

Idox Software Limited

ANNUAL REPORT & ACCOUNTS 2021



Company Number: 02933889

Contents

Page 1	Strategic report
Page 4	Directors' report
Page 7	Statement of comprehensive income
Page 8	Balance sheet
Page 9	Statement of changes in equity
Page 10	Notes to the accounts

Company details

Directors:	D Meaden R Paterson I Noble R Grubb J Legdon
Secretary:	R Paterson
Registered office	2 nd Floor 1310 Waterside Arlington Business Park Theale Reading RG7 4SA
Company registration number:	02933889

Strategic report

For the year ended 31 October 2021

Our business model

The principal activity of the Company is the development and supply of computer software and related consulting services. Idox Software Limited provides public sector and commercial engineering organisations with solutions which deliver real efficiency savings benefits whilst transforming their ability to access and manage information and knowledge, documents and content, business processes and workflow as well as connecting directly with the citizen via the web.

Business review and future developments

The profit for the year after taxation amounted to £28,204,920 (2020: £6,994,524).

During the year the Company paid interim dividends of £Nil (2020: £7,000,000) to its parent company, Idox plc.

The Directors do not recommend the payment of a final dividend.

Revenue has increased in the year due to the full year impact of Idox Cloud and McLaren Software Limited which were hived in to Idox Software in August 20 and September 20 respectively, in addition to the half year impact of Idox Health which was hived in to Idox Software in May 21. There continues to be an increased focus on cost reductions and synergies as part of the corporate simplification exercises in order to improve margins, however, there have been large contract wins in our elections business which has a lower margin than the rest of the business and has resulted in slightly lower gross margin and EBITDA margins overall in the year.

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

	2021	2020	Measure
Turnover (£000)	54,638	45,803	
Profitability Ratios			
Gross Margin	72%	76%	Gross profit as a percentage of turnover
Adjusted EBITDA margin	29%	31%	Profit before interest, tax, depreciation, amortisation, share option costs and restructuring costs as a percentage of turnover
Liquidity ratio			
Current ratio	2.21	1.13	Assets due < 1 year divided by current liabilities.
Debtor days	33	33	Year-end trade debtors divided by turnover, multiplied by 365 days.

Financial risk management objectives and policies

The Company uses various financial instruments which include cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company performs a regular review of short, medium and long-term cash forecasting to ensure our anticipated levels of cash are sufficient to meet both near-term requirements and longer-term strategic objectives. The Company carefully manages cash receipts and payments with customers and suppliers to ensure cash is delivered in line with agreed obligations.

The main risk arising from the Company's financial instruments is credit risk. The Directors review this risk on an ongoing basis. This policy has remained unchanged from previous years.

Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors. This risk is mitigated due to the nature of the customers.

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

Strategic report (continued)

For the year ended 31 October 2021

Financial risk management objectives and policies (continued)

Liquidity risk

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

Exchange rate risk

The Company monitors its exposure to exchange rate risk on an ongoing basis. The Company has limited exposure to foreign exchange risk given the majority of its operations are based in the UK, and any overseas operations have a high degree of natural hedging arising between sales and cost transactions.

Principal risks and uncertainties

Covid-19 pandemic

The Company continues to monitor the impact of the Covid-19 pandemic. Idox is well placed because of the Company's high recurring revenue base, its focus on public sector markets and the high proportion of staff that routinely work from home.

Further details of our assessment of the impact of the Covid-19 pandemic on the Group is included in the Going Concern disclosures in the Directors' Report on pages 5 to 6.

Greenhouse gas (GHG) emissions reporting

Working within the three scopes of the Greenhouse Gas Protocol (GHG), Idox has committed to achieving net zero carbon emissions by 2040. Across the business we will have a three-step approach to carbon emissions. Our main priority is to eliminate emissions, failing that we will reduce and then offset emissions by engaging in a compensating carbon offset programme.

In line with the GHG, Idox has identified that financial year 2019 is an appropriate baseline year for assessing carbon reduction from for 2 reasons:

- This year is highly representative of a normal stable year of Group operations with data covering all of the GHG scopes.
- This year was not impacted by the Covid19 pandemic.

Idox base year emissions recalculation policy is to:

- Add to the baseline year and subsequent years, emissions related to any items which may be added to the Greenhouse Gas Protocol to the scopes.
- Adjust the baseline year for any significant acquisitions or disposals which would materially distort the overall comparator to the baseline year.
- Not adjust the baseline year for smaller events such as non-material acquisitions or disposals or office closures or openings.

We recognise that our normal way of operating in both the years ended 31 October 2020 and 31 October 2021 was significantly different due to the Covid-19 pandemic and that this significantly reduced emissions in almost all scopes during these years. Nevertheless, these years also saw the positive impact of initiatives we have undertaken under the Energy Saving Opportunities Scheme (ESOS) across all 3 scopes as well as from initiatives to reduce travel and waste. Whilst we do not expect to be able to sustain the reduced level of activity which created the significant savings in the reporting year, we do expect some changes to become permanent such as reduced travel as clients have become accustomed to receiving virtual support and reduced energy consumption in offices due to lower occupancy levels.

Awareness of our environmental impact, the initiatives we are taking to reduce it and the positive impact everyone in Idox can, and is making, has been increased including making available an interactive dashboard which all staff can access to visualise the individual and collective impact of their efforts.

Strategic report (continued)

For the year ended 31 October 2021

Greenhouse gas (GHG) emissions reporting (continued)

The table below shows the total gross GHG emissions in tonnes of Co2 (tCO2e):

Emissions Scope		Year ended 31 October 2019 (Baseline year)	Year ended 31 October 2020	Year ended 31 October 2021	Current year change from prior year	Current year change from baseline
1. Direct	Fuel - Oil	16	14	9	(38%)	(45%)
	Passenger vehicles	7	6	6	(6%)	(16%)
2. Indirect - Electricity	Electricity Use	67	47	37	(23%)	(45%)
3. Indirect - Other	Business Travel - Air	92	54	10	(81%)	(89%)
	Business Travel - Hotel	52	19	13	(32%)	(76%)
	Business Travel - Land	16	8	3	(57%)	(79%)
	Business Travel - Mileage	303	109	21	(80%)	(93%)
	Waste Disposal - Batteries	4	1	-	(100%)	(100%)
	Waste Disposal - Electrical Items	66	31	8	(74%)	(88%)
	Waste Disposal - Paper etc	37	10	15	53%	(60%)
		660	299	122	(59%)	(82%)

Responsible business

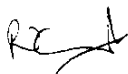
For more detail on how the Board have had regard to the importance of our environmental and societal responsibilities (for the Group and this entity), see the responsible business report on pages 19 to 24 of the Group's annual report, which does not form part of this report.

Section 172 (1) statement

As the Board is embedded within the wider Idox plc Group board and executive management team, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 (s172) have been considered to an appropriate extent by the Group board in relation to both the Group and to this entity.

An explanation of how the Group board has considered the matters set out in s172 is set out on pages 15 to 18 of the Group's annual report, which does not form part of this report.

This report was approved by the Board on 25 February 2022 and signed on its behalf.



R Grubb
Director

Directors' report

For the year ended 31 October 2021

The Directors present their report together with financial statements for the year ended 31 October 2021. A review of business and future developments is included in the Strategic Report.

Directors

The Directors who served during the year were:

D Meaden
R Paterson
I Noble
R Grubb
J Lcgdon

None of the Directors hold an interest in the shares of the Company.

The interests of the Directors in the shares of the parent company, Idox plc, are disclosed in that company's financial statements, where the Director is also a director of that company (D Meaden and R Grubb).

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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

In preparing these financial statements, the Directors are required to:

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

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

Research and development

The Company continues to invest in software development in order to provide new services to customers. This forms part of the Company's growth strategy.

Health, safety and environmental policies

The Company recognises and accepts its responsibilities for health, safety and the environment (HS&E) and has a team which provides advice and support in this area. The team members regularly attend external HS&E courses and internal reviews are performed on a regular basis to ensure compliance with best practice and all relevant legislation.

Directors' report (continued)

For the year ended 31 October 2021

Anti-slavery and human trafficking

Pursuant to Section 54 of the Modern Slavery Act 2015, Idox plc (parent company of Idox Software Limited) has published a Slavery and Human Trafficking Statement for the year ended 31 October 2021. The statement sets out the steps that the Company has taken to address the risk of slavery and human trafficking occurring within its own operations and supply chains. The Company follows the procedures noted in this statement, which can be found on the Group's corporate website: <https://www.idoxgroup.com/about-us/corporate-responsibility/>.

Disabled employees

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

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

Employee consultation

The Company consults employees on appropriate matters via the Group's employee engagement hub, Idox Voice, comprising employee facilitators who reflect the Group's business activities. Employees are encouraged to present their views and suggestions in respect of the Group's performance and policies, and we engage across a wide range of platforms to hear employee views, including our CEO broadcast, employee engagement surveys and a wide range of employee initiatives. In addition, the Group has connected Team sites, and a newly developed intranet hub, which facilitates faster and more effective communication.

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

Stakeholder statements

As the Board is embedded within the wider Idox plc Group board and executive management team, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 (s172) have been considered to an appropriate extent by the Group board in relation both to the Idox Group and to this entity.

An explanation of how the Group board has considered the matters set out in s172 is set out on pages 15 to 18 of the Group's annual report.

Employees

The board has carried out its duties in respect of the Company's employees, including engagement and having proper regard to their interests and the effect of any principal decisions taken by the Company during the financial year.

Other stakeholders

Similarly, the board has carried out its duties in respect of the Company's other stakeholders, focussing on the need to foster business relationships with suppliers, customers and others, and having proper regard to their interests and the effect of any principal decisions taken by the Company during the financial year.

Going concern

The Directors, having made suitable enquiries and analysis of the accounts, consider that the Company has adequate resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered the Company's budget, cash flow forecasts, available banking facility with appropriate headroom in facilities and financial covenants, and levels of recurring revenue.

In December 2019 the Group had refinanced with the Royal Bank of Scotland plc, Silicon Valley Bank and Santander UK plc. The facilities, which comprise a revolving credit facility of £35,000,000, were extended during the current year and are committed until June 2024.

Directors' report (continued)

For the year ended 31 October 2021

Going concern (continued)

Idox along with most companies has been impacted by the Covid-19 pandemic, however the impact on our Group has in the main been limited to the initial disruption of the early stages of the emerging challenges in 2020, including restrictions on physical movement. We have largely seen our operations return to their pre-Covid 19 pandemic levels across our Group.

We remain cautious in respect of the ongoing impact of the Covid-19 pandemic and associated restrictions but are confident we are fundamentally resilient due to the Group's high recurring revenue base, its focus on public sector markets and the high proportion of staff that routinely work from home. The Group retains significant liquidity with cash and available committed bank facilities and has strong headroom against financial covenants.

We continue to assess the impact of the Covid-19 pandemic on the business, taking actions to mitigate or limit the impacts on our organisation where we can and supporting our staff, customers and partners in dealing with the ongoing impacts which are largely in respect of associated restrictions.

As part of the preparation of our FY21 results, the Group has performed detailed financial forecasting, as well as severe stress-testing in our financial modelling, but have not identified any credible scenarios that would cast doubt on our ability to continue as a going concern.

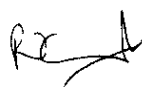
The Group has performed sensitivity analysis of financial modelling to identify what circumstances could lead to liquidity challenges. This forecasting has demonstrated that the Group would only breach its banking covenants in the most severe of circumstances which are not considered credible.

Therefore, this supports the going concern assessment for the business.

Auditor

No auditor has been appointed for the year ending 31 October 2021 as the Company is entitled to exemption from audit under section 479A of the Companies Act 2006.

This report was approved by the Board on 25 February 2022 and signed on its behalf.



R Grubb
Director

Idox Software Limited

Statement of comprehensive income

For the year ended 31 October 2021

	Note	2021 £	2020 £
Turnover	3	54,637,972	45,803,019
Cost of sales		<u>(15,148,629)</u>	<u>(10,974,439)</u>
Gross profit		39,489,343	34,828,580
Administrative expenses		(31,685,935)	(26,048,301)
Restructuring income / (costs)	4	20,321,573	(1,096,835)
Profit from operations		28,124,981	7,683,444
Interest receivable and similar income	6	1,147,867	741,125
Interest payable and similar charges	7	(253,418)	(454,567)
Profit on ordinary activities before taxation		29,019,430	7,970,002
Tax charge on profit on ordinary activities	8	(814,510)	(975,478)
Profit for the financial year		28,204,920	6,994,524
Other comprehensive income for the financial year, net of tax		-	-
Total comprehensive income for the financial year		28,204,920	6,994,524

The accompanying accounting policies and notes (pages: 10 to 24) form an integral part of these financial statements.

Idox Software Limited

Balance sheet

As at 31 October 2021

	Note	2021 £	2020 £
Non-current assets			
Tangible assets	9	1,247,939	1,049,931
Intangible assets	10	12,695,212	12,177,054
Right-of-use-assets	15	1,638,013	2,031,335
Debtors due > 1 year	11	3,351,605	2,709,232
		<u>18,932,769</u>	<u>17,967,552</u>
Current assets			
Debtors due < 1 year	11	49,382,370	23,703,129
Cash at bank and in hand		<u>12,460,532</u>	<u>23,047,338</u>
		61,842,902	46,750,467
Creditors: amounts falling due within one year	12	(27,931,203)	(41,307,245)
Net current assets		<u>33,911,699</u>	<u>5,443,222</u>
Creditors: amounts falling due in more than one year	12	(2,089,330)	(2,639,520)
Net assets		<u>50,755,138</u>	<u>20,771,254</u>
Capital and reserves			
Called up share capital	13	2,111,853	2,111,853
Share premium account		1,294,745	1,294,745
Share option reserve		3,765,420	2,284,132
Capital contribution		4,554,857	4,554,857
Retained earnings		<u>39,028,263</u>	<u>10,525,667</u>
Shareholders' funds		<u>50,755,138</u>	<u>20,771,254</u>

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were approved by the Board of Directors and authorised for issue on 25 February 2022 and are signed on its behalf by:



R Grubb
Director

The accompanying accounting policies and notes (pages: 10 to 24) form an integral part of these financial statements.

Company name: Idox Software Limited

Company number: 02933889

Idox Software Limited

Statement of changes in equity

As at 31 October 2021

	Called up share capital £	Share premium account £	Share option reserve £	Capital Contribution £	Retained earnings £	Total £
Balance at 1 November 2019	2,111,853	1,294,745	1,537,030	4,554,857	10,258,955	19,757,440
Share option costs	-	-	1,019,290	-	-	1,019,290
Exercise / lapses of share options	-	-	(272,188)	-	272,188	-
Equity dividends paid	-	-	-	-	(7,000,000)	(7,000,000)
Transactions with owners	-	-	747,102	-	(6,727,812)	(5,980,710)
Profit for the year	-	-	-	-	6,994,524	6,994,524
Other comprehensive income	-	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	-	6,994,524	6,994,524
At 31 October 2020	2,111,853	1,294,745	2,284,132	4,554,857	10,525,667	20,771,254
Share option costs	-	-	1,778,964	-	-	1,778,964
Exercise / lapses of share options	-	-	(297,676)	-	297,676	-
Equity dividends paid	-	-	-	-	-	-
Transactions with owners	-	-	1,481,288	-	297,676	1,778,964
Profit for the year	-	-	-	-	28,204,920	28,204,920
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	28,204,920	28,204,920
At 31 October 2021	2,111,853	1,294,745	3,765,420	4,554,857	39,028,263	50,755,138

The accompanying accounting policies and notes (pages: 10 to 24) form an integral part of these financial statements.

Notes to the accounts

For the year ended 31 October 2021

1 Company information

Idox Software Limited is a private company limited by shares which is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA. The registered number of the Company is 02933889.

2 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Sterling (£), which is the functional currency of the Company.

Going concern

The Directors, having made suitable enquiries and analysis of the accounts, consider that the Company has adequate resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered the Company's budget, cash flow forecasts, available banking facility with appropriate headroom in facilities and financial covenants, and levels of recurring revenue.

In December 2019 the Group had refinanced with the Royal Bank of Scotland plc, Silicon Valley Bank and Santander UK plc. The facilities, which comprise a revolving credit facility of £35,000,000, were extended during the current year and are committed until June 2024.

Idox along with most companies has been impacted by the Covid-19 pandemic, however the impact on our Group has in the main been limited to the initial disruption of the early stages of the emerging challenges in 2020, including restrictions on physical movement. We have largely seen our operations return to their pre-Covid 19 pandemic levels across our Group.

We remain cautious in respect of the ongoing impact of the Covid-19 pandemic and associated restrictions but are confident we are fundamentally resilient due to the Group's high recurring revenue base, its focus on public sector markets and the high proportion of staff that routinely work from home. The Group retains significant liquidity with cash and available committed bank facilities and has strong headroom against financial covenants.

We continue to assess the impact of the Covid-19 pandemic on the business, taking actions to mitigate or limit the impacts on our organisation where we can and supporting our staff, customers and partners in dealing with the ongoing impacts which are largely in respect of associated restrictions.

As part of the preparation of our FY21 results, the Group has performed detailed financial forecasting, as well as severe stress-testing in our financial modelling, but have not identified any credible scenarios that would cast doubt on our ability to continue as a going concern.

The Group has performed sensitivity analysis of financial modelling to identify what circumstances could lead to liquidity challenges. This forecasting has demonstrated that the Group would only breach its banking covenants in the most severe of circumstances which are not considered credible.

Therefore, this supports the going concern assessment for the business.

Parent company

The Company is a wholly owned subsidiary of Idox plc which prepares publicly available consolidated financial statements in accordance with IFRS. This Company is included in the consolidated financial statements of Idox plc for the year ended 31 October 2021.

Notes to the accounts (continued)

For the year ended 31 October 2021

2 Accounting policies (continued)

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS101. Therefore, these financial statements do not include:

- a statement of cash flows and related notes;
- disclosure of key management personnel compensation;
- disclosure of related party transactions with wholly owned subsidiaries of the Idox plc Group;
- certain disclosures in relation to share based payments;
- disclosures in relation to impairment of assets; and
- the effect of future accounting standards not adopted.

Adoption of new and revised standards

There were no new standards, amendments and interpretations that had a material impact on the Group's financial statements during the year.

Revenue

Revenue represents the income arising in the course of an entity's ordinary activities, net of value added tax.

Where work has been completed but the performance obligation has not been fully satisfied, the income has been accrued and included in contract receivables on the balance sheet.

The Company derives its revenue from the following revenue streams:

Non-recurring: software (initial licence fee)

Revenue from Initial License Fees (whether in respect of a perpetual or term license granted) is recognised on delivery and passing of full control of the software to the customer.

For license fees (Initial Licence Fees and Recurring Licence Fees) where the customer's control of our software is dependent on associated services such as non-recurring services which may be essential for the customer to use the software, the revenue from software license fees will be recognised over the course of the service provision in line with delivery of agreed performance obligation milestones as control of the whole solution is progressively transferred to the customer.

Non-recurring: services

Revenue from non-recurring services is recognised over the course of the service provision in line with delivery of agreed performance obligation milestones as control of the environment is progressively transferred to the customer.

Non-recurring: hardware

Revenue on hardware is recognised when control of the asset is passed to the customer which typically occurs on delivery.

Recurring: software (recurring licence fee and support & maintenance)

Revenue from Recurring License Fee (typically in respect of a term license granted) is recognised on delivery and passing of full control of the software to the customer as described for Non-recurring: Software (Initial Licence Fee). In order to achieve this, anticipated license fees from future recurring invoicing are typically 'unbundled' from the Support & Maintenance element and accrued until the invoicing occurs.

Revenue from Support & Maintenance is recognised evenly across the support and maintenance period, in line with the pattern of how we deliver the services and how they are consumed by the customer.

Recurring: managed services

Revenue from recurring managed services is recognised evenly across the managed service period, in line with the pattern of how we deliver the services and how they are consumed by the customer.

Recurring: hosting

Revenue from recurring hosting is recognised evenly across the hosting period, in line with the pattern of how we deliver the services and how they are consumed by the customer.

Notes to the accounts (continued)

For the year ended 31 October 2021

2 Accounting policies (continued)

Revenue (continued)

Software as a service (SaaS)

Fees from SaaS arrangements typically combine software licencing, support & maintenance, managed services and hosting into a single subscription payable by the customer for provision of a holistic service rather than delivery of constituent parts. Revenues from SaaS are recognised evenly across the period of contract for provision of the service, in line with the pattern of how we deliver the services and how they are consumed by the customer.

Contract revenue, receivables and liabilities

Long-term contracts for software solutions often contain multiple elements such as software, support, services, hosting and/or managed services.

Where there is a need to unbundle a software solution into its constituent elements, software industry benchmarks are applied.

Recognition of revenue on the software and services elements of longer-term contracts will be driven by IFRS 15 treatment whereby revenue is recognised in line with agreed delivery milestones as control passes to the customer. The remaining elements will be considered distinct performance obligations with revenue recognised over the course of the contract.

Contract receivables are recognised when performance obligations are discharged under a contractual arrangement to the customer but have not been invoiced. Once the invoicing does occur a trade receivable is recognised, and the contract receivable is derecognised.

Contract liabilities arise when invoicing occurs in advance of performance obligations being discharged. The revenue associated with the invoicing is deferred until such time as the performance obligation is delivered.

Research and development tax credits

The UK tax regime permits additional tax relief for qualifying expenditure incurred on research and development. The Research and Development Expenditure Credit (RDEC) Scheme has been adopted, which permits a tax credit of 11% of qualifying expenditure for companies classified as large. The Idox Group is considered large for research and development tax credit purposes owing to a headcount of over 500.

Intangible assets

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

(i) Research and development

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

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

Development costs not meeting the criteria for capitalisation are expensed in profit or loss as incurred. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Amortisation commences upon completion of the asset and, is shown separately in Intangible Assets in note 10.

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the Directors. Amortisation is calculated using the straight-line method over a period of 5 years.

Notes to the accounts (continued)

For the year ended 31 October 2021

2 Accounting policies (continued)

(ii) Software

Software represents the purchase price of developed products procured directly from a vendor. The software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over a period of 3 years.

(iii) Customer contracts

Customer contracts represent the purchase price of the EIM customer lists and contractual relationships purchased from Idox Germany prior to the Group's disposal of Idox Germany. These contracts are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over a period of 3 years.

Fixed assets

Items of property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged to the statement of comprehensive income using the following rates and bases so as to write off the cost or valuation of items of property, plant and equipment over their expected useful lives. The rates that are generally applicable are:

- | | |
|------------------------------------|---------------------------|
| • Computer hardware | 25% and 50% straight line |
| • Fixtures, fittings and equipment | 25% straight line |
| • Library books and journals | 33.3% straight line |

Useful economic lives and residual values are reviewed annually.

Employee benefits

Defined contribution pension plans

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

Share-based payment transactions

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

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

All equity-settled share-based payments are ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to profit and loss reserves.

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

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to reserves. In some circumstances upon exercise of share options, the right to shares are waived and the proceeds are settled in cash.

Notes to the accounts (continued)

For the year ended 31 October 2021

2 Accounting policies (continued)

Taxation

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

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

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income credits to the Company are assessed for recognition as deferred tax assets.

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

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

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. This expense is presented within administration expenses in the statement of comprehensive income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at a single discount rate to a portfolio of leases with reasonably similar characteristics.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

Notes to the accounts (continued)

For the year ended 31 October 2021

2 Accounting policies (continued)

Leases (continued)

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Impairment policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currency translation

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

Financial instruments

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

Financial assets

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

Trade and other receivables

Trade receivables do not carry any interest and are initially stated at their fair value, as reduced by appropriate allowances for estimated irrecoverable amounts. All receivables are considered for impairment. Provision against trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the assets carrying value and the present value of estimated future cash flows.

Cash and cash equivalents

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

Notes to the accounts (continued)

For the year ended 31 October 2021

2 Accounting policies (continued)

Financial liabilities and equity

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

Trade and other payables

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

Critical judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not easily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Management do not deem there to be any critical adjustments and / or estimates present within these financial statements.

3 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. An analysis of turnover by geographical destination is given below:

	2021 £	2020 £
United Kingdom	49,376,023	43,629,801
Rest of world	5,261,949	2,173,218
	<u>54,637,972</u>	<u>45,803,019</u>

All turnover is recognised over the period of the contract, unless our only performance obligation is to license or re-license a customer's existing user without any further obligations, in which case the turnover is recognised upon completion of the obligation.

All contracts are issued with commercial payment terms without any unusual financial or deferred arrangements and do not include any amounts of variable consideration that are constrained.

The Company's total outstanding contracted performance obligations at 31 October 2021 was £48,382,943 (2020: £41,277,000) and it is anticipated that 65% (2020: 76%) of this will be recognised as turnover in FY22.

4 Operating profit for the year

	2021 £	2020 £
The profit on ordinary activities before taxation is stated after:		
Tax services – compliance	17,605	5,750
Tax services – advisory	26,500	26,500
Depreciation - owned	736,329	662,445
Depreciation – right-of-use-assets	652,655	558,138
Amortisation of intangible assets	5,026,947	3,209,289
Equity-settled share-based payments	1,778,964	992,328
Foreign exchange gains	187,011	321,626

Restructuring income

Restructuring income of £20,321,573 (2020: cost £1,096,835) predominantly related to the write-off of intercompany balances.

Notes to the accounts (continued)

For the year ended 31 October 2021

5 Directors and employees

	2021 £	2020 £
Staff costs during the year were as follows:		
Wages and salaries	24,397,572	19,477,089
Social security costs	2,549,519	1,961,265
Pension costs	1,069,917	854,082
	<u>28,017,008</u>	<u>22,292,436</u>

During the year share-based payment charges of £1,778,964 (2020: £992,328) were incurred.

During the year the Company incurred redundancy costs of £7,830 (2020: £40,549).

The average number of employees of the Company during the year was 436 (2020: 401) and was made up as follows:

	2021 No.	2020 No.
Office and administration (including Directors of the Company and its subsidiary undertakings)	47	42
Sales	28	28
Development	52	44
Operations	309	287
	<u>436</u>	<u>401</u>

	2021 £	2020 £
Remuneration in respect of Directors was as follows:		
Emoluments	1,570,605	1,281,893
Pension contributions	44,393	41,518
Share option exercise gain	146,695	35,139
	<u>1,761,693</u>	<u>1,358,550</u>

In the year ended 31 October 2021, the Company also paid remuneration of £170,000 (2020: £202,430) to Directors of Idox plc.

During the year ended 31 October 2021 there were retirement benefits accruing for 4 Directors (2020: 4).

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

	2021 £	2020 £
Aggregate emoluments	582,616	509,750
	<u>582,616</u>	<u>509,750</u>

6 Interest receivable and similar income

	2021 £	2020 £
Interest receivable on intercompany loans	960,869	324,791
Other income	5,000	92,834
Foreign exchange differences	181,998	323,500
	<u>1,147,867</u>	<u>741,125</u>

Notes to the accounts (continued)

For the year ended 31 October 2021

7 Interest payable and similar charges

	2021 £	2020 £
Interest on intercompany loans	157,412	351,861
Lease liability interest	96,006	102,706
	<u>253,418</u>	<u>454,567</u>

8 Income tax

The tax charge is made up as follows:

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the year	2,211,736	392,916
Foreign tax on profits of the year	55,125	32,912
Adjustment in respect of prior years	(67,271)	381,765
Total current tax	<u>2,199,590</u>	<u>807,593</u>

Deferred tax

Origination and reversal of temporary differences	(808,147)	1,381,814
Adjustment for rate change	(5,584)	(234,629)
Over provision in respect of prior years	(571,349)	(979,300)
Total deferred tax	<u>(1,385,080)</u>	<u>167,885</u>

Total tax charge

	814,510	975,478
	<u>814,510</u>	<u>975,478</u>

Profit on ordinary activities before tax

	2021 £	2020 £
Profit on ordinary activities before tax	<u>29,019,430</u>	<u>7,970,002</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	5,513,692	1,514,300
Effects of:		
Expenses not deductible for tax purposes	868,053	870,178
Tax losses arising/(utilised) in year	-	-
Differences in tax rate	-	(234,629)
Share scheme deduction	(841,638)	(226,709)
Group relief	(97,095)	(361,702)
Adjustments in respect of prior years	(638,621)	(597,535)
Intercompany loan write off	(3,785,491)	-
Foreign tax suffered	55,125	32,912
Non-taxable income	(259,515)	(21,337)
	<u>814,510</u>	<u>975,478</u>

Notes to the accounts (continued)

For the year ended 31 October 2021

8 Income tax (continued)

	2021 £	2020
Deferred tax		
Accelerated capital allowances	388,131	39,386
Share options	1,633,739	454,098
Other timing differences	18,360	18,361
Closing IFRS 156 DT asset	344,000	468,724
Provision for deferred tax	<u>2,384,230</u>	<u>980,569</u>
	2021 £	2020 £
At start of year	980,569	1,212,944
Adjustments for the year	832,313	(1,013,562)
Adjustments in respect of prior years	571,348	859,456
Deferred tax asset on IFRS day 1	-	(78,269)
Deferred tax asset	<u>2,384,230</u>	<u>980,569</u>

9 Tangible assets

	Computer hardware £	Fixtures, fittings and equipment £	Library books and journals £	Total £
Cost				
At 1 November 2020	3,871,496	183,670	23,316	4,078,482
Additions	1,113,338	2,082	1,604	1,117,024
Additions on hire in	153,159	583,582	-	736,741
Disposals	(367,000)	-	-	(367,000)
At 31 October 2021	<u>4,770,993</u>	<u>769,334</u>	<u>24,920</u>	<u>5,565,247</u>
Depreciation				
At 1 November 2020	2,831,444	178,707	18,400	3,028,551
Provided in the year	728,660	3,335	4,334	736,329
Depreciation on hire in	153,159	582,769	-	735,928
Disposals	(183,500)	-	-	(183,500)
At 31 October 2021	<u>3,529,763</u>	<u>764,811</u>	<u>22,734</u>	<u>4,317,308</u>
Net book amount at 31 October 2021	<u>1,241,230</u>	<u>4,523</u>	<u>2,186</u>	<u>1,247,939</u>
Net book amount at 31 October 2020	<u>1,040,052</u>	<u>4,963</u>	<u>4,916</u>	<u>1,049,931</u>

The Company has pledged the above assets to secure banking facilities granted to Idox plc.

Notes to the accounts (continued)

For the year ended 31 October 2021

10 Intangible assets

During the year, goodwill and intangibles were reviewed for impairment in accordance with IAS 36, 'Impairment of Assets'. This resulted in an impairment charge of £Nil (2020: £Nil).

	Capitalised research and development £	Customer contracts	Software licences £	Total £
Cost				
At 1 November 2020	19,992,049	-	4,839,486	24,831,535
Additions	4,352,694	-	56,411	4,409,105
Additions on hive in	3,654,454	381,460	-	4,035,914
At 31 October 2021	27,999,197	381,460	4,895,897	33,276,554
Amortisation				
At 1 November 2020	9,281,065	-	3,373,416	12,654,481
Amortisation for the year	3,955,234	191,691	880,022	5,026,947
Amortisation on hive in	2,899,914	-	-	2,899,914
At 31 October 2021	16,136,213	191,691	4,253,438	20,581,342
Carrying amount at 31 October 2021	11,862,984	189,769	642,459	12,695,212
Carrying amount at 31 October 2020	10,710,984	-	1,466,070	12,177,054

11 Debtors

	2021 £	2020 £
Due < 1 year		
Trade debtors- restated	4,897,463	4,159,523
Allowance for credit losses- restated	(26,647)	(41,945)
Amounts recoverable on contracts	4,822,090	3,600,237
Amounts due from group undertakings	37,590,035	11,753,946
Corporation Tax	-	1,424,579
Other debtors	557,844	806,425
Prepayments	1,541,585	2,000,364
	<u>49,382,370</u>	<u>23,703,129</u>
Due > 1 year		
Amounts due from group undertakings	967,375	1,728,663
Deferred taxation	2,384,230	980,569
	<u>3,351,605</u>	<u>2,709,232</u>

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

Amounts due from Group undertakings are repayable on demand and are interest bearing.

Notes to the accounts (continued)

For the year ended 31 October 2021

12 Creditors

	2021 £	2020 £
Falling due within one year		
Trade creditors	1,784,349	1,756,667
Amounts owed to group undertakings	1,885,960	16,282,202
Taxation and social security	2,896,658	4,406,788
Other creditors	279,266	242,288
Accruals and deferred income	19,139,592	16,638,541
Provisions	1,401,981	1,412,062
Lease liabilities	543,397	568,697
	<u>27,931,203</u>	<u>41,307,245</u>
Falling due in more than one year		
Accruals and deferred income	944,331	460,507
Provisions	-	611,985
Lease liabilities	1,144,999	1,567,028
	<u>2,089,330</u>	<u>2,639,520</u>

Amounts due to Group undertakings are repayable on demand and are interest bearing.

13 Share capital

	2021 £	2020 £
Authorised:		
4,000,000 ordinary shares of £1 each	4,000,000	4,000,000
100,000,000 deferred ordinary shares of 1 pence each	1,000,000	1,000,000
	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid:		
2,111,853 ordinary shares of £1 each	<u>2,111,853</u>	<u>2,111,853</u>

The deferred shares carry limited rights to dividends and share in profits and have no voting rights.

14 Share options

Idox plc, the ultimate parent of the Company, has made awards of share options over its 1p ordinary shares to employees of the Group. An allocation of the share option charge has been made to the Company based on the provision of services from employees for whom share options have been granted. All share options are exercisable at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is usually one to three years and the options are settled in equity on exercise.

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

	2021		2020	
	No.	WAEP Pence	No.	WAEP Pence
Outstanding at the beginning of the year	1,925,500	31.68	3,658,427	24.30
Exercised during the year	(475,000)	45.39	(50,000)	18.00
Lapsed during the year	(650,000)	44.77	(1,682,927)	16.04
Outstanding at the end of the year	<u>800,500</u>	<u>12.92</u>	<u>1,925,500</u>	<u>31.68</u>
Exercisable at the end of the year	<u>800,500</u>	<u>12.92</u>	<u>1,925,500</u>	<u>31.68</u>

Notes to the accounts (continued)

For the year ended 31 October 2021

14 Share options (continued)

The share options outstanding at the end of the year have a weighted average remaining contractual life of 6 years. The share options exercised during the year had a weighted average exercise price of 45.39p and a weighted average market price of 64.82p.

Share options totalling £Nil (2020: £Nil) were granted during the year ended 31 October 2021.

The Company recognised a total charge of £Nil (2020: £Nil) for equity-settled share-based payment transactions related to the unapproved share option scheme during the year. A charge of £Nil (2020: £Nil) related to share options granted and £Nil (2020: £Nil) related to share options exercised.

Long-term incentive plan (LTIP)

During the year, 4,800,709 (2020: 4,366,064) options were granted under the Long-Term Incentive Plan.

The Company recognised a total charge of £1,778,964 (2020: £992,328) for equity-settled share-based payment transactions related to the LTIP during the year. The total cost was in relation to outstanding share options and share options granted in the year. The weighted average exercise price of options exercised in the year was £Nil (2020: £Nil).

The number of options in the LTIP scheme is as follows:

	2021 No.	2020 No.
Outstanding at the beginning of the year	12,435,871	8,429,410
Granted	4,800,709	4,366,064
Forfeited	(265,345)	-
Exercised	(1,414,183)	(359,603)
Outstanding at the end of the year	15,557,052	12,435,871
Exercisable at the end of the year	5,301,163	2,450,196

The fair values were calculated using the modified Black-Scholes option pricing method and the following information:

Date of issue	Number granted No.	Weighted average share price Pence	Weighted average exercise price Pence	Expected volatility %	Expected life Years	Risk free rate %	Weighted average fair value at grant date £
Feb 21	3,183,961	53.3	-	40	5	0.10	0.467
Apr 21	203,774	67	-	40	5	0.32	0.668
Aug 21	1,412,974	75.6	-	40	5	0.32	0.698
	<u>4,800,709</u>						

Notes to the accounts (continued)

For the year ended 31 October 2021

15 Leases

Right-of-use-assets	Buildings	Equipment	Total
Cost			
At 1 November 2020	2,235,224	306,001	2,541,225
Additions	237,508	-	237,508
Additions on hire in	77,947	-	77,947
At 31 October 2021	<u>2,550,679</u>	<u>306,001</u>	<u>2,856,680</u>
Accumulated depreciation			
At 1 November 2020	395,140	114,750	509,890
Charge for the year	537,905	114,750	652,655
Additions on hire in	56,122	-	56,122
At 31 October 2021	<u>989,167</u>	<u>229,500</u>	<u>1,218,667</u>
Carrying amount			
At 31 October 2021	<u>1,561,512</u>	<u>76,501</u>	<u>1,638,013</u>
At 31 October 2020	<u>1,840,084</u>	<u>191,251</u>	<u>2,031,335</u>

The Company leases several assets including; buildings and IT equipment. The average lease term is 7 years.

0% of the leases for property and equipment expired in the current financial year. This resulted in £Nil of the £238,000 additions to right-of-use-assets in FY21.

The maturity analysis of lease liabilities is presented below.

	2021	2020
	£	£
Amounts recognised in profit or loss		
Depreciation expense on right-of-use-assets	652,655	558,138
Interest expense on lease liabilities	<u>96,006</u>	<u>102,706</u>
	<u>748,661</u>	<u>660,844</u>

Lease liabilities

	2021	2020
	£	£
Current	543,397	568,697
Non-current	<u>1,144,999</u>	<u>1,567,028</u>
	<u>1,688,396</u>	<u>2,135,725</u>

	2021	2020
	£	£
Maturity analysis:		
Year 1	572,939	643,446
Year 2	490,939	569,822
Year 3	270,160	490,939
Year 4	204,505	270,160
Year 5	193,755	204,505
Onwards	<u>129,170</u>	<u>322,925</u>
	1,861,468	2,501,797
Impact of discounting	<u>(173,072)</u>	<u>(366,072)</u>
	<u>1,688,396</u>	<u>2,135,725</u>

The Group does not face significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Notes to the accounts (continued)

For the year ended 31 October 2021

16 Capital commitments

There were no material capital commitments at 31 October 2021 or 31 October 2020.

17 Contingent liabilities

The Company is party to an intercompany guarantee held over the Idox plc group of companies. At the year end, the amount of external borrowings held by the Group, which were subject to this guarantee, amounted to £15.6m (2020: £35.0m).

18 Related party transactions

As permitted by FRS 101 related party transactions with wholly owned members of the Idox plc group have not been disclosed.

19 Post balance sheet events

There have been no post balance sheet events which had a material impact on the Company.

20 Ultimate parent company and control

The Company is controlled by its immediate and ultimate parent company, Idox plc.

The largest and smallest group in which the results of the Company are consolidated is that headed by the ultimate parent company Idox plc. The consolidated accounts of Idox plc are available from the address as stated in note 1 or on the group's website www.idoxgroup.com.