARE-BASED PAYMENTS

The cost of equity settled transactions with employees is measured by reference to the fair value on the date they are granted. Where there are no market conditions attaching to the exercise of the options, the fair value is determined using a range of inputs into a Black-Scholes pricing model. Where there are market conditions attaching to the exercise of the options a trinomial option pricing model is used to determine fair value based on a range of inputs. The fair value of equity-settled transactions is charged to the Statement of Comprehensive Income over the period in which the service conditions are fulfilled with a corresponding credit to a share-based payments reserve in equity.

On the exercise of share options, an amount equal to the fair value of the option at the date it was granted is transferred from the share-based payments reserve into retained earnings.

The Group has a Share Incentive Scheme under which all eligible employees can be awarded free shares. The fair value of shares awarded under the Scheme is the market value of those shares at the date of grant which is then recognised on a straight line basis over the vesting period. The free shares awarded are issued at nominal value and held in a trust managed by a third party trustee. On vesting, an amount equal to the fair value of the shares at the date the shares were awarded is transferred from the share-based payments reserve into retained earnings.

DIVIDENDS

Dividends distributed to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders or, in the case of interim dividends, when they are paid.

1 | ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS

There are no new standards or amendments to standards which are mandatory for the first time for the financial year ended 30 April 2018 which had a significant impact on the Group.

Transition to IFRS 15 "Revenue from contracts with customers" is effective from 1 May 2018 for the Group. Management have undertaken reviews of the revenue recognition treatments adopted by the Group and the effects the new standard will have on its existing policies and is currently finalising its approach to the adoption of this standard. The Group's current assessment is that IFRS15 could potentially have an impact in two areas of revenue recognition: longer term professional services contracts and the provision of professional configuration services. Historically the Group has had a small number of longer-term professional services contracts which have entailed considerable development of the source code in order for the product to meet the needs of the customer. In such cases, any licence fees would need to be recognised as services as delivered. In terms of the provision of professional configuration services, management's current view is that these services are optional and products can be used without configuration as no changes to the software source code are required as part of the product configuration. Accordingly, no change would be required to the Group's current approach to the recognition of this type of revenue. However, management are aware that practice is still emerging in this area and will continue to monitor developments on the interpretation and adoption of IFRS15 in the industry.

IFRS 16 "Leases" will first be effective for the Group during the year ending 30 April 2020. It will bring most leases on to the balance sheet for lessees, eliminating the distinction between operating leases and finance leases. The Group has a number of operating lease arrangements and management consider that the broad effects of IFRS 16 will be to recognise a lease liability and a corresponding right-of-use asset for the lease commitments which are outlined in note 23 to the financial statements. In addition, rentals on operating leases currently charged to the statement of comprehensive income will be replaced by an interest expense on the lease liability and a depreciation charge on the asset. Details of operating lease rental charges are outlined in note 3 to the financial statements.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets, liabilities, revenues and expenses. However the nature of estimation means that actual outcomes could differ from those estimates.

In applying the Group's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements.

Acquisition intangibles

The Group initially measures the separable intangible assets acquired in a business combination at their fair value at the date of acquisition. Management judgement is required in deriving a number of assumptions which are used in assessing the fair value of each acquisition intangible including the timing and amount of future incremental cash flows expected to be generated by the asset and in calculating an appropriate cost of capital. Management judgement is also required in assessing the useful economic lives of these assets for the purposes of amortisation.

Deferred income tax assets

Management judgement is required to determine the amount of deferred income tax assets that can be recognised, based on the likely timing and level of future taxable profits. Details of the deferred income tax assets recognised in respect of trading losses and share-based payments are given in Note 7.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model and the most appropriate inputs into the model including the level of volatility and the expected life of the option. Further information is given in Note 21.

1 | ACCOUNTING POLICIES (CONTINUED)

Impairment of goodwill

The Group tests goodwill for impairment on an annual basis in line with the accounting policy noted above. This involves judgement regarding the future development of the business and the estimation of the level of future growth, cash flows and an appropriate discount rate to support the carrying value of goodwill.

Impairment of other assets

The Group reviews the carrying value of all other assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

Trade and other receivables

Trade and other receivables are recognised to the extent that they are considered recoverable. Management judgement is required in considering the recoverability of debts and in the estimation of any provisions which may be required where recoverability is considered to be uncertain.

2 | REVENUE

The directors consider that the Group has a single business segment, being the sale of information management software to highly regulated industries. The operations of the Group are managed centrally with group-wide functions covering sales and marketing, development, professional services, customer support and finance and administration.

An analysis of revenue by product or service is given below.

	2018	2017
	£'000	£'000
Recurring software subscription/SaaS	8,442	4,785
Recurring maintenance & support	13,793	10,685
Total recurring revenues	22,235	15,470
Software – new licences	8,339	5,493
Professional services	5,052	5,723
Other revenues	494	426
	36,120	27,112

An analysis of external revenue by location of customers and non-current assets by location of assets is given below:

	External revenue by location of customers		Non-current assets by location of assets*	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
United Kingdom	16,376	15,190	49,998	54,116
North America	9,687	3,945	8,375	-
Europe	5,529	3,553	21	16
Middle East	1,970	1,633	2	3
Rest of the World	2,558	2,791	-	-
Unallocated	-	-	2,680	2,875
	36,120	27,112	61,076	57,010

* Non-current assets exclude deferred income tax assets.

No single customer accounted for more than 10% of total revenue in either year.

3 | OPERATING COSTS

	2018	2017
	£'000	£'000
Wages and salaries (note 4)	15,557	11,811
Operating lease charges – land & buildings	598	426
Profit on disposal of property, plant and equipment	(6)	(14)
Foreign exchange losses/(gains)	40	(28)
Other operating costs	5,747	4,209
	21,936	16,404
Depreciation and amortisation:		
Amortisation of acquisition-related intangible assets	5,819	4,319
Amortisation of other intangible assets	983	687
Total amortisation of intangible assets	6,802	5,006
Depreciation of property, plant and equipment	320	249
Total depreciation and amortisation	7,122	5,255
Total research and development costs	5,136	4,254
Less: development costs capitalised	(2,246)	(1,988)
Research and development costs expensed	2,890	2,266
Auditor's remuneration		
- The audit of the Company's annual accounts	12	12
Fees payable for other services provided by the Auditor and its related entities:		
- The audit of the Company's subsidiaries' annual accounts	87	98
- Tax compliance and advisory services	16	36

4 | PARTICULARS OF EMPLOYEES

The average number of staff including directors employed by the group during the year, analysed by category, was as follows:

	2018	2017
	NUMBER	NUMBER
Administrative staff	50	39
Sales and marketing	97	69
Technical and support	228	197
	375	305

The aggregate payroll costs of these employees were as follows:

	2018	2017
	£'000	£'000
Wages and salaries	15,631	12,239
Social security costs	1,650	1,303
Other pension costs (note 24)	522	257
	17,803	13,799
Less: internal development costs capitalised	(2,246)	(1,988)
	15,557	11,811
Share based payment costs (note 21)		
- on options granted	1,429	858
- on share incentive scheme	116	-
- national insurance	335	345
	17,437	13,014

5 | FINANCE COSTS

	2018	2017
	£'000	£'000
Borrowing facility fees	(25)	(16)
Interest payable on bank borrowings	(19)	(19)
Bank interest receivable	4	2
	(40)	(33)

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS

The total remuneration of the directors (including fees) for the year was as follows:

	2018	2017
	£'000	£'000
Directors' remuneration	1,214	844
Directors' pension contributions	27	7
	1,241	851
Aggregate gains made by directors on the exercise of share options	1,944	1,478

The remuneration of each of the directors of the company during the year ended 30 April 2018 was as follows:

	SALARY OR FEES	BENEFITS IN KIND	BONUSES	NATIONAL INSURANCE ON SHARE OPTIONS	TOTAL
	£'000	£'000	£'000	£'000	£'000
David Hornsby	185	1	120	-	306
Graeme Spenceley	136	1	30	89	256
Barnaby Kent	136	1	30	89	256
Ben Dorks	181	1	60	89	331
Jonathan Wearing	24	-	-	-	24
Alan Carroll	24	-	-	-	24
Tony Rodriguez	17	-	-	-	17
	703	4	240	267	1,214

The remuneration of each of the directors of the Company during the year ended 30 April 2017 was as follows:

	SALARY OR FEES	BENEFITS IN KIND	BONUSES	NATIONAL INSURANCE ON SHARE OPTIONS	TOTAL
	£'000	£'000	£'000	£'000	£'000
David Hornsby	170	1	120	-	291
Graeme Spenceley	116	-	30	87	233
Barnaby Kent (from 24 January 2017)	32	-	30	51	113
Ben Dorks (from 24 January 2017)	41	-	70	51	162
Jonathan Wearing	21	-	-	-	21
Alan Carroll	24	-	-	-	24
	404	1	250	189	844

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS (CONTINUED)

The bonuses for David Hornsby, Graeme Spenceley, Barnaby Kent and Ben Dorks were in respect of the successful completion of the acquisition and integration of the businesses acquired during the relevant years and on achieving certain business-related targets.

The Group paid the employer's national insurance costs outlined above in respect of the gains arising on non-tax-efficient share options exercised during the year. The associated income tax and employee national insurance costs were paid by the individual directors.

The remuneration for Alan Carroll was paid to Ultris Limited and the remuneration for Tony Rodriguez was paid to X88 Ltd as set out in note 26.

The remuneration of the highest paid director during the year ended 30 April 2018 was £331,000 (2017: £291,000).

The Group paid contributions to a defined contribution pension scheme in respect of the following directors:

	2018	2017
	£'000	£'000
David Hornsby	8	3
Graeme Spenceley	6	2
Barnaby Kent	6	1
Ben Dorks	6	1
Jonathan Wearing	1	-
	27	7

6 | DIRECTORS' REMUNERATION AND SHARE OPTIONS (CONTINUED)

The following options over shares in the Company granted to the directors remain outstanding at 30 April 2018:

Director	Notes (see below)	Balance at 30 April 2017	Granted in the year	Exercised in the year	Balance at 30 April 2018	Option exercise price (pence)	Date exercisable
David Hornsby	a	1,333,333	-	-	1,333,333	9.0	2014 - 2021
	b	500,000	-	-	500,000	22.38	2016 - 2023
		1,833,333	-	-	1,833,333		
Graeme Spenceley	a	800,000	-	-	800,000	9.0	2014 - 2021
	b	795,000	-	-	795,000	22.38	2016 - 2023
	c	1,200,000	-	600,000	600,000	1.0	2020 - 2022
		2,795,000	-	600,000	2,195,000		
Barnaby Kent	b	1,000,000	-	-	1,000,000	22.38	2016 - 2023
	c	1,200,000	-	600,000	600,000	1.0	2020 – 2022
		2,200,000	-	600,000	1,600,000		
			-				
Ben Dorks	b	1,000,000	-	-	1,000,000	22.38	2016 - 2023
	c	1,200,000	-	600,000	600,000	1.0	2020 – 2022
		2,200,000	-	600,000	1,600,000		

Notes

a. options were granted on 20 October 2011 under the Company's EMI share option scheme. All options are exercisable at 30 April 2018.
b. options were granted on 30 January 2013 under the Company's EMI share option scheme. All options are exercisable at 30 April 2018.
c. options were granted on 23 March 2017 under the Company's 2017 Long Term Incentive Plan. None of the remaining options are exercisable at 30 April 2018.

During the year ended 30 April 2018, 2,197 "Free" shares were awarded to each of David Hornsby, Ben Dorks, Graeme Spenceley and Barnaby Kent under the Company's Share Incentive Scheme. In addition, these directors also purchased 2,117 "Partnership" shares at 85 pence each through the Share Incentive Scheme.

Further information on the group's share option schemes can be found at note 21 to the accounts.

The contracts of employment of the executive directors include notice periods of 6 months.

7 | TAXATION

The taxation credit recognised in the Statement of Comprehensive Income can be analysed as follows:

	2018	2017
	£'000	£'000
Current income tax		
UK corporation tax on profit for the current year	410	277
Overseas income tax charge for the current year	113	53
Adjustments in respect of prior years	-	(49)
	523	281
Deferred income tax		
Deferred income tax credit for the current year	(653)	(349)
Total taxation credit recognised in the current year	(130)	(68)

The taxation for the year is lower than the average rate of corporation tax in the UK of 19% (2017: 19.91%). The differences are reconciled below:

	2018	2017
	£'000	£'000
Profit before taxation	1,399	663
Tax on profit at average standard rate of 19% (2017: 19.91%)	266	132
Expenses not deductible for tax purposes	37	55
Deferred taxation not provided on accelerated capital allowances	3	(11)
Movement in fair value of contingent consideration not taxable	1	-
Enhanced R&D tax relief	(422)	(220)
Effect on deferred tax from change in current tax rate	(27)	(175)
Different tax rates in overseas jurisdictions	45	28
Deferred tax assets not previously recognised	-	(27)
Deferred tax asset not recognised on new trading losses	(33)	199
Adjustments recognised in current year tax in respect of prior years	-	(49)
Taxation credit recognised for the current year	(130)	(68)

7 | TAXATION (CONTINUED)

A further taxation credit of £347,000 (2017: £475,000) in respect of share-based payment charges was reflected directly in equity reserves.

The movements in recognised deferred income tax assets during the year were as follows:

Deferred income tax assets: Group	Trading losses	Share-based payments	Total
	£'000	£'000	£'000
At 1 May 2016	248	629	877
On acquisition of businesses	403	-	403
Recognised in profit or loss	(329)	(78)	(407)
Recognised in equity	-	475	475
At 30 April 2017	322	1,026	1,348
Recognised in profit or loss	(242)	13	(229)
Recognised in equity	-	347	347
Offset against deferred tax liabilities	(80)	(1,386)	(1,466)
At 30 April 2018	-	-	-

Deferred income tax assets: Company	Trading losses	Share-based payments	Total
	£'000	£'000	£'000
At 1 May 2016	86	289	375
Recognised in profit or loss	(7)	(34)	(41)
Recognised in equity	-	115	115
Transferred to subsidiary	-	(370)	(370)
At 30 April 2017	79	-	79
Recognised in profit or loss	(9)	-	(9)
At 30 April 2018	70	-	70

7 | TAXATION (CONTINUED)

The deferred income tax assets at 30 April 2018 above are expected to be utilised after more than one year.

The deferred income tax assets have only been recognised to the extent that it is considered probable that they can be recovered against future taxable profits based on profit forecasts for the foreseeable future.

In addition to the recognised deferred income tax assets set out above, at 30 April 2018 there are also unrecognised deferred income tax assets in respect of trading losses of £519,000 (2017: £471,000) in the Group and £348,000 (2017: £365,000) in the Company.

The movements in deferred income tax liabilities during the year were as follows:

	Intangibles
Group	**£'000**
At 1 May 2016	(4,048)
Recognised in profit or loss	756
Recognised on business combinations	(2,982)
At 30 April 2017	(6,274)
Recognised in profit or loss	882
Recognised on business combinations	(1,374)
Foreign exchange differences	(22)
Offset against deferred tax assets	1,466
At 30 April 2018	(5,322)

The deferred tax liabilities at 30 April 2018 are expected to crystallise as follows:

Group	**£'000**
Within 1 year	(1,488)
After more than 1 year	(3,834)
	(5,322)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Legislation to reduce the main rate of UK corporation tax from 19% to 17% from 1 April 2020 has been enacted. The deferred tax balances within these financial statements have been reassessed to reflect these rates within the period that any related timing difference is expected to reverse.

8 | EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit for the year attributable to equity holders of the parent by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share is computed by dividing the profit for the year attributable to equity holders of the parent by the weighted-average number of ordinary shares outstanding during the year as adjusted for the effect of all dilutive potential ordinary shares.

The following tables set out the computations for basic and diluted earnings per share:

Year ended 30 April 2018	Earnings	Weighted average number of shares	Per-share amount
	£'000		pence
Basic EPS			
Profit for the year attributable to equity holders of the parent	1,529	199,462,389	0.77
Effect of dilutive securities: share options	-	7,671,592	
Diluted EPS			
Profit for the year attributable to equity holders of the parent	1,529	207,133,981	0.74

Year ended 30 April 2017	Earnings	Weighted average number of shares	Per-share amount
	£'000		pence
Basic EPS			
Profit for the year attributable to equity holders of the parent	731	182,719,656	0.40
Effect of dilutive securities: share options	-	9,127,383	
Diluted EPS			
Profit for the year attributable to equity holders of the parent	731	191,847,039	0.38

8 | EARNINGS PER SHARE (CONTINUED)

In order to better demonstrate the performance of the Group, an adjusted earnings per share calculation has been presented below which adds back or deducts items typically adjusted for by users of financial statements. The calculations of the adjusted basic and diluted earnings per share amounts are based on the following information:

	2018	2017
	£'000	£'000
Profit for the year attributable to equity holders of the parent	1,529	731
Adjustments:		
Costs of acquiring businesses	426	609
Share-based payment charges	1,880	1,203
Restructuring costs	151	104
Deferred taxation on share-based payment charges	(14)	78
Amortisation of acquisition-related intangibles (Note 3)	5,819	4,319
Deferred taxation on amortisation of acquisition-related intangibles	(1,109)	(978)
Adjusted earnings	8,682	6,066
Weighted average number of shares: Basic adjusted EPS calculation	199,462,389	182,719,656
Effect of dilutive securities: share options	7,671,592	9,127,383
Weighted average number of shares: Diluted adjusted EPS calculation	207,133,981	191,847,039

Adjusted earnings per share:	**2018**	**2017**
	pence	**pence**
Basic	4.35	3.32
Diluted	4.19	3.16

9 | INTANGIBLE ASSETS

Group	Goodwill	Software	Customer relationships	Development costs	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 May 2016	11,273	11,762	14,249	3,735	41,019
Acquisition through business combinations (note 18)	10,248	6,108	10,517	-	26,873
Additions from internal development	-	-	-	1,988	1,988
At 30 April 2017	21,521	17,870	24,766	5,723	69,880
Acquisition through business combinations (note 18)	3,199	1,767	3,320	-	8,286
Foreign exchange differences	51	29	52	-	132
Additions from internal development	-	-	-	2,246	2,246
At 30 April 2018	24,771	19,666	28,138	7,969	80,544
Amortisation					
At 1 May 2016	-	4,732	2,864	851	8,447
Amortisation expense	-	2,569	1,750	687	5,006
At 30 April 2017	-	7,301	4,614	1,538	13,453
Amortisation expense	-	3,319	2,500	983	6,802
At 30 April 2018	-	10,620	7,114	2,521	20,255
Net carrying amount					
At 30 April 2018	24,771	9,046	21,024	5,448	60,289
At 30 April 2017	21,521	10,569	20,152	4,185	56,427

Goodwill

The carrying amount of goodwill has been allocated to the following Cash Generating Units ("CGUs"):

	£'000
GRC CGU	23,521
Content & clinical CGU	1,250
	24,771

9 | INTANGIBLE ASSETS (CONTINUED)

The GRC CGU comprises the businesses of the acquisitions of Gael, Pentana, Covalent, Pleasetech, IPI Solutions, Logen, Ideagen Software, Ideagen Capture, Proquis and Medforce.

The Content & clinical CGU comprises the businesses of the acquisitions of Plumtree, MSS and EIBS.

These goodwill amounts were tested for impairment at 30 April 2018 by comparing the carrying value of the cash-generating unit with the recoverable amount. The recoverable amount was determined using a value in use methodology based on discounted cash flow projections. The key assumptions used in the value in use calculations were as follows:

i. The operating cash flows for these businesses for the year to 30 April 2019 are taken from the budget approved by the Board which is closely linked with recent historical performance and current sales opportunities. The operating cash flow budget is most sensitive to the level of new business sales;

ii. No growth has been assumed in operating cash flows for the remainder of the value in use calculation period;

iii. A pre-tax discount rate of 10% has been used;

iv. The use of cash flow projections over longer than a 5 year period is considered appropriate as many of the businesses comprising both of the CGUs have been operating for over 15 years, have strong recurring revenue bases and the Group continues to invest in the development of the products in both CGUs.

GRC CGU

On the basis of the above assumptions and using projection periods of 10 years, 15 years and in perpetuity, the recoverable amount of the CGU, based on a value in use methodology, is estimated to exceed the carrying amount of the CGU by the amounts shown in the table below. Future annual operating cash inflows, which are most sensitive to the level of new business sales, would need to be consistently lower than the no-growth assumption used in the value in use calculation by the percentages shown in the table below to reduce the recoverable amount of the CGU to below the carrying amount. Based on the historic sales performance of the business and actions being taken to grow the business, the directors do not currently expect this reduced level of future annual operating cash flows to occur.

	Projection period in value in use calculations		
	In perpetuity	**15 years**	**10 years**
Amount by which recoverable amount of the CGU, based on value in use, exceeds the carrying amount (£'000)	57,775	37,431	22,100
Reduction in annual operating cash flows below the no-growth assumption used in value in use calculations required to reduce the recoverable amount of the CGU below the carrying amount	57%	46%	34%

9 | INTANGIBLE ASSETS (CONTINUED)

CONTENT & CLINICAL CGU

On the basis of the above assumptions and using projection periods of 10 years, 15 years and in perpetuity, the recoverable amount of the CGU, based on a value in use methodology, is estimated to exceed the carrying amount of the CGU by the amounts shown in the table below. Future annual operating cash inflows, which are most sensitive to the level of new business sales, would need to be consistently lower than the no-growth assumption used in the value in use calculation by the percentages shown in the table below to reduce the recoverable amount of the CGU to below the carrying amount. Based on the historic sales performance of the business and actions being taken to grow the business, the directors do not currently expect this reduced level of future annual operating cash flows to occur.

	Projection period in value in use calculations		
	In perpetuity	**15 years**	**10 years**
Amount by which recoverable amount of the CGU, based on value in use, exceeds the carrying amount (£'000)	3,567	2,551	1,785
Reduction in annual operating cash flows below the no-growth assumption used in value in use calculations required to reduce the recoverable amount of the CGU below the carrying amount	71%	64%	55%

9 | INTANGIBLE ASSETS (CONTINUED)

DEVELOPMENT COSTS

Development costs are internally generated. At 30 April 2018, the carrying amount of ongoing development projects on which amortisation has not yet commenced was £1,445,000 (2017: £1,149,000). At 30 April 2018, the carrying amount of completed development projects on which amortisation is being charged was £4,003,000 (2017: £3,036,000). The weighted average remaining amortisation period of these assets at 30 April 2018 is 3.1 years (2017: 3.3 years).

The remaining amortisation periods and carrying amounts of the Group's other intangible assets are as follows:

Group	2018 Remaining amortisation period	2017 Remaining amortisation period	2018 Carrying amount	2017 Carrying amount
	(years)	(years)	£'000	£'000
Ideagen Capture				
Customer relationships	2.2	3.2	105	153
Ideagen Software				
Customer relationships	2.9	3.9	123	165
Proquis				
Customer relationships	3.7	4.7	151	192
Plumtree				
Customer relationships	4.6	5.6	503	611
Software	-	0.6	-	148
Pentana				
Customer relationships	5.5	6.5	864	1,019
Software	0.5	1.5	140	392
MSS				
Customer relationships	5.2	6.2	180	215
Software	0.2	1.2	19	134
EIBS				
Customer relationships	6.2	7.2	618	718
Software	1.2	2.2	164	307
Gael				
Customer relationships	6.7	7.7	5,992	6,886
Software	1.7	2.7	2,405	3,819

9 | INTANGIBLE ASSETS (CONTINUED)

Group	2018 Remaining amortisation period	2017 Remaining amortisation period	2018 Carrying amount	2017 Carrying amount
	(years)	(years)	£'000	£'000
Covalent				
Customer relationships	8.3	9.3	1,739	1,949
Software	3.3	4.3	646	844
Logen				
Customer relationships	9.3	9.3	146	164
Software	2.0	2.0	1	2
IPI Solutions				
Customer relationships	8.6	9.6	2,357	2,631
Software	3.6	4.6	1,180	1,507
PleaseTech				
Customer relationships	8.9	9.9	4,897	5,448
Software	3.9	4.9	2,721	3,416
Medforce				
Customer relationships	9.9	-	3,349	-
Software	4.9	-	1,770	-

9 | INTANGIBLE ASSETS (CONTINUED)

COMPANY

The intangible assets of the Company are as follows:

	Software	Development costs	Total
	£'000	£'000	£'000
Cost			
At 1 May 2016	121	489	610
Additions from internal development	-	-	-
At 30 April 2017	121	489	610
Additions from internal development	-	-	-
At 30 April 2018	121	489	610
Amortisation			
At 1 May 2016	121	268	389
Amortisation expense	-	72	72
At 30 April 2017	121	340	461
Amortisation expense	-	71	71
At 30 April 2018	121	411	532
Net carrying amount			
At 30 April 2018	-	78	78
At 30 April 2017	-	149	149

10 | PROPERTY, PLANT AND EQUIPMENT

GROUP

	Fixtures and fittings	Office equipment	Motor vehicles	Leasehold improvements	Loan equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 May 2016	166	744	86	54	43	1,093
Additions	52	175	-	62	-	289
Acquisition through business combinations	26	94	-	-	-	120
Disposals	-	-	(47)	-	-	(47)
Foreign currency exchange differences	-	1	-	-	-	1
At 30 April 2017	244	1,014	39	116	43	1,456
Additions	197	240	-	80	-	517
Acquisition through business combinations	-	6	-	-	-	6
Disposals	-	-	(15)	-	-	(15)
Foreign currency exchange differences	-	1	-	-	-	1
At 30 April 2018	441	1,261	24	196	43	1,965
Depreciation						
At 1 May 2016	89	460	24	47	40	660
Depreciation expense	31	164	40	11	3	249
Disposals	-	-	(38)	-	-	(38)
Foreign currency exchange differences	-	2	-	-	-	2
At 30 April 2017	120	626	26	58	43	873
Depreciation expense	63	212	10	35	-	320
Disposals	-	-	(15)	-	-	(15)
Foreign currency exchange differences	-	-	-	-	-	-
At 30 April 2018	183	838	21	93	43	1,178
Net carrying amount						
At 30 April 2018	258	423	3	103	-	787
At 30 April 2017	124	388	13	58	-	583

10 | PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY

	Fixtures and fittings	Office equipment	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 May 2016	23	172	10	205
Additions	-	1	39	40
At 30 April 2017	23	173	49	245
Additions	7	6	64	77
At 30 April 2018	30	179	113	322
Accumulated depreciation				
At 1 May 2016	23	167	2	192
Depreciation expense	-	3	7	10
At 30 April 2017	23	170	9	202
Depreciation expense	1	2	25	28
At 30 April 2018	24	172	34	230
Net carrying amount				
As at 30 April 2018	6	7	79	92
As at 30 April 2017	-	3	40	43

11 | FIXED ASSET INVESTMENTS

COMPANY

	Shares in subsidiaries
Cost	**£'000**
As at 1 May 2016	26,076
Additions in the year	28,234
Amounts claimed under warranties relating to business combinations	(78)
Capital contributions to subsidiary companies	722
As at 30 April 2017	54,954
Transfer of shares to other group companies	(4,675)
Capital contributions to subsidiary companies	1,545
As at 30 April 2018	51,824
Net carrying amount	
As at 30 April 2018	51,824
As at 30 April 2017	54,954

At 30 April 2018 the Company held 100% of the nominal value of all classes of the share capital of the companies set out below. All of these companies are incorporated in England & Wales with the exception of Ideagen Gael Limited and Gael Products Limited which are incorporated in Scotland, Ideagen Inc, Ideagen Software Inc, Medforce Technologies Inc and Covalent Software Inc which are incorporated in the United States of America and Ideagen EOOD which is incorporated in Bulgaria.

11 | FIXED ASSET INVESTMENTS (CONTINUED)

Name of subsidiary	Nature of business	Class of shares
Ideagen Gael Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary and 'B' Ordinary
Ideagen Software Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary and 'B' Ordinary
Pleasetech Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary
Covalent Software Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary, Ordinary 'A' and Ordinary non-voting shares
IPI Solutions Limited	Development and sale of software licences, software maintenance and related professional services	Ordinary, A Ordinary and B Ordinary shares
Ideagen EOOD	Development and sale of software licences, software maintenance and related professional services	Ordinary
Ideagen Software Inc.	Non-trading holding company based in the USA	Ordinary
Covalent Software Inc.	Sale of software licences, software maintenance and related professional services	Ordinary
Ideagen Inc.	Sale of software licences, software maintenance and related professional services	Ordinary
Medforce Technologies Inc	Sale of software licences, software maintenance and related professional services	Ordinary
Filebutton Limited	Dormant	'A' Ordinary and 'B' Ordinary
Ideagen Solutions Limited	Dormant	Ordinary
Pentana Limited	Dormant	Ordinary
EIBS Limited	Dormant	Ordinary
MSS Management Systems Services Limited	Dormant	Ordinary
Ideagen Capture Limited	Dormant	Ordinary
Proquis Limited	Dormant	Ordinary
Root3 Systems Limited	Dormant	Ordinary
Ideagen Systems Limited	Dormant	Ordinary
Gael Products Limited	Dormant	Ordinary

11 | FIXED ASSET INVESTMENTS (CONTINUED)

The registered office address of each of the above subsidiaries is Ergo House, Mere Way, Ruddington Fields Business Park, Nottinghamshire, NG11 6JS except for the following:

Ideagen Gael Limited, Gael Products Limited	Orion House, Bramah Avenue, SE Technology Park, East Kilbride, G75 0RD
Ideagen Inc.	Suite 2000, 11710 Plaza America Drive, Reston, Virginia 20190, USA
Ideagen Software Inc.	251 Little Falls Drive, Wilmington, Delaware 19808, USA
Medforce Technologies Inc	Suite 410, 2 Executive Boulevard, Suffern, NY 10901, USA
Covalent Software Inc.	4505 Chimney Creek Drive, Sarasota, FL34235, USA
Ideagen Logen EOOD	140 GS Rakovski Street, 1000 Sofia, Bulgaria

12 | INVENTORIES

GROUP

	2018	2017
	£'000	£'000
Goods for resale	-	10

Inventory costs recognised as an expense within cost of sales in the Group Statement of Comprehensive Income amounted to £10,000 (2017: £23,000).

13 | TRADE AND OTHER RECEIVABLES

GROUP

	2018	2017
	£'000	£'000
Trade receivables	10,507	8,783
Prepayments and accrued income	1,975	2,188
	12,482	10,971

COMPANY

	2018	2017
	£'000	£'000
Trade receivables	1,023	997
Prepayments and accrued income	290	263
Amounts receivable from subsidiaries	22,769	2,639
	24,082	3,899

All trade and other receivables have been reviewed for impairment. Unless specific agreement has been reached with individual customers, sales invoices are due for payment either 30 or 60 days after the date of the invoice. Where customers delay making payment, an assessment of the potential loss of customer goodwill arising from the enforcement of contractual payment terms may take place when considering actions to be taken to secure payment. Trade receivables include amounts that are past due at the reporting date for which no allowance for doubtful debts has been recognised because these amounts are still considered to be recoverable. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An analysis of trade receivables ageing based on due date is set out below.

GROUP

	2018	2017
	£'000	£'000
Not yet overdue	4,078	4,319
1 – 30 days overdue	2,756	1,872
30 – 60 days overdue	801	1,096
60+ days overdue	3,703	1,906
	11,338	9,193
Allowance for doubtful debts (all against debts 60+ days overdue)	(831)	(410)
	10,507	8,783

13 | TRADE AND OTHER RECEIVABLES (CONTINUED)

COMPANY

	2018	2017
	£'000	£'000
Not yet overdue	154	280
1 – 30 days overdue	460	379
30 – 60 days overdue	135	77
60+ days overdue	344	272
	1,093	1,008
Allowance for doubtful debts (all against debts 60+ days overdue)	(70)	(11)
	1,023	997

Trade receivables are shown net of an allowance for doubtful debts, movements on which are set out below.

GROUP

	2018	2017
	£'000	£'000
Balance at the start of the year	410	147
On acquisition of businesses	22	88
Impairment losses recognised	774	184
Amounts written off as uncollectable	(375)	(9)
Balance at the end of the year	831	410

COMPANY

	2018	2017
	£'000	£'000
Balance at the start of the year	11	20
Impairment losses recognised	201	-
Amounts written off as uncollectable	(142)	(9)
Balance at the end of the year	70	11

14 | TRADE AND OTHER PAYABLES

GROUP

	2018	2017
	£'000	£'000
Trade payables	916	1,160
Other taxes and social security	2,930	2,672
Accruals	1,554	1,283
	5,400	5,115

COMPANY

	2018	2017
	£'000	£'000
Trade payables	134	124
Other taxes and social security	19	59
Amounts payable to subsidiaries	27,092	11,244
Accruals	779	654
	28,024	12,081

15 | CONTINGENT CONSIDERATION ON BUSINESS COMBINATIONS

GROUP AND COMPANY

	2018	2017
	£'000	£'000
Contingent consideration on the acquisition of Pleasetech Limited	-	2,000
Contingent consideration on the acquisition of Logen EOOD	-	54
	-	2,054

Part of the consideration for the acquisition of Pleasetech Limited in March 2017 was contingent on the achievement of certain revenue targets in the six month period following acquisition. The contingent amount payable under this arrangement was between £nil and £2,000,000. At the date of acquisition, the directors assessed the fair value of the contingent consideration payable under this arrangement at £2,000,000. The revenue targets were subsequently achieved and a payment of £2,000,000 was paid on the first anniversary of completion in March 2018.

Part of the consideration for the acquisition of Logen EOOD (later renamed Ideagen EOOD) in August 2016 was contingent on the achievement of certain revenue targets in the year following acquisition. The contingent amount payable under this arrangement was between zero and 120,000 Bulgarian Lev. At the date of acquisition, the directors assessed the fair value of the contingent consideration payable under this arrangement at 120,000 Bulgarian Lev which was equivalent to £54,000. The revenue targets were subsequently achieved and a payment of 120,000 Bulgarian Lev was made in August 2017.

16 | SHORT-TERM BORROWINGS

In August 2016, the Group secured a new 3-year revolving credit facility which was subject to a limit of £3,000,000. In April 2018, the facility limit was increased to £8,000,000. The facility has an interest rate of 3 month LIBOR plus 2% on borrowed funds and a rate of 0.8% on unutilised funds within the facility. Security for borrowings under the facility is provided by way of a debenture over the assets of the Group.

GROUP AND COMPANY

	2018	2017
	£'000	£'000
Balance at the start of the year	2,000	-
New borrowings	4,750	2,000
Amounts repaid	(2,000)	-
	4,750	2,000

17 | DEFERRED CONSIDERATION ON BUSINESS COMBINATIONS

GROUP AND COMPANY

	2018	2017
	£'000	£'000
Current liabilities		
Deferred consideration on the acquisition of IPI Solutions Limited	460	1,640
	460	1,640
Non-current liabilities		
Deferred consideration on the acquisition of IPI Solutions Limited	-	460
	-	460

The deferred consideration payable in respect of the acquisition of IPI Solutions Limited is not subject to any performance criteria and no interest is payable on the deferred amounts. The first payment of £1,640,000 was made in December 2017 and the second payment of £460,000 is due in December 2018.

18 | BUSINESS COMBINATIONS

Acquisition of Medforce Technologies Inc.

On 5 April 2018, the Group acquired 100% of the issued ordinary share capital of Medforce Technologies Inc., a company incorporated and domiciled in the United States of America, for total consideration of $9,000,000 (£6,438,000). The acquisition is expected to enhance the Group's existing business by expanding the Group's geographic footprint, the addition of a complementary solution offering, a talented workforce and strong recurring revenues and further consolidates the Group's position in the healthcare sector. The acquisition also provides infrastructure and a platform for further growth in the important US market.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	$'000	£'000
Non-current assets		
Customer relationships intangible	4,641	3,320
Software intangible	2,470	1,767
Property, plant and equipment	9	6
Current assets		
Trade and other receivables	181	130
Cash and cash equivalents	298	213
Current liabilities		
Trade and other payables	(156)	(111)
Deferred revenue	(995)	(712)
Non-current liabilities		
Deferred income tax liabilities	(1,920)	(1,374)
Net identifiable assets acquired	4,528	3,239

The fair value of the consideration at the date of acquisition is as follows:

	$'000	£'000
Cash paid at completion	9,000	6,438

Goodwill arising on the acquisition is as follows:

	$'000	£'000
Fair value of consideration at date of acquisition	9,000	6,438
Less: fair value of net identifiable assets acquired	(4,528)	(3,239)
Goodwill arising on acquisition	4,472	3,199

18 | BUSINESS COMBINATIONS (CONTINUED)

Goodwill arose on the acquisition of Medforce Technologies Inc. as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £426,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2018. The Group Statement of Comprehensive Income for the year ended 30 April 2018 includes revenue of £266,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £71,000 in respect of the business acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Medforce Technologies Inc. had been completed on 1 May 2017 is impracticable as the accounting reference date of this company was previously 31 December and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of Medforce Technologies Inc:	£'000
Consideration paid in cash	6,438
Less: cash acquired in subsidiary	(213)
Net cash outflow on acquisition of subsidiary	6,225

Business combinations completed in the year ended 30 April 2017

Acquisition of Covalent Software Limited

On 5 August 2016, the Company acquired 100% of all classes of the issued ordinary share capital of Covalent Software Limited, a company incorporated and domiciled in the United Kingdom, together with its 100% owned subsidiary, Covalent Software Inc. a company incorporated and domiciled in the United States, for total consideration of £4,655,000. The acquisition is expected to enhance the Group's existing business through the addition of a complementary cloud solution offering, a talented workforce and strong recurring revenues and further consolidates the Group's position in the financial services and public sector markets.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	£'000
Non-current assets	
Customer relationships intangible	2,104
Software intangible	989
Property, plant and equipment	38
Deferred income tax assets	145
Current assets	
Trade and other receivables	291
Corporation tax recoverable	37
Cash and cash equivalents	1,114
Current liabilities	
Trade and other payables	(414)
Deferred revenue	(1,257)
Non-current liabilities	
Deferred income tax liabilities	(559)
Net identifiable assets acquired	2,488

18 | BUSINESS COMBINATIONS (CONTINUED)

The fair value of the consideration at the date of acquisition is as follows:

	£'000
Cash paid at completion	4,655

Goodwill arising on the acquisition is as follows:

	£'000
Fair value of consideration at date of acquisition	4,655
Less: fair value of net identifiable assets acquired	(2,488)
Goodwill arising on acquisition	2,167

Goodwill arose on the acquisition of Covalent Software Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £167,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2017. The Group Statement of Comprehensive Income for the year ended 30 April 2017 includes revenue of £1,767,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £320,000 in respect of the business acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Covalent Software Limited had been completed on 1 May 2016 is impracticable as the accounting reference date of this company was previously 31 December and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of Covalent Software Limited:

	£'000
Consideration paid in cash	4,655
Less: cash acquired in subsidiary	(1,114)
Net cash outflow on acquisition of subsidiary	3,541

18 | BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Logen EOOD

On 25 August 2016, the Company acquired 100% of the issued ordinary share capital of Logen EOOD, a company incorporated and domiciled in Bulgaria, for £134,000. The acquisition is expected to enhance the Group's existing business through the addition of staff experienced in audit-based analytics and will provide a solid base in Eastern Europe which will be used to enhance sales reach and future software development capacity.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	£'000
Non-current assets	
Customer relationships intangible	176
Software intangible	2
Property, plant and equipment	6
Current assets	
Trade and other receivables	14
Current liabilities	
Trade and other payables	(47)
Bank overdraft	(26)
Deferred revenue	(27)
Non-current liabilities	
Deferred income tax liabilities	(31)
Net identifiable assets acquired	67

The fair value of the consideration at the date of acquisition is as follows:

	£'000
Cash paid at completion	80
Contingent consideration payable in cash (note 15)	54
Total consideration	134

Goodwill arising on the acquisition is as follows:

	£'000
Fair value of consideration at date of acquisition	134
Less: fair value of net identifiable assets acquired	(67)
Goodwill arising on acquisition	67

18 | BUSINESS COMBINATIONS (CONTINUED)

Goodwill arose on the acquisition of Logen EOOD as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £24,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2017. The Group Statement of Comprehensive Income for the year ended 30 April 2017 includes revenue of £161,000 and a loss after taxation of £7,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Logen EOOD had been completed on 1 May 2016 is impracticable as the accounting reference date of this company is 31 December and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition Logen EOOD:

	£'000
Consideration paid in cash	80
Bank overdraft acquired in subsidiary	26
Net cash outflow on acquisition of subsidiary	106

Acquisition of IPI Solutions Limited

On 8 December 2016, the Company acquired 100% of all classes of the issued ordinary share capital of IPI Solutions Limited, a company incorporated and domiciled in the United Kingdom, for £7,018,000. The acquisition is expected to enhance the Group's existing business through the addition of a complementary solution, talented and experienced staff and long-term customer relationships and further consolidates the Group's position in the aerospace and defence, complex manufacturing and life sciences markets.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	£'000
Non-current assets	
Customer relationships intangible	2,738
Software intangible	1,635
Property, plant and equipment	8
Deferred income tax assets	183
Current assets	
Trade and other receivables	277
Cash and cash equivalents	1,478
Current liabilities	
Trade and other payables	(150)
Deferred revenue	(832)
Non-current liabilities	
Deferred income tax liabilities	(787)
Net identifiable assets acquired	4,550

18 | BUSINESS COMBINATIONS (CONTINUED)

The fair value of the consideration at the date of acquisition is as follows:

	£'000
Cash paid at completion	4,418
Ordinary shares issued at completion	500
Deferred consideration paid in cash in December 2017 (note 17)	1,640
Deferred consideration payable in cash in December 2018 (note 17)	460
Total consideration	7,018

The consideration paid in shares was satisfied by the issue of 889,680 ordinary shares in Ideagen plc at 56.2 pence per share.

	£'000
Goodwill arising on the acquisition is as follows:	
Fair value of consideration at date of acquisition	7,018
Less: fair value of net identifiable assets acquired	(4,550)
Goodwill arising on acquisition	2,468

Goodwill arose on the acquisition of IPI Solutions Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £165,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2017. The Group Statement of Comprehensive Income for the year ended 30 April 2017 includes revenue of £1,041,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £407,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of IPI Solutions Limited had been completed on 1 May 2016 is impracticable as the accounting reference date of this company was previously 30 June and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of IPI Solutions Limited:

	£'000
Consideration paid in cash	4,418
Less: cash acquired in subsidiary	(1,478)
Net cash outflow on acquisition of subsidiary	2,940

18 | BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Pleasetech Limited

On 28 March 2017, the Company acquired 100% of all classes of the issued ordinary share capital of Pleasetech Limited, a company incorporated and domiciled in the United Kingdom, for £16,427,000. The acquisition is expected to enhance the Group's existing business through the addition of an established complementary software solution. It also broadens Ideagen's relationships in existing core sectors (life sciences, aerospace and defence), enhances Ideagen's geographic customer footprint (particularly in the US), provides an additional source of recurring revenue and brings strong development capabilities through its facility in Malaysia.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	£'000
Non-current assets	
Customer relationships intangible	5,499
Software intangible	3,482
Property, plant and equipment	68
Deferred income tax assets	75
Current assets	
Trade and other receivables	581
Cash and cash equivalents	4,621
Current liabilities	
Trade and other payables	(282)
Deferred revenue	(1,556)
Income tax liability	(2)
Non-current liabilities	
Deferred income tax liabilities	(1,605)
Net identifiable assets acquired	10,881

The fair value of the consideration at the date of acquisition is as follows:

	£'000
Cash paid at completion	14,427
Contingent consideration paid in cash in March 2018 (note 15)	2,000
Total consideration	16,427

	£'000
Goodwill arising on the acquisition is as follows:	
Fair value of consideration at date of acquisition	16,427
Less: fair value of net identifiable assets acquired	(10,881)
Goodwill arising on acquisition	5,546

18 | BUSINESS COMBINATIONS (CONTINUED)

Goodwill arose on the acquisition of Pleasetech Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £253,000 have been expensed within a separate line in the Group Statement of Comprehensive Income for the year ended 30 April 2017. The Group Statement of Comprehensive Income for the year ended 30 April 2017 includes revenue of £420,000 and profit after taxation, excluding amortisation of relevant acquisition intangibles, of £89,000 in respect of the subsidiary acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Pleasetech Limited had been completed on 1 May 2016 is impracticable as the accounting reference date of this company was previously 31 March and it did not prepare comparable revenue and profit information on a monthly basis.

Net cash outflow on acquisition of Pleasetech Limited:

	£'000
Consideration paid in cash	14,427
Less: cash acquired in subsidiary	(4,621)
Net cash outflow on acquisition of subsidiary	9,806

19 | EQUITY SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

GROUP AND COMPANY

	2018	2017
	£'000	£'000
Issued and fully paid share capital:		
202,657,783 ordinary shares of £0.01 each (2017: 198,117,442 shares)	2,027	1,981
Share premium	34,257	33,405

	2018	2017
	Number	Number
Number of shares in issue at beginning of the year	198,117,442	178,963,428
Issued on exercise of share options	3,929,666	4,931,000
Issued under the share incentive scheme	610,675	-
Issued on share placing at 75 pence	-	13,333,334
Issued on acquisition of a business at 56.2 pence	-	889,680
Number of shares in issue at end of the year	202,657,783	198,117,442

Ordinary shares issued during the year ended 30 April 2018 on the exercise of share options were as follows:

Date shares issued	Number of shares issued	Issue price (pence)	Share premium (£)
18 May 2017	83,333	35.00	28,333
27 September 2017	150,000	50.00	73,500
16 October 2017	103,333	35.00	35,133
23 October 2017	25,000	37.63	9,158
24 October 2017	1,000,000	32.12	311,200
6 November 2017	18,000	35.00	6,120
4 December 2017	25,000	35.00	8,500
4 December 2017	110,000	32.12	34,323
6 March 2018	15,000	37.63	5,495
10 April 2018	1,800,000	1.00	-
10 April 2018	500,000	50.00	245,000
10 April 2018	100,000	37.63	36,630

19 | EQUITY SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES (CONTINUED)

Ordinary shares issued during the year ended 30 April 2017 on the exercise of share options were as follows:

Date shares issued	Number of shares issued	Issue price (pence)	Share premium (£)
4 May 2016	221,000	37.63	80,952
28 July 2016	80,000	10.00	7,200
11 August 2016	130,000	37.63	47,619
11 August 2016	500,000	1.00	-
31 August 2016	110,000	32.12	34,232
10 October 2016	1,500,000	1.00	-
1 November 2016	110,000	32.12	34,232
20 February 2017	25,000	35.00	8,500
24 February 2017	25,000	37.63	9,158
1 March 2017	25,000	37.63	9,158
23 March 2017	2,000,000	1.00	-
23 March 2017	205,000	22.38	43,829

Details of outstanding options over the shares of the Company are provided in note 21.

The total share issue costs during the year ended 30 April 2017 of £335,000 have been deducted from share premium.

MERGER RESERVE

	2018	2017
	£'000	£'000
Group	1,658	1,658
Company	1,709	1,709

The merger reserve is in respect of the premium arising on shares issued as part of the consideration provided on business combinations.

Retained earnings

Retained earnings of both the Group and the Company include an amount of £1,336,000 (2017: £1,336,000) which does not represent a realised profit and is not distributable.

20 | DIVIDENDS

A final dividend in respect of the year ended 30 April 2017 of 0.142 pence per ordinary share (in respect of the year ended 30 April 2016: 0.122 pence) was paid to shareholders on 22 November 2017. The total cost of this dividend was £284,000 (in respect of the year ended 30 April 2016: £222,000).

An interim dividend in respect of the year ended 30 April 2018 of 0.078 pence per ordinary share (2017: 0.068 pence) was paid to shareholders on 20 March 2018. The total cost of this dividend was £156,000 (2017: £124,000).

The directors have proposed the payment of a final dividend of 0.163 pence per ordinary share (2017: 0.142 pence) on 21 November 2018 subject to approval by shareholders at the forthcoming Annual General Meeting.

21 | SHARE-BASED PAYMENTS, SHARE OPTIONS AND SHARE INCENTIVE SCHEME

The Company has issued share options under five different arrangements. In addition, the Company has issued shares under a new Share Incentive Scheme into a separate trust which is managed by an external trustee. The principal share option arrangements are an Enterprise Management Incentive Scheme used for granting share options to directors and employees, the 2015 Long Term Incentive Plan under which share options were granted to certain directors and managers, the 2017 Long Term Incentive Plan under which share options were granted to certain directors and the 2016 Share Option Scheme. In addition, a small number of other share options were granted in 2005 and 2006 although the final outstanding options under this arrangement were exercised during the year ended 30 April 2017.

Ideagen Enterprise Management Incentive Scheme

The Company has an Enterprise Management Incentive Scheme which permitted the grant to directors and staff of share options in respect of ordinary shares in the Company. Since September 2015, no further options can be granted under this scheme. Some of the options granted under this scheme do not have the tax benefits normally associated with Enterprise Management Incentive options however these options are identical in all other respects. The Scheme is an equity-settled arrangement and options granted under the scheme have a maximum life of 10 years from the date of grant. Options are capable of being exercised in stages. One third can be exercised one year after grant date, a further third can be exercised two years after grant date and all options are capable of being exercised three years from the grant date. All options can be exercised in the event of a takeover of the Company. There are no other vesting conditions except to note that the options will lapse on leaving employment with the Group.

The following is a summary of the movements in outstanding share options under the Ideagen Enterprise Management Incentive Scheme.

Year ended 30 April 2018

	Number of options	Weighted average exercise price (pence)
Outstanding at 1 May 2017	8,817,333	24.5
Exercised during the year	(1,479,666)	33.1
Lapsed during the year	(41,667)	35.0
Outstanding at 30 April 2018	7,296,000	22.6
Exercisable as at 30 April 2018	6,746,000	21.4

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS (CONTINUED)

Of the options outstanding at 30 April 2018, 2,133,333 (2017: 2,133,333) options have an exercise price of 9 pence, 3,295,000 (2017: 3,295,000) options have an exercise price of 22.38 pence, nil (2017: 1,110,000) options have an exercise price of 32.12 pence, 828,667 (2017: 1,100,000) options have an exercise price of 35 pence, 514,000 (2017: 654,000) options have an exercise price of 37.63 pence and 525,000 (2017: 525,000) options have an exercise price of 45.5 pence.

The fair values of the options exercised during the year at the date they were granted and the price of Ideagen plc ordinary shares on the date of exercise were as follows..

Number of options exercised	Exercise price (pence)	Ideagen plc share price on date of exercise (pence)	Fair value per option at date of grant (pence)
83,333	35.00	95.00	10.16
40,000	35.00	84.00	10.16
63,333	35.00	82.00	10.16
25,000	37.63	80.00	13.69
1,000,000	32.12	80.00	12.12
18,000	35.00	85.00	10.16
25,000	35.00	98.19	10.16
110,000	32.12	98.19	12.12
15,000	37.63	107.00	13.69
100,000	37.63	109.00	13.69
1,479,666			

The weighted average remaining contractual life of the options outstanding at 30 April 2018 was 5.0 years (2017: 6.3 years).

Year ended 30 April 2017

	Number of options	Weighted average exercise price (pence)
Outstanding at 1 May 2016	9,668,333	25.2
Granted during the year	-	-
Exercised during the year	(851,000)	32.5
Outstanding at 30 April 2017	8,817,333	24.5
Exercisable as at 30 April 2017	6,748,000	20.7

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS (CONTINUED)

Of the options outstanding at 30 April 2017, 2,133,333 (2016: 2,133,333) options have an exercise price of 9 pence, 3,295,000 (2016: 3,500,000) options have an exercise price of 22.38 pence, 1,110,000 (2016: 1,330,000) options have an exercise price of 32.12 pence, 1,100,000 (2016: 1,125,000) options have an exercise price of 35 pence, 654,000 (2016: 1,055,000) options have an exercise price of 37.63 pence and 525,000 (2016: 525,000) options have an exercise price of 45.5 pence.

The fair values of the options exercised during the year at the date they were granted and the price of Ideagen plc ordinary shares on the date of exercise were as follows.

Number of options exercised	Exercise price (pence)	Ideagen plc share price on date of exercise (pence)	Fair value per option at date of grant (pence)
221,000	37.63	51.25	13.69
130,000	37.63	56.00	13.69
110,000	32.12	54.50	12.12
110,000	32.12	53.38	12.12
25,000	35.00	78.50	10.16
25,000	37.63	81.50	13.69
25,000	37.63	79.50	13.69
205,000	22.38	75.00	11.80
851,000			

The weighted average remaining contractual life of the options outstanding at 30 April 2017 was 6.3 years (2016: 7.4 years).

Ideagen 2015 Long Term Incentive Plan

On 22 July 2015, the company introduced a Long Term Incentive Plan and initially 4,000,000 share options were granted under the plan at an exercise price of 1 penny to certain directors and managers.

Some of these options could be exercised when the Ideagen plc share price for the immediately preceding 20 dealing days was at least 51 pence on each of those days provided that this occurs within 3 years of the date of grant of the options. The remaining options could be exercised when the Ideagen plc share price for the immediately preceding 20 dealing days is at least 68 pence provided that this occurs within 3 years of the date of grant of the options.

No options could be exercised in the 12 month period immediately following the date of grant. In the event of a takeover of the company, different rules apply and all of these options may become exercisable at that point.

The following is a summary of the movements in the number of outstanding share options under the 2015 Long Term Incentive Plan. At 30 April 2017 all of the options under this plan had been exercised and no further options will be granted.

	51 pence share price exercise condition		68 pence share price exercise condition	
	2018	2016	2018	2017
At the start of the year	-	2,000,000	-	1,500,000
Granted during the year	-	-	-	500,000
Exercised during the year	-	(2,000,000)	-	(2,000,000)
Lapsed during the year	-	-	-	-
At the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS (CONTINUED)

The fair values of the options granted in the year ended 30 April 2017 were estimated at the date of grant using a trinomial option pricing model. The inputs to the option pricing model are summarised below.

	2018
	68 pence condition
Date of grant	1 September 2016
Share price at grant date (pence)	54.5
Exercise price (pence)	1.0
Share price barrier condition (pence)	68.0
Expected volatility	33%
Expected dividend yield	0.34%
Expected option life	3 years
Risk-free interest rate	0.23%
Fair value of option (pence)	41.32

Future share price volatility was estimated by using historic share price volatility over the most recent period commensurate with the expected life of the option.

The fair values at the date the options were granted of the options exercised during the year ended 30 April 2017 and the price of Ideagen plc ordinary shares on the date of exercise were as follows.

Number of options exercised	Ideagen plc share price on date of exercise (pence)	Fair value per option at date of grant(pence)
500,000	56.00	35.25
1,500,000	53.00	35.25
1,500,000	75.00	22.70
500,000	75.00	41.32
4,000,000		

Ideagen 2017 Long Term Incentive Plan

On 23 March 2017, the Company introduced the 2017 Long Term Incentive Plan and 3,600,000 share options were granted under the plan at an exercise price of 1 penny to certain directors.

1,800,000 of these options were eligible to vest on the Company's share price reaching 98 pence over 30 consecutive business days with the remainder becoming eligible to vest on the Company's share price reaching 136 pence over 30 consecutive business days.

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS (CONTINUED)

Any shares issued in respect of the exercise of any of these options cannot be sold until the fourth anniversary of the grant date, except to cover the taxation charges arising on exercise, and are subject to continued service throughout. All options will lapse if the eligibility criteria are not satisfied or the options are not exercised within 5 years of the date of grant of the options. In the event of a takeover of the Company, different rules will apply and all of these options may become exercisable at that point.

During the year ended 30 April 2018, the 98 pence share price condition in respect of 1,800,000 of these options was met. Accordingly, these 1,800,000 options were exercised in the year when the Ideagen plc share price was £1.09. The remaining 1,800,000 options linked to the 136 pence share price condition were not exercisable at 30 April 2018.

The fair value of the options granted were estimated at the date of grant using a trinomial option pricing model. The inputs to the option pricing model are summarised below.

	98 pence share price exercise condition	136 pence share price exercise condition
Number of options granted on 23 March 2017	1,800,000	1,800,000
Share price at grant date	78 pence	78 pence
Exercise price	1 penny	1 penny
Share price condition (barrier)	98 pence	136 pence
Expected volatility	33%	33%
Expected dividend yield	0.27%	0.27%
Expected option life	3 years	3 years
Risk-free interest rate	0.6%	0.6%
Fair value of option	59.3 pence	33.58 pence

Future share price volatility was estimated by using historic share price volatility over the most recent period commensurate with the expected life of the option.

Ideagen 2016 Share Option Scheme

This scheme was introduced in the year ended 30 April 2017 to replace the Enterprise Management Incentive Scheme as no further option awards can be made under that scheme.

The Scheme is an equity-settled arrangement and options granted under the scheme have a maximum life of 10 years from the date of grant. Options are normally capable of being exercised in stages unless otherwise agreed by the Board. One third can be exercised one year after grant date, a further third can be exercised two years after grant date and all options are capable of being exercised three years from the grant date. All options can be exercised in the event of a takeover of the Company. There are no other vesting conditions except to note that the options will lapse on leaving employment with the Group if they have not been exercised.

The following is a summary of the movements in outstanding share options under the Ideagen 2016 Share Option Scheme.

Year ended 30 April 2018

	Number of options	Weighted average exercise price (pence)
Outstanding at 1 May 2017	950,000	50
Granted during the year	300,000	50
Exercised during the year	(650,000)	50
Outstanding at 30 April 2018	600,000	50
Exercisable as at 30 April 2018	100,000	50

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS (CONTINUED)

During the year ended 30 April 2018, 150,000 options were exercised when the Ideagen plc share price was 82 pence and a further 500,000 options were exercised when the Ideagen plc share price was 109 pence. During the year, 300,000 (2017: 950,000) options were granted under this scheme with an exercise price of 50 pence each. The fair values of the options granted were estimated at the date of grant using a Black-Scholes option pricing model. The key inputs to the option pricing model are summarised below.

	2018	2017
Number of options granted in the year	300,000	950,000
Date of grant	2 May 2017	1 September 2016
Share price at grant date	88.5 pence	54.5 pence
Exercise price	50 pence	50 pence
Expected volatility	33%	33%
Expected dividend yield	0.21%	0.34%
Expected option life	5 years	5 years
Risk-free interest rate	0.51%	0.23%
Fair value of option	44.46 pence	16.98 pence

Future share price volatility was estimated by using historic share price volatility over the most recent period commensurate with the expected life of the option.

The average remaining contractual life of the options outstanding at 30 April 2018 was 8.6 years (2017: 9.3 years).

Other outstanding share options

In addition to the share options granted under the terms of the schemes outlined above, a total of 80,000 further share options granted by the Company in 2005 and 2006 remained outstanding at 30 April 2016.

These 80,000 options were exercised during the year ended 30 April 2017 at an exercise price of 10 pence when the price of Ideagen plc ordinary shares was 53.5 pence.

Share Incentive Scheme

During the year ended 30 April 2018, the company set up a Share Incentive Scheme. All employees are eligible to join the Company's Share Incentive Scheme once they have been employed by the Group for six months. Subject to the Group achieving certain profit targets, "Free Shares" are awarded to all eligible employees. During the year ended 30 April 2018, up to £2,000 worth of Free Shares were awarded to eligible employees when the Ideagen share price was 91 pence. There are no vesting conditions attached to the Free Shares other than being continuously employed by the Group for 3 years from the date of award. If an employee leaves the Group within the 3 year period, in certain cases the shares will vest and in other cases they will be forfeited. In addition employees are able to purchase "Partnership Shares" at prevailing market rates out of their pre-tax income, subject to an annual HMRC limit of £1,800. No share-based payment charge arises in respect of the Partnership Shares. All Free Shares and Partnership Shares are held in a trust which is managed by an external trustee. On leaving employment with the Group the employee must take all of their shares out of the trust.

21 | SHARE-BASED PAYMENTS AND SHARE OPTIONS (CONTINUED)

Details of the movements of Free Shares in the Share Incentive Scheme were as follows:

	Number of Free Shares
Outstanding at 1 May 2017	-
Granted during the year	550,639
Vested during the year	(16,697)
Forfeited during the year	(33,922)
Outstanding at 30 April 2018	500,020
Exercisable as at 30 April 2018	-

Effect of share options and the Share Incentive Scheme on the Group Statement of Comprehensive Income and Equity reserves

The total share-based payment charge in the Group Statement of Comprehensive Income was as follows:

	2018	2017
	£'000	£'000
Enterprise Management Incentive Share Option Scheme	40	120
2015 Long Term Incentive Plan Share Option Scheme	-	604
2016 Share Option Scheme	158	74
2017 Long Term Incentive Plan Share Option Scheme	1,231	60
	1,429	858
National insurance costs on exercise of share options	335	345
Share Incentive Scheme	116	-
	1,880	1,203

With the exception of the national insurance costs, these charges have been credited to a share-based payment reserve within equity. The balance on this reserve at 30 April 2018 amounted to £1,148,000 (2017: £961,000).

The total fair value at the date the share options were granted of the options exercised during the year ended 30 April 2018 was £1,337,000 (2017: £1,379,000). This was transferred from the share-based payment reserve to retained earnings during the year. In addition a further £15,000 (2017: £nil) was transferred from the share-based payment reserve to retained earnings in respect of shares which had vested under the rules of the Share Incentive Scheme.

22 | CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide a return to shareholders and benefits for other stakeholders.

The capital monitored by the group consists of all components of equity attributable to owners of the parent as set out in the Group Statement of Changes in Equity other than the foreign currency translation reserve, any long or short term borrowings, contingent and deferred liabilities arising from business combinations disclosed in Notes 15 and 17 and cash and cash equivalents.

The Group currently maintains a capital structure which is appropriate for its needs principally through a combination of cash flow management and forecasting and the issue of new shares, primarily in connection with the funding of business acquisitions. The Group also has a revolving credit facility of up to £8 million and had short-term borrowings of £4.75 million at 30 April 2018 as set out in note 16.

The Group is not subject to externally imposed capital requirements other than the minimum capital requirements imposed by the Companies Act 2006 on all public limited companies

23 | OPERATING LEASE COMMITMENTS

As at 30 April 2017 the Group had the following aggregate commitments under non-cancellable operating leases in respect of land & buildings:

	2018	2017
	£'000	£'000
Within one year	615	483
Between two and five years	1,008	513
	1,623	996

24 | PENSION SCHEMES

The Group operated a defined contribution pension scheme for employees during the year. The pension cost charge represents contributions payable by the Group into the scheme and amounted to £522,000 (2017: £257,000). At 30 April 2018, trade and other payables included £77,000 (2017: £44,000) payable to the Group pension scheme.

25 | CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding overdrafts as follows

	2018	2017
	£'000	£'000
GROUP		
Cash and bank balances	5,532	6,205
COMPANY		
Cash and bank balances	2,301	1,317

26 | RELATED PARTY TRANSACTIONS

Ideagen plc is the parent company of the Group. There was no overall control of Ideagen plc.

Balances between the Company and its wholly owned subsidiaries, which are related parties of the Company, are disclosed in notes 13 and 14. During the year, the Company recharged £1,039,000 (2017: £543,000) of costs to its wholly owned subsidiaries and suffered recharges of £1,490,000 (2017: £387,000) from its wholly owned subsidiaries. Details of transactions between the Company and other related parties are disclosed below.

At 30 April 2018, trade and other payables in the Company included £5,089 (2017: £5,044) payable to Ultris Limited, a company in which Mr Alan Carroll is a director and major shareholder. This amount is in respect of fees and expenses payable to Mr Alan Carroll as a director of the Company. Amounts charged by Tony Rodriguez for his services as a director of the company are payable to X88 Limited, a company in which Mr Rodriguez is a director and major shareholder. No amounts were outstanding to X88 Limited at 30 April 2018 (2017: £nil). The amounts payable to Ultris Limited and X88 Limited for the services of Mr Carroll and Mr Rodriguez respectively as directors of the Company are as per the remuneration of directors disclosed in note 6.

Total dividends paid to the directors of the Company during the year were as follows: Jonathan Wearing £9,546 (2017: £8,434), David Hornsby £19,027 (2017: £17,947), Graeme Spenceley £1,379 (2017: £594), Alan Carroll £449 (2017: £388), Barnaby Kent £3,909 (2017: £1,205), Ben Dorks £3,298 (2017: £850) and Tony Rodriguez £nil (2017: £nil).

Key management are considered to be the directors of the Company. The remuneration of the directors of the company is disclosed in note 6 of these financial statements. The total remuneration of key management is set out below:

	2018	2017
	£'000	£'000
Salaries, bonuses and fees and related employer national insurance	1,066	736
Share based payments	1,499	394
	2,565	1,130

27 | EVENTS AFTER THE END OF THE REPORTING PERIOD

Share placing

On 13 September 2018 the company allotted and issued 14,084,507 ordinary shares under a share placing at a price of 142 pence per share to raise £20 million before costs which will allow the company to quickly capitalise on a number of acquisition opportunities.

Acquisition of businesses

On 4 September 2018, the Group completed the acquisition of InspectionXpert Corporation, a company domiciled in the United States of America. The initial consideration for the purchase was $5 million with a further $1 million deferred for 12 months and up to an additional $1 million will become payable in December 2019 based on the achievement of certain revenue objectives.

This acquisition supports the Group's global growth strategy and consolidates its position within the fast-growing Quality Inspection market with the addition of a digital Quality Inspection SaaS solution for the advanced engineering and manufacturing sector and a range of both SME and global Tier 1 customers.

On 27 September 2018, the Company completed the acquisition of Morgan Kai Group Limited, a company domiciled in the United Kingdom, together with its subsidiaries, Morgan Kai Limited (a company domiciled in the United Kingdom) and Morgan Kai Group Inc (a company domiciled in the United States of America). The net cash consideration for the purchase paid at completion was approximately £20.5 million.

This acquisition significantly increases the Group's presence in the Internal Audit market, with the addition of further intellectual property and a wide geographical spread of customers particularly in the USA.

A full assessment of the fair values of assets and liabilities acquired has not yet been completed.

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