

ingenta

INGENTA PLC

Annual report

For the year ended
31 December 2016

ingenta.com



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The Directors submit to the members their report and accounts of the Group for the year ended 31 December 2016. Pages 1 to 21, including the Chairman's statement, Corporate governance statement and Directors' remuneration report, form part of the Directors' report.

Directors and advisers

Executive Directors

D R Montgomery, Chief Executive Officer

Non-Executive Directors

M C Rose, Chairman
M A Rowse
N W Kirton
M M E Royde
B H Holmström

Company Secretary

J R Sheffield

Registered Office

8100 Alec Issigonis Way
Oxford
OX4 2HU

Auditor

Grant Thornton UK LLP
Registered Auditor
3140 Rowan Place
John Smith Drive
Oxford
OX4 2WB

Banker

HSBC plc
70 Pall Mall
London
SW1Y 5E2

Solicitor

Memery Crystal LLP
44 Southampton Buildings
London
WC2A 1AP

Registrar

Capita Asset Services
The Registry
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Beckenham
Kent
BR3 4TU

Nominated Adviser

Cenkos Securities plc
6-8 Tokenhouse Yard
London
EC2R 7AS

Highlights

- Revenues up 9% to £15.2m (2015: £13.9m).
- Gross profit up 45% to £5.8m (2015: £4.0m).
- Pre-tax results improved by £2.8m to a profit of £0.9m (2015: loss of £1.9m).
- Adjusted EBITDA profit of £1.3m (2015: loss of £0.8m).
- Successful integration of the acquired 5 Fifteen business now branded as Ingenta Advertising
- Gross profit is calculated after Research & Development spend of £2.2m (2015: £2.5m)
- Profit from operations is calculated after restructuring costs of £0.6m (2015: £0.4m).
- Basic earnings per share of 6.03p (2015: loss of 11.28p).
- Net cash at year end of £2.0m (2015: £2.1m)
- Cash outflow from operations £0.5m (2015: £2.6m).
- Maiden dividend of 1p per share proposed.

*EBITDA – Earnings before interest, tax, depreciation and amortisation. A calculation is provided in note 6 to the accounts

Board members



M C Rose
Chairman



N W Kirtan
Non-Executive Director



M A Rowse
Non-Executive Director



B H Holmström
Non-Executive Director



M M E Royde
Non-Executive Director



D R Montgomery
CEO



J R Sheffield
ICFO



G S Winner
COO



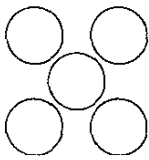
J Teitelbaum
Managing Director, Vista



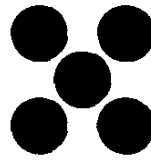
M A Scheld
Managing Director, PCG

Management team

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Vista



**Ingenta
Commercial**

Enterprise

Product Manager
Rights
Royalties
Order to Cash



**Ingenta
Content**

Enterprise

CMS
Ingenta C
Ingenta C
E-commerce

GO!

Product Manager
Rights
Royalties

GC

CMS

enta



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tent**

prise

ita Connect
ita Open
nmerce



**Publishers
Commercial Group**

Research
Marketing
Sales



**Ingenta
Advertising**

Enterprise

Advertising
Audience

GO!

GO!

Advertising
Audience

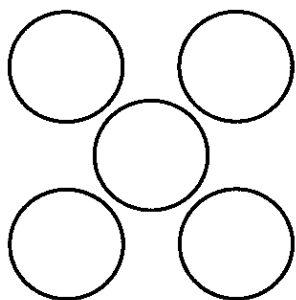
Ingenta products

More than 80% of the world's leading publishers turn to Ingenta to advance their content strategies. As your single, trusted partner, we have the solutions you need for all your technology and business development requirements. We can assist you every step of the way, from editorial acquisition through to your end-user with our premier asset management systems, sales and marketing consulting, and digital hosting platforms

Ingenta Product Families offer a choice of deployment models: Enterprise or GO!

Product family	Product	Implementation Methodology	
		Enterprise	GO!
Vista	Vista	●	
Commercial	Ingenta Rights	●	●
	Ingenta Royalties	●	●
	Ingenta Product Manager	●	●
	Ingenta Order to Cash	●	
Content	Ingenta CMS	●	●
	Ingenta Connect	●	
	Ingenta Open	●	
	Ingenta E-commerce	●	
Advertising	Ingenta Advertising	●	●
	Ingenta Audience	●	●

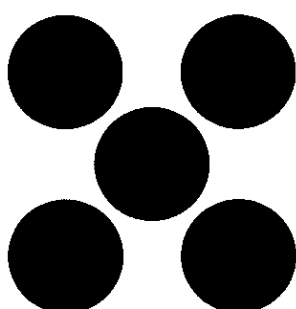
Ingenta product families offer a choice of deployment models: Enterprise or GO!. Enterprise deployments will be product-based, but allow for bespoke changes and customisations to be made to the software. GO! deploys an "off the shelf" software package which allows the Group to sell at a lower price point with a standard implementation. GO! products have full capability with limited flexibility, and are designed for publishers prepared to adapt their processes rather than customise the software. Ingenta has adopted best practices when defining the GO! offerings.



Vista

Vista is a legacy enterprise level product, delivered through several managed services

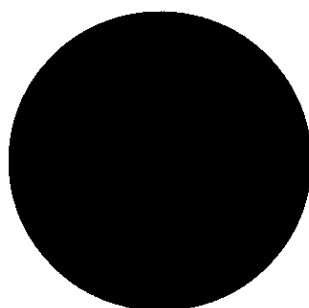
- Applications Implementation Services (AIS)
- Applications Support and Updates (ASU)
- Applications Management Services (AMS)
- Applications Hosting Services (AHS)



Ingenta Commercial

The Ingenta Commercial framework provides a range of applications designed to move your content forward in today's marketplace, combining the best business solutions for both print and digital products.

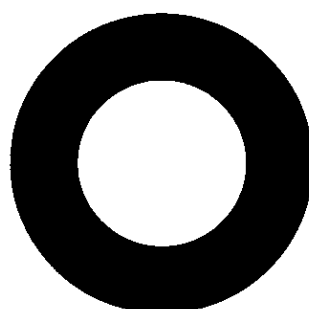
- Royalties
- Permissions
- Editorial and Production
- Online Sales & Marketing
- Digital & Print Distribution



Ingenta Content

Our Ingenta suite of hosting platforms enable publishers of any size, discipline or technical proficiency to convert, store, deliver and monetise digital content

- Online Platforms
- Semantic Enrichment
- Mobile
- E-commerce
- Access Entitlement



Ingenta Advertising

Our advertising solution is a complete, browser-based multimedia advertising, CRM and sales management platform for content providers. With the ability to sell and track digital and print ads in a single system, maximise the value of your audience with streamlined ad sales, packaged ad buys and multi-channel campaigns, generating new revenues from previously untapped sources

- Bookings
- Packages and bundles
- Inventory management
- Finance/credit control
- CRM

The Ingenta Audience data management platform (DMP) processes enriched data to gain valuable insights on your users. These insights empower advertisers to ensure that their creative advertising campaigns reach and engage with their target audiences

Vista



Vista is a legacy enterprise level product, delivered through several managed services, including:

- Applications Implementation Services (AIS)
- Applications Support and Updates (ASU)
- Applications Management Services (AMS)
- Applications Hosting Services (AHS)

All of which deliver a level of support tailored to our customer's business. These service solutions provide publishers with greater flexibility and support for the system and enables our customers to concentrate on their core business while our support services oversee and manage their business applications

Ingenta Commercial



The Ingenta Commercial family of products are next generation solutions designed to enable publishers to exploit:

- All channels: both legacy book trade and emerging direct to consumer supply chains
- All paths to discovery: best in class metadata management, visibility and social commerce
- All revenue streams: collect micro-revenues many times over
- All business models: supporting fragments, bundles, rentals, pay-per-view, subscriptions, and samples
- All content: a truly agnostic enterprise system, not a bolt-on to print-based software

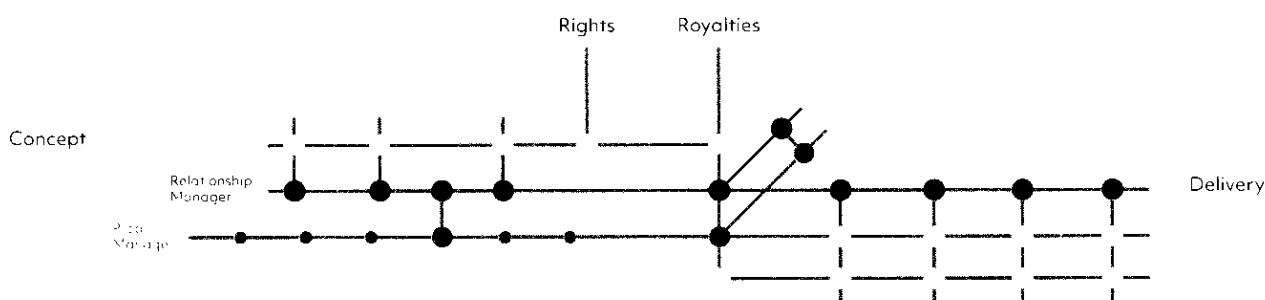
The Commercial product family includes the following solutions, which can be purchased separately, in any combination, or as a complete enterprise system:

Ingenta Product Manager

Ingenta Product Manager allows content providers to retain essential control and consistency of data by improving visibility, opening lines of communication, and streamlining the end-to-end lifecycle management of all types of content.

The system manages assets along with editorial, production and marketing workflows with data transparency, unrivalled metadata management and a single version of the truth.

- Planning and acquisition
- Metadata management and distribution
- Scheduling and workflows
- Flexible and promotional pricing
- Profit and loss account engine



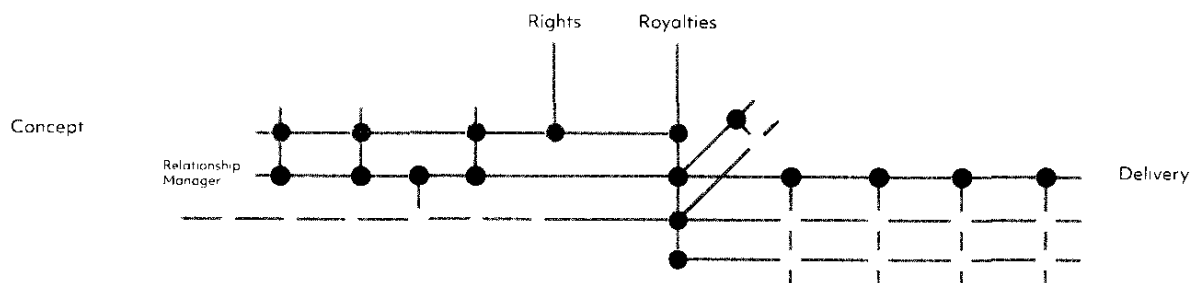
Ingenta Rights

Managing electronic rights, sub rights, fragments and permissions, Ingenta Rights ensures that content owners get the most from their assets, no matter the size, format, or fine details of the transaction.

- Real-time visibility of rights inventory
- Complete tracking of expiration, publication, and sales histories
- Support for chapter, image, and fragment sales
- Full downstream management of rights income

In addition, Ingenta Rights manages the full IP lifecycle, ensuring legal issues, from territorial rights and marketing obligations to supply chain management and insurance, are properly considered and consistently administered. Contracts management within Ingenta Rights underpins the system and enables consistency and compliance across your organisation, to avoid potentially costly disputes

Ingenta Rights enables data owners and users to confidently fulfil contractual obligations, decrease operating expenses and boost revenue potential with a complete intellectual property system which leverages rights, royalties and permissions compliance with accurate cash flow forecasting, multicurrency calculations and tracking across various products and content types.



Ingenta Royalties

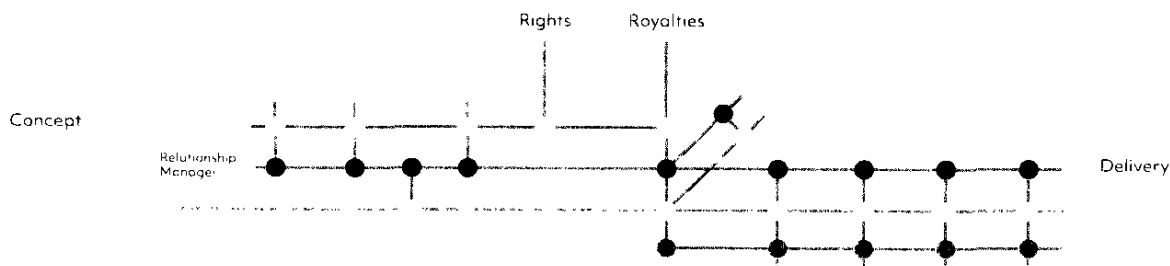
The Ingenta Royalties application enables publishers to calculate complex royalties quickly, easily and with confidence, and provides authors with a self-service interface. This allows publishers to better serve their authors, contributors, illustrators, and other rights owners from initial contract to final payment. The Ingenta Royalties solution is considered the only system on the market able to handle the complexities and nuances of today's most creative deals

- Complex royalty calculations
- Support for multiple currencies and international tax reporting
- Streamlined operations and cash flow forecasting
- Improved author care with user-friendly interface

Ingenta Order to Cash (Otc)

The Order to Cash application allows publishers to package, market, sell and deliver content in the formats that readers demand, where and when they seek it

Otc has the range and depth of features necessary to integrate the delivery of diverse product types and billing methods via multiple channels, including e-books, online subscriptions, social commerce, digital access, downloads and service billing, while providing full support for print and physical products



Ingenta Content



Our Content products deliver over 700 million page views and data requests per year through our fully outsourced Ingenta Connect scholarly portal, our custom, semantically enriched, multi-format Ingenta CMS platform and E-commerce solution.

These products enable publishers of any size, discipline, or technical proficiency to convert, store, deliver, and monetise digital content.

Ingenta CMS

The Ingenta CMS platform is a custom hosting solution that supports and delivers all the information a data provider will publish. The result of a multi-year research and development program, our CMS solution has been built from the ground up using a powerful combination of industry standard architecture and semantic web technologies. Ingenta CMS maximises the visibility, usage, and value of publishers' content via semantic enrichment while optimising content licensing around flexible E-commerce and access controls regardless of format or type.

- Provides seamless access to all content in all its formats
- Harnesses semantic discovery and drives usage with intuitive routes into research
- Allows content to be repackaged easily to experiment with new business models
- Delivers content via desktop, tablet, or smartphone
- Uses sophisticated access control

Ingenta CMS GO!

A packaged solution for publishers looking to host their own branded site using standardised technology without the cost of a fully-customised interface. Ingenta CMS GO! is delivered from the Amazon cloud and shares the same underlying technology as Ingenta CMS.

- Cost-effective mid-point solution
- Reliable performance
- Fully-branded with publisher URL
- Flexible user experience, with full responsive design
- Indexing on Ingenta Connect for additional revenue potential

Ingenta Connect

Ingenta Connect hosts content for around 300 publishers and is the home of scholarly research. Academics and students from over 25,000 registered institutions around the world have access to tens of thousands of publications, leading to an average of 30 million page views per year, delivering 14,000 downloads per day. Our fully outsourced e-publishing package is a turn-key platform solution and a proven channel to get content online quickly, easily and affordably.

On Ingenta Connect, there is a broad spectrum of cost-effective services to choose from, whether a publisher is taking content online for the first time, looking to increase revenues through online activity or thinking of creating a custom-branded website.

- Data conversion & enhancement
- Secure web hosting
- Flexible E-commerce
- Linking and distribution

Ingenta Open

Ingenta Open is a new portal from Ingenta; linked directly to Ingenta Connect. The concept behind it is simple – to be a single solution for all open access content. Ingenta Open consists of a supported content management system and discovery service, exclusively for open access content, implemented across a broad range of networks and repositories and facilitating access for researchers, students and the public.

Ingenta Open facilitates search and discovery both internally via a sophisticated content management system, and externally via publishers' own content management systems and institutional repositories. With a low-cost entry threshold for open access publishers seeking a supported content management system and a sustainable long term business model, Ingenta Open carries the huge additional benefit for smaller publishers of dual hosting on Ingenta Connect, thereby opening discovery to over 1.5 million registered users and thousands of libraries.

Ingenta E-commerce

Ingenta E-commerce is a single solution that manages business models, access entitlement and cross-selling of products on multiple platforms. It can maximise existing content by creating new revenue streams at the touch of a button, allowing publishers to enhance profits from their existing intellectual property by empowering sales and marketing teams to pinpoint the needs of the digital customer, create content bundles and sell to specific customer groups whilst integrating online business models with back office legacy infrastructure.

Publishers Communications Group



An Ingenta Company

Publishers Communication Group (PCG), an Ingenta company, is an internationally recognised sales and marketing consulting firm providing a range of services designed to support and drive clients' sales strategy. PCG has advocated for scholarly publications and digital content around the world for over a quarter of a century.

PCG sales, marketing and research professionals have executed successful campaigns, forged relationships with top global consortia and scrutinised the ever-changing academic marketplace on behalf of over 100 industry clients, generating in excess of \$50 million for clients in sales.

Established in 1990 and headquartered in Boston (USA) with offices in the UK, Brazil, Mexico, India and China, PCG's global presence continues to grow to better serve the needs of publishers

Drawing on the infrastructure of a world-leading provider, PCG manages strategic sales and marketing operations for publishers ranging from The Microbiology Society, CABI and BioOne to Elsevier, and conducts individual and repeat projects for dozens of other publishers around the world.

Experience

Now in its third decade, PCG has helped publishers launch sales and marketing efforts in new regions, shore up existing business, conduct market research and analysis, and negotiate lucrative consortia deals. Our established network of faculty, library selectors, consortia leaders and end-users, paired with our seasoned, multilingual sales teams makes us an ideal partner for a publisher of any size.

Connections

PCG team members have held positions at academic libraries, subscription agents and publishers including Cambridge University Press, LexisNexis, the MIT Press, Elsevier, Cengage, NEJM, JBJS, Swets, Forrester Research, Sage, and Taylor & Francis, resulting in over 200 years of collective industry experience. Their extensive global network includes tens of thousands of library selectors from academic, corporate, medical libraries and consortia worldwide

Trusted Partner

PCG clients include commercial publishers, non-profit associations and electronic services providers. Publishers trust that we will promote their content to the right people and in the most impartial manner possible by providing measurable results and explicit data to help justify marketing expenditure.

Global Reach

With offices in the US and UK in addition to Brazil, Mexico, India and China, PCG's multilingual team consistently develops new relationships with key decision-makers in twelve languages

Ingenta Advertising



Ingenta Advertising is a complete, browser-based multimedia advertising, CRM and sales management platform for content providers. With the ability to sell and track digital and print ads in a single system, publishers can maximise the value of their audience with streamlined ad sales, packaged ad buys and multi-channel campaigns, generating new revenues from previously untapped sources.

Ingenta Advertising manages

- Bookings
- Packages and bundles
- Inventory management
- Finance/credit control
- CRM

Features

- Account de-duplication
- Contact management
- Reporting and dashboard
- Free text, combined and advanced searching
- Traffic and ad copy tracking
- Third-party CRM integration

Ingenta Audience, powered by Enreach, is the latest addition to the Ingenta Advertising package.

Combined with the Ingenta Advertising platform, Audience allows content and media managers to sell online newspaper and magazine advertising space by leveraging programmatic buying capability to reach "the right audience, with the right offer, at the right time".

The new solution allows advertising channel media owners to generate data-driven revenue by collecting first party data and enriching it with segmentation to enable prediction and customisation capabilities to their advertising properties.

Chairman's statement

2016 Developments

The major development in the year was the acquisition of the UK advertising software company 5 Fifteen at the end of July. The business has been successfully integrated into the Group and trades under the Ingenta Advertising brand. The purchase has allowed Ingenta to diversify its client base and extend its offering into the wider media industry which includes newspapers, magazines and other creators of content.

In order to fund the additional working capital requirements resulting from the acquisition, the Company also raised £780K before costs via the issue of 600,000 new shares in August for £1.30 a share.

Within the wider Group, performance has also been encouraging with Ingenta CMS signing up five new customers during the year and Ingenta Commercial making strong progress on its current implementations with two customers expected to go live in the first half of 2017 and one more early in the second half.

After 12 years of service, Alan Moug resigned as Chief Financial Officer and the board would like to thank him for all his efforts over that period. Jon Sheffield took over on an interim basis with effect from 1 January 2017 and his position has been confirmed with immediate effect.

Results

The audited results for the year ended 31 December 2016 reflect a substantial improvement in performance with revenues and profit markedly up on 2015. The decisions made in 2015 have played a large part in this as the product development and rebranding exercise have produced a streamlined product set that can be sold to a much wider market place. The successes within Ingenta CMS bear testament to this with strong sales growth for the recently launched GO! product offering. It is anticipated that similar results can be achieved from the Ingenta Commercial suite of products in due course.

In addition to these product developments, the restructuring program implemented mid-way through 2015 has put the business in a strong position to deliver consistent profitability and shareholder return.

Shareholders' returns and dividends

The Directors reiterated their intention to pay an interim dividend in 2017 of 1 pence per share (2015: £nil).

Outlook

I am very pleased with the results David Montgomery and his team have produced for 2016 and excited about the potential for 2017. The target for the current year is to build on these sales successes and drive the business forward. To this effect, Kathryn Layland has been appointed to EVP of Business Development and will oversee the Group's sales strategy of selling Ingenta's product lines into global markets and widening the focus to a broader range of content owners.



M.C. Rose
Chairman
31 March 2017

Group strategic report

2016 has been an encouraging year for the Group with significant improvements in a number of areas of the business

Product Strategy

The decision to develop a simplified GO! offering for the Ingenta products has proved successful and will be an important factor in the strategy to target mid-tier customers. Previously, the product solutions were typically complex, bespoke software packages which required substantial development and implementation effort. GO! is a simplified and standardised solution that can be offered at a lower price point and be implemented in a shorter time scale. Full enterprise solutions will also be offered for larger clients but it is clear these will have much longer sales and implementation cycles. The acquisition of 5 Fifteen has provided the Group with a new software product in the advertising space but importantly also provides a customer base in the wider media and newspaper segment which will be focused on to drive cross selling opportunities.

Another important strategy is to optimise operational practices in all areas of the business. Flexible working practices with the use of offshore development resources combined with the transferrable skills of the existing employee base means the Group can successfully deploy products and service the growing customer base.

Key Performance Indicators

The Board and senior management review a number of KPI's on an ongoing basis throughout the year. These are all part of the monthly management accounts process and include:

- Revenue versus budget at a Group and business unit level
- Adjusted EBITDA (see note 6 for calculation) versus budget at Group and business unit level
- Group cashflow versus budget

Any deviation or anomalies are investigated and corrective action taken where appropriate

At year end, Group revenues were £110K better than budget largely due to the mid-year acquisition of 5 Fifteen which did not form part of the 2016 budgeting process. The Ingenta Content division revenues were down on budget by £220K because of project commencement delays. PCG revenue was £200K down on budget as a number of sales were delayed until Q1 2017. Vista revenue was £430K better than budgeted due to extra consulting service work on the client base. Ingenta Commercial revenues were also affected by delayed project commencement dates and ended the year £600K down on budget. Ingenta Advertising, which was acquired from the purchase of 5 Fifteen, was not part of the budget and added £706K to revenue in the year.

Adjusted EBITDA numbers are included in the segmental information by business unit in the Group accounts. For the Group these were £270K better than budget due to the acquired advertising business. Ingenta Content EBITDA was £220K better than budget due to delayed hiring and general cost control. PCG EBITDA was in line with budget as new hires were delayed in line with new business wins. Vista EBITDA was £490K better than budget because of the additional consulting services revenue noted above. Ingenta Commercial was £715K behind budgeted EBITDA due to delayed sales. However, all modules have now gone live and are ready for sale.

Year-end cash balances were £600K better than budgeted mainly due to temporary timing differences as the 2017 annual renewals process was completed in good time allowing invoices to go out in Q4.

Financial Performance

Group revenues for the year have increased by £1.3m to £15.2m (2015: £13.9m). There have been several factors behind this growth including new sales wins, successful project implementations and growth via acquisition. Further details of this are included in the business unit review section below.

Elsewhere, the restructuring program initiated in 2015 has helped manage the cost base of the business which is illustrated by the savings in cost of sales, sales and marketing expenses and administration expenses. Profit from operations stands at £0.7m (2015: loss £1.5m), an improvement of £2.2m on the reported loss in 2015.

The Group's joint venture (JV) in China, Beijing Ingenta Digital Publishing Technology, has also performed well in the year. The Group holds a 49% stake in the JV and its share of reported profit was £170K as opposed to a loss of £100K in 2015. The driver behind this was increased revenues as the JV made good progress on its software implementations. Further details are in note 3.

Finance costs within the business have been reduced substantially as the raising and offer in mid-2015 allowed repayment of interest-bearing debt. The finance costs in 2016 relate to finance leases.

A tax credit of £150K (2015: £405K) is included in the results for the year and relates to money expected to be received under the research and development tax credit scheme. The claim has been calculated in the same way as prior years and is subject to HMRC approval. Further details are in note 9.

Financial Position

Non-current assets within the Group have increased by £1.8m. The main contributor to this increase was the goodwill and intangibles created because of the acquisition of 5 Fifteen. The intangibles relate to the software technology acquired and were valued at £0.5m using a discounted cashflow model. These are being amortised over 5 years. £1.1m of goodwill was also recognised on consolidation of the 5 Fifteen business. This was tested for impairment using discounted cashflows. Further details are included in notes 11 and 12.

Current assets have decreased compared to 2015. The key factor in this, was the Group's decision to pay down all overdrafts. In prior years, large positive cash balances were offset by substantial overdraft positions which were reported in current liabilities. The reduction in the R&D tax debtor has arisen because of the improved trading performance in the year – current year losses in prior years augmented the value of the credit. Trade debtors were also higher at the end of 2016 as several project milestones were met allowing invoices to be raised. In addition, year-end accrued revenue balances were also higher than in prior years because of the acquisition of 5 Fifteen and its associated balances.

During the year, 600,000 shares were issued at £1.30 per share. This has resulted in the Share capital and Share premium increases in 2016

As noted above, the Group paid down its overdrafts in the year and this has reduced reported borrowings in 2016. Trade and other payables includes additional accruals at the end of 2016 for contingent payments on the acquisition of 5 Fifteen. Further details on this are in note 17.

Cashflow

At year end, the Group's cash balances have remained steady closing with a balance of £2.0m. Cash outflows from operations have improved by £2.2m compared to 2015. The key factor behind this improvement is the profitable trading in the year. Elsewhere, the business successfully raised £780K from a share issue in the year and £460K of this was spent on the acquisition of 5 Fifteen (net of acquired cash balances). Another important development in 2016 was the substantial reduction in interest costs which were down from £425K in 2015 to £33K in 2016. The R&D tax credit of £390K was received in the year and the estimate for 2016 is a further £150K although this is subject to HMRC approval.

Business unit review

Ingenta Commercial

Ingenta Commercial provide enterprise level publishing management systems for both print and digital products

2016 has been a year of significant progress. The team have 3 go-lives planned for 2017, two in the first half of 2017 and another early in the second half. The first of these go lives signals the completion of the last major product offering of the Commercial division, "order to cash". This is a referenceable client which we believe will open future sales opportunities. In addition to this, the onerous contract disclosed in prior years was successfully resolved in 2016. All provisions made in prior years were sufficient and have been fully released. There is no longer a burden on the business going forward into 2017.

Ingenta Content

The Ingenta Content suite of products enable publishers of any size, discipline or technical proficiency to convert, store, deliver and monetise digital content.

The Content team have won 5 new customers in 2016 and this success has been augmented by the widened product offering which now includes a full Content Management Solution (CMS) solution as well as a simpler GO! offering. The first sale of GO! was in South Africa where Ingenta has no local presence and the implementation was performed remotely. This has proven that GO! can be sold and deployed to a much wider audience which dramatically extends our addressable market. This deployment was also cloud based, meaning the solution is not reliant on our UK and USA hosting centres, which further enhances the market reach of the product.

Ingenta Advertising

Ingenta Advertising provides a complete browser based multimedia advertising, CRM and sales management platform for content providers.

The 5 Fifteen business was acquired at the end of July 2016 and formed the new Ingenta Advertising division. The division contributed £700K to reported Group revenues and has a strong pipeline with most new prospects purchasing the software as a service (SaaS), deployed in the cloud. Prior to acquisition, 5 Fifteen operated predominantly in the newspaper and magazine space though now have a live academic client on their platform. The academic market is already a primary space for Ingenta so the integration of the business will provide much wider market opportunities.

PCG

The PCG consulting arm provides a range of services designed to support and drive a business's sales strategy.

Revenues and profitability have improved compared to those reported in 2015 and the division has undergone a restructuring exercise to reduce risk. Several new clients were signed in 2016, some of which were outside of the traditional academic publishing market which has broadened the client base and opened new sales opportunities. The outlook for 2017 remains positive with several renewals and new business wins already being confirmed.

Vista

Vista provides services to support the author2reader publishing management system.

The Vista business remains core to the Group going forward recording revenues of £6.7m whilst also maintaining healthy profitability. Time based service utilisation rates are high within the division and Vista staff are now increasingly working on Ingenta Commercial projects as the business looks to benefit from their wealth of experience in the wider Group.

Risks and uncertainties

Sales risk

The major risks for future trading are converting sales of Ingenta CMS and the Commercial product suite (Ingenta Rights, Royalties, Product Manager and Order to Cash), and generating revenue within PCG. Most of the business costs are fixed in the medium-term, being people and premises costs, and therefore there is a risk to Group profitability when budgeted revenue is not delivered as cost reductions will lag behind revenue reductions. Management undertake detailed monthly revenue forecasting and assess risk on an ongoing basis.

Project risk

There are two principal project risks: risk of fixed priced projects running over and the risk on all projects where there is development required that we are unable to deliver to the specification agreed.

Fixed price projects risk relates to the accuracy of project estimates and the time it will take to complete the tasks as specified in the customer contract. Management mitigate this risk by hiring the best staff who are able to estimate projects accurately and by building in a contingency to fixed priced contracts. Management also closely monitor contracts to ensure all work performed is in accordance with the agreement and any new requests are separately contracted for. Management also mitigate the risk by taking on new projects on a time and materials basis wherever possible.

Projects requiring bespoke development also carry risk as the development is usually fixed price or discounted to encourage the customer to purchase the product and in the knowledge that any development will enhance the product and be able to be re-sold. The risk is that the development will over-run or not be able to be delivered in the way envisaged at the time of contract. Management take care to fully scope these development projects and use developers who understand the products and the costs of building bespoke elements.

IT risk

Internal IT services are deployed onto fault tolerant platforms and spread over multiple locations including the Group's offices, co-location facilities, Infrastructure as a service (IAAS) and Office365. Regular backups and securing of data offer multiple restore points in the event of a critical failure outside of the scope of the in-built resilience. E-mail is a cloud based deployment that staff can access from any working PC/smart phone. Staff have access to cloud based storage (OneDrive) in addition to co-location deployed file servers where data cannot be stored in e-mail. Key staff have mobile phones and access to resilient telephony services for the purposes of contacting each other and customers. Through Remote Working staff can access their data and customer sites in the event that it was not possible to gain access to our offices.

Customer facing services are monitored for both stability and performance, wherever possible proactive maintenance is undertaken to avoid performance problems and/or downtime. All customer deployments are done to fault tolerant hardware either in one of our co-location facilities or to a cloud based service, both offering high levels of resiliency and multiple, redundant access.

The Group's business continuity plan is available from multiple locations and is regularly updated to cover new services and deployments.

FX risk

The risk associated with generating revenue and suffering costs in a currency other than sterling. This is mitigated naturally within Ingenta plc as revenues and associated costs are generally denominated in the same currency. Overall the Group is a net generator of USD.

HR risk

In a company with a high proportion of people based revenue there is a risk of key staff leaving or being absent through sickness. This is mitigated by having appropriate notice periods built into employee contracts and ensuring there is adequate coverage for all staff roles with no individual solely responsible for significant revenue generation.

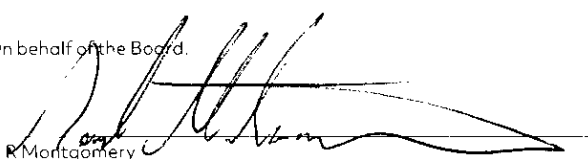
Brexit

Management continue to monitor the UK's exit from the EU and its implications for the business. It is not anticipated the UK's exit from the EU will affect software sales. At present, the main risks identified are currency fluctuations which have been reviewed above.

Outlook

The business is now well positioned for growth in 2017 after a solid set of results. The GO! product strategy has proved successful in the Ingenta Content space with 5 new customer wins. These deployments are in the cloud and can be implemented in any geographical area as they do not require a local presence. Now that all the modules of Ingenta Commercial are live the same strategy can be followed in this division, particularly so in the mid-market tier where there are a significant number of opportunities.

On behalf of the Board,



DR Montgomery
Chief Executive Officer
31 March 2017

Directors' report

For the year ended 31 December 2016

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

Going concern

The Directors have prepared the financial statements on the going concern basis. In assessing whether this assumption is appropriate, management have taken into account all relevant available information about the future including a revenue, profit and cash forecast, and management's ability to affect costs and revenues. Management regularly forecast profit, financial position and cash flows for the Group and a rolling forecast is updated monthly. Revenue is forecast in detail with all revenue contracts individually listed and ranked by probability from firm to prospect. Management have reviewed forecast costs for reasonableness against prior years in light of known changes and have concluded that forecast costs are robust. Further details on going concern are included within note 7 to the accounts (principal accounting policies).

Directors

The Directors of the Company who held office during the year were:

Executive Directors:

D R Montgomery, Chief Executive Officer
A B Moug, Chief Financial Officer (resigned 31 December 2016)

Non-Executive Directors:

M C Rose, Chairman
M A Rowse
N W Kirton
B H Holmstrom, (appointed 1 August 2016)
M M E Royde, (appointed 1 August 2016)

The interests of Directors in the shares of the Company at 31 December 2016 are disclosed in the Directors' remuneration report.

Corporate governance

Details of corporate governance for the year to 31 December 2016 are disclosed in the corporate governance statement.

Research and development activities

The Group carries out research and development activities in connection with administration systems, web delivery, access control and linking technologies. All costs relating to these activities are charged to profit and loss within the Statement of Comprehensive Income as incurred. The charge to the Statement of Comprehensive Income was £2.2m (2015: £2.5m) in the year to 31 December 2016.

Substantial shareholdings

As at 10 January 2017, the Company had been notified of the following shareholders who are interested, directly or indirectly, in three percent or more of the issued share capital of the Company

Name	Number of ordinary 100p shares	Percentage of issued ordinary share capital
M C Rose	4,645,412	27.46%
Kestrel Partners LLP	4,480,773	26.48%
Miton Group plc	2,025,000	11.97%
Criseren Investments Limited	827,785	4.89%
A B Moug	583,095	3.45%

Financial risk management

Details of the Group's financial risks are given in note 27.

Employment policy

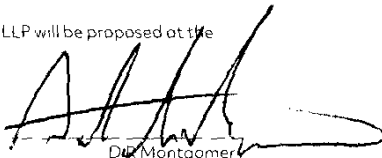
Group employees are regularly consulted by Management and kept informed of matters affecting them and the overall development of the Group. The Group's policy is to give disabled people full and fair consideration for job vacancies, having due regard for their abilities and the safety of the individual. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and appropriate training is arranged.

Directors' and officers' liability insurance

The Group, as permitted by sections 234 and 235 of the Companies Act 2006, maintains insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Group.

Auditor

Grant Thornton UK LLP, offer themselves for re-appointment as auditor. A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.
On behalf of the Board



D R Montgomery
Director
31 March 2017

Corporate governance statement

Corporate governance statement

The Group is committed to high standards of corporate governance. It has adopted procedures to institute good governance insofar as it is practical and appropriate for an organisation of its size and nature, notwithstanding the fact that companies that have securities traded on the Alternative Investment Market (AIM) are not required to comply with the UK Corporate Governance Code as appended to the Listing Rules issued by the Financial Conduct Authority.

As the Group grows, it will regularly review the extent of its corporate governance practices and procedures. At its current stage of development, the parent Company does not comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the company and best practice.

Board of Directors

Board meetings are scheduled to take place every month, with additional meetings to review and approve significant transactions or strategic issues. There were 14 meetings in the year to 31 December 2016. The Board is provided with Board papers where appropriate before each Board meeting. The Company Secretary's services are available to all members of the Board. If required, the Directors are entitled to take independent advice and if the Board is informed in advance, the Group will reimburse the cost of the advice. The appointment and removal of the Company Secretary is a decision for the Board as a whole.

Non-Executive Directors are appointed on a contract with a three month notice period. One Executive Director is appointed on a contract with a six month notice period from both the Company and from the Executive Director. All Directors are subject to re-election. Each year, one third of the Directors are subject to re-election by rotation. The Group does not combine the role of Chairman and Chief Executive. New Directors are subject to re-election at the first AGM after their appointment. At the year end, the Board comprised the Non-Executive Chairman, the Chief Executive and four other Non-Executive Directors.

Remuneration Committee

The Remuneration Committee is composed of three Non-Executive Directors: M C Rose (Chairman), M A Rowse and N W Kirton. It is responsible for the terms, conditions and remuneration of the Executive Directors and senior management. The Remuneration Committee may consult external agencies when ascertaining market salaries. The Chairman of the Remuneration Committee will be available at the AGM to answer any shareholder questions.

Audit Committee

The Audit Committee is comprised of three Non-Executive Directors: M C Rose (Chairman), M A Rowse and N W Kirton. It monitors the adequacy of the Group's internal controls and provides the opportunity for the external auditor to communicate directly with the Non-Executive Directors.

The Audit Committee also ensures that the external auditor is independent via the segregation of audit related work from other accounting functions and non audit related services provided, and measures applicable fees with similar auditors.

During the year, the company received a Corporate Reporting Review enquiry from the Financial Reporting Council in respect of certain matters in the Group's 2015 financial statements, which resulted in an internal review of these points. As a result of this review Ingenta plc has, in the Company only financial statements, reclassified and restated amounts receivable from subsidiaries. A detailed analysis of the impact of this can be seen in note 1 to the parent Company financial statements. The FRC enquiry remains open in respect of this point. All other points raised by the FRC enquiry have been resolved.

Relations with shareholders

The Group gives high priority to its communication with shareholders. This is achieved through the Group's website, correspondence and extensive corporate information. In addition, the Group visits its main institutional investors on an ongoing basis and makes available to all shareholders, free of charge, its Interim and Annual Reports online, from the Group's head office or via the Financial Times Annual Report Service. At the AGM the shareholders are given the opportunity to question members of the Board. The notice of the AGM is sent to shareholders at least 21 business days before the meeting.

Internal controls

The Board of Directors acknowledges its responsibility for the Group's system of risk management and internal control, including suitable monitoring procedures. There are inherent limitations in any system of risk management and internal control and accordingly, even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets. The Group's control environment is the responsibility of the Group's Directors and managers at all levels.

The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for business units is delegated to the operational management, including key risk assessment. Investment policy, acquisition and disposal proposals and major capital expenditure are authorised and monitored by the Board.

The Group operates a comprehensive budgeting and financial reporting system and, as a matter of routine, compares actual results with budgets, which are approved by the Board of Directors.

Management accounts are prepared for the Group on a monthly basis. Material variances from budget are thoroughly investigated. In addition, an updated forecast is prepared monthly, to reflect actual performance and the revised outlook for the year.

The Board considered the usefulness of establishing an internal audit function and decided in view of the size of the Group, it was not cost-effective to establish. This will be kept under review.

Functional reporting and risk management

The Directors and management have considered the risks facing the business and these are assessed on an ongoing basis. The key risks are discussed in the Group strategic report. Other risks which come under the direct control of the Directors include treasury management, capital expenditure, insurance, health and safety and regulatory compliance. Risk assessment includes the review of potential mitigations. The accounting policies cover several key risks and these are included in the notes.

Statement of Directors' responsibilities

The directors are responsible for preparing the Group Strategic Report and Directors' 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union for the Company and the Group. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

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

On behalf of the Board,



M C Rose
Chairman of the Audit Committee
31 March 2017

Directors' remuneration report

For the year ended 31 December 2016

The Remuneration Committee comprises M C Rose (Chairman), M A Rowse and N W Kirton who are Non-Executive Directors. The Remuneration Committee decides the remuneration policy that applies to Executive Directors and senior management. The Remuneration Committee meets regularly in order to consider and set the annual remuneration for the Executive Directors, having regard to personal performance and industry remuneration rates.

In determining that policy, it considers a number of factors including:

- the basic salaries and benefits available to Executive Directors of comparable companies,
- the need to attract and retain Directors of an appropriate calibre, and
- the need to ensure Directors' commitment to the success of the Group.

Non-Executive Directors are appointed on a contract with a three month notice period and may be awarded fees in relation to the Board and committee meetings attended. Any fee awards to Non-Executive Directors are determined by the Board. Non-Executive Directors do not participate in the Company's share option scheme and do not receive the benefit of pension contributions.

The Group made contributions to externally administered defined contribution pension schemes for two Executive Directors.

The interests of the Directors at 31 December 2016 in the shares of the Company were as follows.

Name	Number of ordinary shares of 10p in Ingenta plc 31 December 2016	Number of ordinary shares of 10p in Ingenta plc 31 December 2015
M C Rose	4,645,412	4,453,112
A B Moug	583,095	601,795
M A Rowse	440,277	440,277
D R Montgomery	8,400	8,400
N W Kirton	44,250	25,000
M M E Royde	4,480,773	-

A B Moug resigned on 31 December 2016.

Directors' interests

The Directors at 31 December 2016 had an interest in 80,000 options over the ordinary shares. The Directors had no post-employment benefits, other long-term benefits, termination benefits or share-based payments in the year.

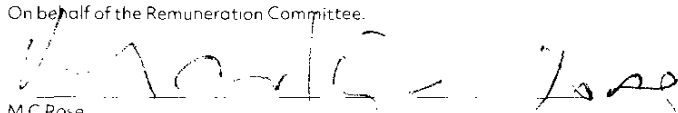
The market price of the Company's shares at the end of the year was 167.5p and the price ranged in the year between 113.5p and 181.0p.

Directors' remuneration

Name	Salary and fees £'000	Benefits £'000	Sum of the director's other remuneration £'000	Personal contributions £'000	Total amount £'000	Group National Insurance contributions £'000	2016 Total cost of employment £'000	2015 Total cost of employment £'000	Total cost of employment £'000
D R Montgomery	178	-	-	9	187	23	210	44	50
A B Moug	348	12	-	41	401	19	420	180	198
M C Rose	36	-	58	-	94	4	98	84	88
M A Rowse	-	-	36	-	36	-	36	28	28
N W Kirton	30	-	-	-	30	3	33	16	18
M P Cairns	-	-	-	-	-	-	-	318	328
M M E Royde	-	-	-	-	-	-	-	-	-
B H Holmström	-	-	13	-	13	-	13	-	-
	592	12	107	50	761	49	810	670	710

A B Moug resigned on 31 December 2016.
M P Cairns resigned 22 September 2015.
B H Holmström was appointed on 1 August 2016.
M M E Royde was appointed on 1 August 2016

On behalf of the Remuneration Committee.


M C Rose
Chairman
31 March 2017

Independent auditor's report to the members of Ingenta plc

We have audited the financial statements of Ingenta PLC for the year ended 31 December 2016, which comprise the Group Statement of Comprehensive Income, the group and company statement of financial position, the group and company statement of changes in equity, the group and company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 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 parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

Matters on which we are required to report by exception

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

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

Mark Bishop



Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
31 March 2017

Group Statement of Comprehensive Income

For the year ended 31 December 2016

	note	Year ended 31 Dec 16 £'000	Year ended 31 Dec 15 £'000
Group revenue	2	15,204	13,941
Cost of sales		(9,371)	(9,908)
Gross profit		5,833	4,033
Sales and marketing expenses		(1,290)	(1,494)
Administrative expenses		(3,827)	(4,055)
Profit / (loss) from operations	6	716	(1,516)
Share of profit / (loss) from equity accounted investments	3	170	(100)
Finance costs	8	(25)	(288)
Profit / (loss) before income tax		861	(1,904)
Income tax	9	138	472
Profit / (loss) for the year attributable to equity holders of the parent		999	(1,432)
Other comprehensive expenses which will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		15	16
Total comprehensive income \ (loss) for the year attributable to equity holders of the parent		1,014	(1,416)
Basic earnings \ (loss) per share (pence)	10	6.03	(11.28)
Diluted earnings \ (loss) per share (pence)	10	5.98	(11.28)

All activities are classified as continuing.

The accompanying notes form part of these financial statements.

Group Statement of Financial Position

For the year ended 31 December 2016

	note	31 Dec 16 £'000	31 Dec 15 £'000	31 Dec 14 £'000
Non-current assets				
Goodwill	11	4,900	3,737	3,737
Other intangible assets	12	458	-	-
Property, plant and equipment	13	203	239	363
Investments accounted for using the equity method	3	368	198	298
		5,929	4,174	4,398
Current assets				
Trade and other receivables	14	5,385	4,234	4,377
Research and Development tax credit receivable	9	150	405	400
Cash and cash equivalents	15	2,027	8,807	2,790
		7,562	13,446	7,567
Total assets		13,491	17,620	11,965
Equity				
Share capital	21	1,692	1,632	841
Share Premium		8,999	8,294	-
Merger reserve		11,055	11,055	11,055
Reverse acquisition reserve		(5,228)	(5,228)	(5,228)
Translation reserve		(871)	(887)	(904)
Retained earnings		(10,240)	(11,239)	(9,807)
Investment in own shares	23	-	(1)	(6)
Total equity		5,407	3,626	(4,049)
Non-current liabilities				
Borrowings	17	-	-	1,500
Deferred tax liability	18	92	-	-
Finance leases	19	35	69	134
		127	69	1,634
Current liabilities				
Trade and other payables	16	4,349	3,601	5,226
Deferred income		3,608	3,594	3,585
Borrowings	17	-	6,730	5,569
		7,957	13,925	14,380
Total liabilities		8,084	13,994	16,014
Total equity and liabilities		13,491	17,620	11,965

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2017 and were signed on its behalf by:

M C Rose
Director

D R Montgomery
Director

Registered number 837205

The accompanying notes form part of these financial statements.

Group statement of changes in equity

For the year ended 31 December 2016

	Share capital £ 000	Share Premium £ 000	Merger reserve £ 000	Reverse acquisition reserve £ 000	Translation reserve £ 000	Retained earnings £ 000	Investment in own shares £ 000	Total attributable to owners of parent £ 000
Balance at 1 January 2016	1,632	8,294	11,055	(5,228)	(887)	(11,239)	(1)	3,626
Employee Share Ownership Trust transactions	-	-	-	-	-	-	1	1
Share issue	60	705	-	-	-	-	-	765
Transactions with owners	60	705	-	-	-	-	1	766
Profit for the year	-	-	-	-	-	999	-	999
Other comprehensive expense:								
Exchange differences on translating foreign operations	-	-	-	-	16	-	-	16
Total comprehensive income for the year	-	-	-	-	16	999	-	1,015
Balance at 31 December 2016	1,692	8,999	11,055	(5,228)	(871)	(10,240)	-	5,407

For the year ended 31 December 2015

	Share capital £ 000	Share Premium £ 000	Merger reserve £ 000	Reverse acquisition reserve £ 000	Translation reserve £ 000	Retained earnings £ 000	Investment in own shares £ 000	Total attributable to owners of parent £ 000
Balance at 1 January 2015	841	-	11,055	(5,228)	(903)	(9,807)	(7)	(4,049)
Employee Share Ownership Trust transactions	-	-	-	-	-	-	6	6
Share issue	791	8,294	-	-	-	-	-	9,085
Transactions with owners	1,632	8,294	-	-	-	-	6	9,091
Loss for the year	-	-	-	-	-	(1,432)	-	(1,432)
Other comprehensive expense:								
Exchange differences on translating foreign operations	-	-	-	-	16	-	-	16
Total comprehensive income for the year	-	-	-	-	16	(1,432)	-	(1,416)
Balance at 31 December 2015	1,632	8,294	11,055	(5,228)	(887)	(11,239)	(1)	3,626

Group statement of cash flows

For the year ended 31 December 2016

	note	Year ended 31 Dec 16 £ 000	Year ended 31 Dec 15 £ 000
Profit / (loss) before taxation		861	(1,904)
Adjustments for			
Share of (profit) / loss from Joint Venture		(170)	100
Depreciation		234	233
(Profit) / loss on disposal of fixed assets		(1)	3
Interest expense		25	288
Unrealised foreign exchange differences		16	16
(Increase) / decrease in trade and other receivables		(650)	143
Decrease in trade and other payables		(773)	(1,494)
Cash outflow from operations		(458)	(2,615)
Research and Development tax credit received		390	467
Tax paid		(5)	-
Net cash outflow from operating activities		(73)	(2,148)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	4	(460)	-
Purchase of property, plant and equipment		(69)	(9)
Net cash used in investing activities		(529)	(9)
Cash flows from financing activities			
Interest paid		(33)	(425)
Repayment of short term borrowings		-	(2,550)
Payment of finance lease liabilities		(165)	(146)
Costs associated with share raising		(15)	(396)
Share raising proceeds		780	9,487
Net cash from / (used in) financing activities		567	5,970
Net (decrease) / increase in cash and cash equivalents		(35)	3,813
Cash and cash equivalents at the beginning of the year	15	2,077	(1,729)
Exchange differences on cash and cash equivalents		(15)	(7)
Cash and cash equivalents at the end of the year	15, 24	2,027	2,077

The accompanying notes form part of these financial statements.

Notes to the Group financial statements

For the year ended 31 December 2016

General information and nature of operations

Ingenta plc (the 'Company') and its subsidiaries (together the 'Group') is a provider of content management, advertising and Commercial enterprise solutions and services to publishers, information providers, academic libraries and institutions. The nature of the Group's operations and its principal activities are set out in the Chairman's statement and Group Strategic report.

The Company is incorporated in the United Kingdom under the Companies Act 2006. The Company's registration number is 837205 and its registered office is 8100 Alec Issigonis Way, Oxford, OX4 2HU. The consolidated financial statements were authorised by the Board of Directors for issue on 31 March, 2017.

1. Principal accounting policies

Going concern

The accounts are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future including revenue, profit and cash forecast and management's ability to affect costs and revenues.

Management regularly forecast profit, financial position and cash flows for the Group. The rolling annual forecast is normally updated monthly.

Having reviewed the latest forecast, management regard the forecast to be robust. Revenue streams are forecast in detail with all recurring revenue contracts individually listed and ranked by firmness from firm to prospect.

Management have reviewed forecast costs for reasonableness against prior years and with knowledge of expected movements and concluded that forecast costs are robust.

As at 31 December 2016 the Group had net current liabilities of £0.4m (2015: liabilities of £0.5m), of which £3.6m (2015: £3.6m) relates to deferred income which will be recognised in the year ending 31 December 2017.

The Group does not have the need for an overdraft facility and has positive cash balances of £2.0m as at 31 December 2016 (2015: £2.1m). The 2015 cash balance of £2.1m was a net cash position. The Group held linked accounts with HSBC such that any facility was based on the net balance of all accounts taken together. Management have assured themselves that cash is sufficient for the needs of the business based on the cash flow forecast.

The major risks for future trading are the uptake of new generation products Ingenta CMS and the Commercial product suite (Ingenta Rights, Royalties, Product Manager and Order to Cash), which to some extent is reliant on the macro-economy and the willingness of data providers to commit to capital expenditure projects.

There is a strong sales pipeline for all new generation products which gives the Board confidence that the forecast for 2017 is achievable. It is therefore considered appropriate to use the going concern basis to compile these financial statements.

Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

The accounting policies applied have been applied consistently throughout the Ingenta Group. The financial statements have been prepared under the historical cost convention.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Significant management judgements in applying accounting policies

The following are the significant management judgements used in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Consulting service revenue

Please refer to the Revenue section of the accounting policies note for detailed disclosure.

Support and upgrade revenue

Please refer to the Revenue section of the accounting policies note for detailed disclosure.

Deferred tax assets

The assessment of the probability of future taxable income against which deferred tax assets can be utilised is based on the Group's latest approved forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances.

Research and development expenditure

Research and development expenditure is fully written off to the Statement of Comprehensive Income as costs are incurred. The Board have taken into account the inherent risks in all research and development expenditure and specifically the expenditure being incurred by the business in the year and have concluded that the requirements of IAS 38 to capitalise development expenditure have not been met.

Intangible asset and financial option adjustment

Software technology acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values. For further details see the Intangible asset section of the accounting policies note.

Research and Development tax credits

Research and Development tax credits are recognised on an accruals basis as in prior years. The basis of calculation is consistent with prior years, taking into account current legislation, which has been accepted by HMRC.

Estimation uncertainty

When preparing the financial statements management make a number of estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed on the following pages.

Impairment

An impairment loss is recognised for the amount by which an asset's, or cash generating unit's, carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset, or cash-generating unit, and determines a suitable pre tax discount rate in order to calculate the present value of those cash flows. In the process of measuring

expected future cash flows management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. See note 11 for details of the review.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Basis of consolidation

The Group financial statements consolidate those of the parent Company and all of its subsidiaries as of 31 December 2016. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. The acquisition cost is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer and excludes any transaction costs. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Investments in Joint Ventures are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the Joint Venture is not recognised separately and is included in the amount recognised as investment in Joint Ventures. The carrying amount of the investment in Joint Ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the Joint Venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Share options

The Group operates an unapproved Executive Management Incentive (EMI) Share Option plan. £50K (2015: nil) has been recognised during the year as the fair value of the options. The Group had an approved scheme which was closed during 2015. Full details are in note 22.

Property, plant and equipment

Cost

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Depreciation

Depreciation is calculated using the straight-line method to allocate the cost of assets less their estimated residual value over their estimated useful lives, as follows:

Leasehold improvements	Over the term of the lease
Computer equipment	3 years
Fixtures, fittings and equipment	5 years

The residual value and the useful life of each asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.

Disposal of assets

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within profit or loss within the Statement of Comprehensive Income.

Intangible assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are recognised immediately in the income statement and are not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date and at least annually thereafter.

On disposal of a subsidiary, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

Technology-based intellectual property

Intangible assets relating to the technology acquired from business combinations that qualify for separate recognition are recognised as intangible assets at their fair value.

The assets are valued using a discounted cash flow model for the revenues they will generate over the next 5 years.

The asset is amortised on a straight line basis over a 5 year period. Residual values and useful lives are reviewed at each reporting date. Amortisation is included within depreciation, amortisation and impairment of non financial assets.

Impairment of intangibles and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related goodwill.

Goodwill, other individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described herein.

Financial assets

The Group classifies its financial assets as 'loans and receivables' and 'available for sale'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group assesses at the date of each Statement of Financial Position whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the Statement of Financial Position.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method; less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at original effective interest rate. The loss is recognised in the Statement of Comprehensive Income within 'Sales and marketing expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Sales and marketing expenses' in the Statement of Comprehensive Income.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are either designated in this category or are not classified in any other category. They are included in non-current assets unless management

intends to dispose of the investment within 12 months of the Statement of Financial Position date.

On initial recognition, financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets. After initial recognition, financial assets are measured at fair value, without any deduction of transaction costs.

Gains and losses arising from changes in the fair value of a financial asset are recognised in other comprehensive income, except for impairment losses. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are reclassified from equity to profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Financial liabilities

The Group's financial liabilities include borrowing and trade and other payables.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised within profit or loss within the Statement of Comprehensive Income over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits together with other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include bank overdrafts as they are repayable on demand and form an integral part of the Group's cash management. The Group's banking facility is all with one bank (HSBC) and the accounts are linked such that any facility limits is based on the net balance of all accounts.

Equity

Share capital represents the nominal value of shares that have been issued.

The translation reserve within equity relates to foreign currency translation differences arising on the translation of the Group's foreign entities.

Retained earnings include all current and prior year retained profits and losses.

Reverse acquisition reserve and merger reserve represent balances arising on the acquisition of Ingenta plc in 2007. The IFRS 3 acquisition adjustment reflects the entries required under reverse acquisition accounting, whereby consolidated shareholders' funds comprise the capital structure of the legal parent combined with the reserves of the legal subsidiary and the post-acquisition reserves of the parent.

Investment in own shares within equity represents the cost of shares held within the Employee Share Ownership Trust (ESOT).

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effect, is included in equity attributable to the Company's equity holders.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into account the type of customer, type of transaction and specifics of each arrangement.

Recognition of Ingenta Connect Revenue within the Content products division

Ingenta Connect revenues comprise 'Hosted services' and 'Consulting Services' revenue.

Hosted Services

Hosted services include annual fees for hosting publishers content on the Ingenta Connect platform and revenues from document delivery under pay-per-view access, clearance and digitisation services. The hosting fees are recognised over the period content is hosted on Ingenta Connect. Pay per view revenues are recognised on despatch of the documents.

Consulting Services

Consulting services includes revenues from the processing of e-journal content and ongoing services. These fees are based on a per article charge and are recognised in the period to which they relate. The period is assessed by reference to when the work is carried out. Any work which relates to more than one period is recognised based on the percentage complete method which is made with reference to the number of articles processed in the period.

Recognition of vista Revenues - Ingenta Commercial products - Ingenta CMS (within the Content products division) and Ingenta Advertising
Revenues from these divisions comprise 'Licences', 'Consulting Services', 'Hosted Services', 'Managed Services' and 'Support and Upgrade' revenue.

Licences

Revenue from sales of software licences is recognised immediately if there are no associated implementation requirements. This will only be the case where an existing customer purchases additional licences to increase the number of users on an existing installed software system. Where software licences sold require consulting services to make the licences usable, the licence revenue is recognised over the period of the associated consulting services on a percentage complete basis. This is assessed by reference to the estimated project days in the project planning documentation, amended for project change requests and the days worked on the project to the year end.

Consulting Services

Revenues from long term contracts within consulting services are recognised on the percentage of completion method. This is assessed by reference to the estimated project days in the project planning documentation, amended for project change requests and the days worked on the project to the year end. Where certain products are sold as multi element arrangements, revenue is recognised when each element is delivered to the customer based on the relative fair value of each product element which is assessed as being the selling price of each product when sold separately.

Hosted Services, Managed Services and Support and Upgrade

Revenues collected or billed in advance for hosted services, managed services and support and upgrade revenue, are recorded as deferred income and recognised over the period to which the service relates.

Recognition of PCG Revenues

Ingenta's PCG division earns revenue from providing services to Publishers and Content providers. Some revenue is charged as a retainer for services provided throughout the period. These revenues are recognised in line with the effort expended across the period to which they relate.

Some revenues are earned on a commission basis associated with selling publishers content. This revenue is recognised when commission is earned which contractually is when PCG's publishing customer invoices the end user for the services sold by PCG. In some cases, PCG invoices the end user on behalf of the customer for the services sold by PCG and records PCG's commission when the invoice is issued as agreed in the contract. Where any sales representation and cash collection services are incorporated into the contract the work involved is minimal and does not affect recognition of commission.

Some further revenues are based on performing surveys for publishers. These revenues are based on a fixed number of calls at an agreed rate per call. Revenue is recognised on a per call completed basis in the period the calls were made.

Employee benefits

Pension obligations

The Group operates various pension schemes which are by nature defined contribution plans. A defined contribution plan is a pension plan under which the Group pays a fixed contribution into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group does not operate a defined benefit plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expenses when they are due.

Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

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 equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other 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.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, 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 ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as

a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Employee Share Ownership Trust (ESOT)

As the company is deemed to have control of the ESOT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The ESOT's assets (other than investments in the company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The ESOT's investment in the company's shares is deducted from equity in the consolidated statement of financial position as if they were treasury shares.

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

The depreciation methods and useful lives for assets held under finance leases are described under "Property, Plant and Equipment" herein. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease

Operating leases

Leases in which a significant risk and reward of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised within profit or loss within the Statement of Comprehensive Income as an integral part of the total lease expense and are spread on a straight-line basis over the lease term

Operating expenses

Operating expenses are recognised within profit or loss within the Statement of Comprehensive Income upon utilisation of the service or at the date of their origin

Finance costs

Financing costs comprise interest payable, the amortisation of the costs of acquiring finance and the unwinding of discounts that are recognised within profit or loss within the Statement of Comprehensive Income. Interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method

Income taxes

The tax expense recognised within profit or loss within the Statement of Comprehensive Income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period

Deferred income taxes are calculated using the liability method on

temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or 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 and Joint Ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third-party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognised in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

Foreign currency

The consolidated financial statements are presented in Sterling (GBP), which is also the functional currency of the parent Company

Foreign currency transactions are translated into the functional currency of the respective Group entity, using a monthly estimated rate set at the

beginning of each month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and not subsequently retranslated.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Sterling are translated into Sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Sterling at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at an approximation of the average rate over the reporting period. Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Sterling at the closing rate.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Executive Board, at which level strategic decisions are made.

IFRS 8 "Operating segments" requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes and reported in a manner which is more consistent with internal reporting provided to the chief operating decision-maker.

Standards, amendments and interpretations to existing standards that are in issue but not effective for periods commencing on 1 January 2016 and have not been adopted early by the Group.

New standards and interpretations currently in issue but not effective based on EU mandatory effective dates, for accounting periods commencing on 1 January 2016 are:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018). Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information.
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018). IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.
- IFRS 16 Leases (effective 1 January 2019). Management is yet to fully assess the impact of the Standard and is therefore unable to provide quantified information.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

2. Revenue

An analysis of the Group's revenue is detailed below by activity across the Group's operating units:

	Year ended 31 Dec 16 £,000	Year ended 31 Dec 15 £,000
Licences	146	52
Consulting Services	3,168	2,717
Hosted Services	4,269	3,519
Managed Services	2,862	3,001
Support and Upgrade	2,648	2,613
PCG	2,111	2,039
	15,204	13,941

An analysis of the Group's revenue (excluding revenue of the equity accounted investment) by business division is as follows:

	Year ended 31 Dec 16 £,000	Year ended 31 Dec 15 £,000
Vista applications division	6,726	7,014
Ingenta Commercial products division	1,735	910
Ingenta Content products division	3,926	3,978
PCG	2,111	2,039
Ingenta Advertising	706	-
	15,204	13,941

A geographical analysis of the Group's revenue (excluding revenue of the equity accounted investment) is as follows:

	Year ended 31 Dec 16 £,000	Year ended 31 Dec 15 £,000
UK	5,893	5,459
USA	7,162	6,978
Rest of the World	2,149	1,504
	15,204	13,941

Revenue is allocated to geographical locations based on the location of the customer.

3. Joint Venture

The Group holds a 49% voting and equity interest in Beijing Ingenta Digital Publishing Technology Ltd (BIDPT) which was purchased during the year to 31 December 2012.

This investment is accounted for under the equity method. BIDPT has a reporting date of 31 December. The shares are not publicly listed on a stock exchange and hence published price quotes are not available.

Certain financial information on BIDPT is as follows.

	As at 31 Dec 12 £'000	As at 31 Dec 13 £'000
Assets	1,974	1,571
Liabilities	(1,223)	(1,164)
	Year ended 31 Dec 12 £'000	Year ended 31 Dec 13 £'000
Revenues	2,080	1,395
Profit / (loss)	350	(205)
Revenue attributable to the Group	1,019	684
Profit / (loss) attributable to the Group	170	(100)
Changes in equity accounted investments	Year ended 31 Dec 12 £'000	Year ended 31 Dec 13 £'000
Cost of 49% investment in BIDPT plus share of accumulated profit and loss	198	298
Retained profit / (loss) attributable to the Group	170	(100)
Investment book value	368	198

Dividends are subject to the approval of at least 51% of all shareholders of BIDPT. The Group has received no dividends.

4. Acquisitions

On 28th July 2016, the Group acquired 100% of the issued share capital of UK based advertising software company 5 Fifteen Limited, thereby obtaining control. The purchase will allow Ingenta to strengthen its product portfolio and strategically build on its existing plans to diversify its client base, extending its offering into the wider media industry as well as trade and academic publishers.

Details of the business combination are as follows:

	Note	2016 £'000
Fair value of consideration transferred		
Amount settled in cash		490
Fair value of contingent consideration		500
Total		990
Recognised amounts of identifiable net assets		
Property, plant and equipment		16
Intangible assets		500
Total non-current assets		516
Trade and other receivables		499
Cash and cash equivalents		30
Total current assets		529
Provisions		(75)
Total non-current liabilities		(75)
Trade and other payables		(188)
Deferred income		(855)
Deferred tax liability		(100)
Total current liabilities		(1,143)
Identifiable net liabilities		173
Goodwill	11	1,163
Consideration transferred settled in cash		490
Cash and cash equivalents acquired		(30)
Net cash outflow on acquisition		460

Consideration transferred

The acquisition of 5 Fifteen was settled in cash amounting to £490K and an additional consideration of up to £500K payable only if sales exceed a target set by both parties in 2016 and 2017. The additional consideration will be payable after 31 December 2017 and could be in the range of no further payment up to a maximum of £500K. At the date of acquisition management believe the acquired business will exceed the targets set and reach the maximum pay out based on the available forecasts. Legal fees of £35K were incurred as part of the transaction and are included within administrative expenses in the Group Statement of Comprehensive Income.

Identifiable net assets

The fair value of trade and other receivables acquired as part of the business combination amounted to £499K which included a provision against bad debts of £2K.

Goodwill

Goodwill of £1,163K is primarily related to future profitability, the substantial skill and expertise of the 5 Fifteen workforce and expected cost synergies. Goodwill has been allocated to a new Advertising segment of the wider Ingenta Group.

5 Fifteen's contribution to Group results

Over the 5 months to 31 December 2016, 5 Fifteen contributed £706K to Group revenues and £270K to Group EBITDA

Deferred tax liability

On consolidation, a deferred tax liability of £100K was recognised in respect of the software technology intangible asset. During the year £8K was credited to the Statement of Comprehensive income (see note 9)

5. Operating segments

The following segment information has been prepared in accordance with IFRS 8, "Operating Segments", which defines the requirements for the disclosure of financial information of an entity's operating segments. IFRS 8 follows the management approach, which is the basis for decision making within the Group

The Board consider the Group on a business division basis. Reports by business division are used by the chief decision-maker in the Group. Significant operating segments are: Ingenta Commercial products; Ingenta Content products; Vista; PCG and Ingenta Advertising. This split of business segments is based on the products and services each offer

Ingenta Commercial products are enterprise level publishing management systems. Ingenta Content products help content providers sell their content online. PCG provides consultancy services in sales and marketing to publishers. Vista provides services to support the heritage author2reader publishing management system. Ingenta Advertising provides a complete browser based multimedia advertising, CRM and sales management platform for content providers

The reported operating segments derive their revenues from the revenue streams reported in the revenue analysis in note 2. A further discussion of revenue streams within each division is included on pages 4 to 13. All revenues are derived from trade with external parties.

Property, plant and equipment is held in the UK £129K (2015: £156K) and the USA £74K (2015: £83K).

One customer contributed more than 10% of revenue (2015: one) and this amounted to £1,859K (2015: £1,897K). The Group's operations are located in the United Kingdom, North America, Brazil, Mexico, India, China and Australia. Any transactions between business divisions are on normal commercial terms and conditions.

Segment information by business unit is presented below.

Year to 31 December 2016	Ingenio Commercial products £ 000	Vista £ 000	Ingenio Content products £ 000	PCG £ 000	Ingenio Advertising £ 000	Consolidated £ 000
External sales	1,735	6,726	3,926	2,111	706	15,204
Segment result (adjusted EBITDA, see note 6)	(2,695)	3,495	(12)	211	270	1,269
Depreciation	(30)	(118)	(69)	(5)	(12)	(234)
Unallocated corporate income						1
Restructuring						(608)
Foreign exchange gain						288
Operating profit						716
Share of profit from equity accounted investment						170
Finance costs						(25)
Profit before tax						861
Tax						138
Profit after tax						999

Other information	Ingenio Commercial products £ 000	Vista £ 000	Ingenio Content products £ 000	PCG £ 000	Ingenio Advertising £ 000	Consolidated £ 000
Statement of Financial Position						
Assets						
Attributable Goodwill and intangibles	-	-	2,661	1,076	1,621	5,358
Property, plant and equipment	61	61	56	15	10	203
Segment assets	2,093	2,093	1,932	1,479	322	7,919
Unallocated corporate assets						11
Consolidated total assets						13,491
Liabilities						
Segment liabilities	2,431	2,431	2,244	446	374	7,926
Unallocated corporate liabilities						158
Consolidated total liabilities						8,084
Total equity and liabilities						13,491

Year to 31 December 2015	ingenta Commercial products £'000	Visto £'000	ingenta Content products £'000	PCG £'000	Consolidated £'000
External sales	909	7,014	3,979	2,039	13,941
Segment result (adjusted EBITDA, see note 6)	(4,135)	3,682	(445)	60	(838)
Depreciation	(18)	(137)	(78)	-	(233)
Unallocated corporate expenses					(3)
Restructuring					(400)
Foreign exchange loss					(42)
Operating loss					(1,516)
Share of profit from equity accounted investment					(100)
Finance costs					(288)
Loss before tax					(1,904)
Tax					472
Loss after tax					(1,432)

Other information	ingenta Commercial products £'000	Visto £'000	ingenta Content products £'000	PCG £'000	Consolidated £'000
Statement of Financial Position					
Assets					
Attributable Goodwill	-	-	2,661	1,076	3,737
Property, plant and equipment	79	78	67	15	239
Segment assets	4,239	4,240	3,634	1,495	13,608
Unallocated corporate assets					36
Consolidated total assets					17,620
Liabilities					
Segment liabilities	2,073	2,073	1,777	821	6,744
Unallocated corporate liabilities					7,250
Consolidated total liabilities					13,994
Total equity and liabilities					17,620

Refer to note 11 and 12 for the estimates used in valuation of cash generating units.

In 2015, unallocated corporate liabilities included bank overdrafts of £6,730K and Social security and other taxes of £505K. In 2016, there were no bank overdrafts and Social security and other taxation liabilities have been allocated to the relevant segments of the business.

6. Profit from operations

Profit from operations has been arrived at after charging:

	Year ended 31 Dec 16 £'000	Year ended 31 Dec 15 £'000
Research and development costs	2,208	2,535
Net foreign exchange (profit) / loss	(288)	42
Depreciation of property, plant and equipment:		
- owned assets	94	74
- assets under finance leases	139	159
Operating lease rentals:		
- land and buildings	303	316
- other	61	69
Auditor's remuneration	142	97
Restructuring costs	608	400

A more detailed analysis of auditor's remuneration on a worldwide basis is provided below

	Year ended 31 Dec 16 £'000	Year ended 31 Dec 15 £'000
Fees payable to the Group's auditor for:		
The audit of the parent Company and consolidated financial statements	20	20
For other services:		
The audit of the accounts of the subsidiaries pursuant to legislation	49	35
Taxation compliance services	60	42
Other	13	-
	142	97

A description of the work of the Audit Committee is set out in the corporate governance statement on page 19 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

An analysis reconciling the profit from operations to adjusted EBITDA is provided below.

	Year ended 31 Dec 16 £'000	Year ended 31 Dec 15 £'000
Profit / (loss) from operations	716	(1,516)
Add back:		
Depreciation	234	233
(Gain) / loss on disposal of fixed assets	(1)	3
Restructuring costs	608	400
Foreign exchange (gains) / losses	(288)	42
	1,269	(838)
EBITDA / (LBITDA) before gain / loss on disposal of fixed assets, foreign exchange gains / losses and restructuring costs		

7. Staff numbers and costs

	Year ended 31 Dec 16 Average number	Year ended 31 Dec 15 Average number
Staff numbers:		
Operations	93	119
Sales and marketing	35	32
Administration	10	12
	<u>138</u>	<u>163</u>
Staff numbers exclude contractors		
	Year ended 31 Dec 16 £ 000	Year ended 31 Dec 15 £ 000
Their aggregate remuneration comprised:		
Wages and salaries	8,033	8,609
Social security costs	888	990
Contribution to defined contribution plans	362	393
Health Insurance	286	439
Share based payments	50	-
Other staff costs	18	20
Total staff costs	<u>9,637</u>	<u>10,451</u>
Remuneration in respect of Directors was as follows:		
Non-Executive Director fees	173	128
Executive Directors' emoluments	538	328
Company pension contributions to money purchase schemes	50	39
Compensation to directors for loss of office	-	175
	<u>761</u>	<u>670</u>
Remuneration of the highest paid Director (aggregate emoluments)	<u>401</u>	<u>318</u>

Further unaudited information on Directors' remuneration is provided in the Directors' remuneration report. Key management personnel within the business are considered to be the Board of Directors. Pension contributions of £41K were paid in respect of the highest paid Director (2015: £37K). There were two (2015: two) Directors in a money purchase pension scheme.

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The total cost charged to income of £362K (2015: £393K) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 December 2016, contributions of £41K (2015: £37K) due in respect of the current reporting period were included in the Statement of Financial Position for payment in January 2017.

The Group operates an Unapproved EMI Share Option plan. A charge of £50K (2015: nil) has been recognised in the income statement during the year. Further details on share options are included in note 22.

8. Finance costs

	Year ended 31 Dec 16 £'000	Year ended 31 Dec 15 £'000
Interest payable:		
Interest on bank overdraft and loans	9	105
Interest on finance leases	16	21
Interest on other loans	-	162
	<u>25</u>	<u>288</u>

Interest on other loans relates to the loan note and the short term loans. Further details are provided in note 17.

9. Tax

	Year ended 31 Dec 16 £'000	Year ended 31 Dec 15 £'000
Analysis of credit in the year		
Current tax		
Current research and development tax credit - UK	150	405
Current year State tax - US	(5)	-
Adjustment to prior year charge - UK	(15)	67
Deferred tax credit	8	-
Taxation	<u>138</u>	<u>472</u>

The Group has unutilised tax losses at 31 December 2016 in the UK and the USA of £15.0m (2015: £15.1m) and \$17.8m (2015: \$16.4m) respectively. These losses are still to be agreed with the tax authorities in the UK and USA. The Board intends to make use of all losses wherever possible.

The US tax losses are restricted to \$491K per annum as a result of change of control legislation. Losses carried forward from the change of control in April 2008 are restricted and must be used within 20 years. The Board believes the Group will be able to make use of \$10.8m (2015: \$9.9m) of the total unutilised losses at 31 December 2016.

No deferred tax has been recognised in accordance with advice from US tax accountants on the basis that the US losses are restricted and there is uncertainty on the value of losses which will be able to be used.

No deferred tax assets have been recognised in relation to any other Group tax losses due to uncertainty over their recoverability.

The differences are explained below:

Reconciliation of tax credit	Year ended 31 Dec 16 £'000	Year ended 31 Dec 15 £'000
Profit / (loss) on ordinary activities before tax	861	(1,904)
Tax at the UK corporation tax rate of 20.00% (2015: 20.25%)	172	(386)
Expenses not deductible for tax purposes	4	5
Additional deduction for Research and Development expenditure	(311)	(307)
Surrender of losses Research and Development tax credit refund	55	143
Unrelieved UK losses carried forward	47	50
Utilisation of US losses	(105)	-
Difference in timing of allowances	17	12
Adjustment to tax charge in respect of prior years	15	(67)
Refund of deferred tax liability	1	-
Effect of foreign tax rates	1	-
Unrelieved China losses carried forward	(34)	20
Unrelieved Brazilian losses carried forward	-	3
Unrelieved US losses carried forward	-	55
Total taxation	<u>(138)</u>	<u>(472)</u>

United Kingdom Corporation tax is calculated at 20.00% (2015: 20.25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10. Earnings per share and dividends

Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary share options. Management estimate 134,000 ordinary shares will be issued (2015: none) in respect of share options. There were none in 2015 because the Group held enough unallocated shares within the Employee Share Ownership Trust ('ESOT') to fulfil their exercise. For the year ended 31 December 2015, almost all outstanding options had an exercise price in excess of the average market price in the year, therefore there is no material dilutive impact from options granted and the basic and diluted earnings per share figures are the same.

	Year ended 31 Dec '16 £'000	Year ended 31 Dec '15 £'000
Attributable profit / (loss)	999	(1,432)
Weighted average number of ordinary shares used in basic earnings per share ('000)	16,568	12,696
Shares deemed to be issued in respect of share based payments	134	-
Weighted average number of ordinary shares used in dilutive earnings per share ('000)	16,702	12,696
Basic profit / (loss) per share arising from both total and continuing operations	6.03p	(11.28p)
Diluted profit / (loss) per share arising from both total and continuing operations	5.98p	(11.28p)

Dividends

After the year end, the directors declared their intention to pay a dividend of 1 pence per share. No liability in this respect has been recognised in 2016

11. Goodwill

	Year ended 31 Dec '16 £'000	Year ended 31 Dec '15 £'000
Gross carrying amount		
Balance at 1 January	3,737	3,737
Acquired through business combination	1,163	-
Total goodwill	4,900	3,737

As at 31 December 2015 and 31 December 2014 the goodwill reported in the Group accounts arose from the reverse acquisition of Ingenta plc in 2007. The acquired goodwill in 2016 resulted from the acquisition of 5 Fifteen Limited. Goodwill is reviewed at the end of each financial period for impairment.

At the year end, management carried out an impairment review of goodwill attached to each business unit. Following that review, management are of the opinion that no impairment has taken place. In its review of other assets, management is also of the opinion that the carrying value of such assets is reasonably stated and that no impairment has occurred.

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units (CGUs), which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Year ended 31 Dec '16 £'000	Year ended 31 Dec '15 £'000
Content products division	2,661	2,661
PCG	1,076	1,076
Advertising division	1,163	-
Total goodwill	4,900	3,737

The recoverable amounts of the cash generating units were determined based on value in use calculations for the next five years which management believe will reflect the minimum period during which the business will benefit from the resulting cash generation

The value in use calculation is based on the latest 5 year forecast for the Group. Over 70% of the revenue is regarded as recurring and unlikely to be adversely affected by technological change. Where applicable, management have assumed a forecast growth rate of 1-10% (2015, 1-2%). PCG has higher growth rates because there is an active programme to increase the customer base

Details are shown below

	PCC %	Content Division %	Advertising Division %
Content sales revenue growth	5-10	-	-
Teleservices revenue growth	2-5	-	-
GO! product hosting revenue growth	-	5	-
Hosting revenue growth	-	2	2
Time-based service revenue growth	-	2	2
Cost base growth	1-2	1-2	1-2

Although management have determined the value in use calculations based on the next 5 year forecast management recognise that a period in excess of five years is relevant in determining the value in use and consider that an average growth percentage of 2% would be applicable after year five. Management consider that extrapolating using this growth percentage would increase the value in use and therefore no impairment would result.

	PCC £ 000	Content Division £ 000	Advertising Division £ 000	Total £ 000
Carrying amount	1,076	2,661	1,163	4,900
Recoverable amount	1,421	5,491	3,743	10,655
5 year gross profit reduction for fair value to equal carrying amount	459	3,699	3,571	7,729

Management assumptions include stable profit margins based on past experience in this market which the management see as the best available information for the market. Management consider a pre-tax discount factor of 10% will reflect the CGU's cost of capital during the review period (2015: 20%) and that this is applicable to all cash-generating units. The discount factor has changed due to significant changes in the business profile which required a recalculation to be performed.

The key assumption in the recoverable amount calculations is gross profit. This item can reasonably be expected to change and the table above shows the total 5 year reduction in gross profit that would be required for the recoverable amount to be equal to the carrying amount.

12. Other Intangibles

	Acquired Software Technology £ 000
Cost	
At 31 December 2014 and 2015	-
Acquisition through business combination	500
At 31 December 2016	500
Accumulated amortisation and impairment	
At 31 December 2014 and 2015	-
Amortisation	42
At 31 December 2016	42
Carrying amount	
At 31 December 2014 and 2015	-
At 31 December 2016	458

The cost of the acquired software was calculated by discounting expected cashflows from the acquired advertising software business over a 5 year period. Management expect a minimum of 5 years useful life from the product as current customers are on long term contracts and any customer migrations are very protracted in nature.

The discount rates used in the calculation of intangibles was 10%

Amortisation has been charged on a straight-line basis from date of acquisition. All amortisation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

13. Property, plant and equipment

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2015	25	267	1,984	2,276
Additions	-	-	109	109
Retirements	(2)	(2)	-	(4)
Exchange differences	-	9	36	45
At 31 December 2015	23	274	2,129	2,426
Additions	-	7	119	126
Disposals	-	-	(326)	(326)
Transfers in	-	16	171	187
Exchange differences	1	41	162	204
At 31 December 2016	24	338	2,255	2,617
Accumulated depreciation and impairment				
At 1 January 2015	19	222	1,672	1,913
Charge for the year	1	20	212	233
Exchange differences	-	8	33	41
At 31 December 2015	20	250	1,917	2,187
Charge for the year	1	21	169	191
Disposals	-	-	(326)	(326)
Transfers in	-	10	163	173
Exchange differences	-	38	151	189
At 31 December 2016	21	319	2,074	2,414
Carrying amount				
At 31 December 2016	3	19	181	203
At 31 December 2015	3	36	200	239
At 31 December 2014	6	45	312	363

Assets held under finance leases with a net book value of £113K (2015: £188K) are included in property, plant and equipment and £139K (2015: £159K) of depreciation was charged on these assets in the year, see note 19 for further details.

14. Trade and other receivables

Trade and other receivables comprise the following.

	As at 31 Dec 16 £'000	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000
Trade receivables - gross	3,716	3,256	3,774
Allowance for credit losses	(45)	(18)	(188)
Trade receivables - net	3,671	3,238	3,586
Other receivables	153	96	58
Accrued income	1,189	588	514
Financial assets (loans and receivables)	5,013	3,922	4,158
Prepayments	372	312	219
Non-financial assets	372	312	219
Trade and other receivables	5,385	4,234	4,377

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables at the reporting date comprise amounts receivable from the sale of goods and services of £3.7m (2015: £3.3m, 2014: £3.8m).

The average credit period taken on sales of goods is 62 days (2015: 64 days, 2014: 65 days).

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be individually impaired and an allowance for credit losses of £45K (2015: £18K, 2014: £188K) has been recorded accordingly within "sales and marketing" in the statement of comprehensive income. This allowance has been determined by reference to expected receipts.

The movement in the allowance for credit losses can be reconciled as follows:

	As at 31 Dec 16 £'000	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000
Balance as at 1 January	18	188	26
Amounts written off (collected)	(8)	(188)	-
Additional allowance in year	35	18	162
Balance as at 31 December	45	18	188

15. Cash and cash equivalents

	As at 31 Dec 16 £'000	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000
Cash at bank and in hand:			
Cash at bank:			
- GBP	576	5,758	20
- USD	1,215	1,371	1,627
- EUR	172	1,612	1,070
- BRL	-	-	5
- CNY	63	65	67
Cash in hand - GBP	1	1	1
	2,027	8,807	2,790
Bank Overdraft - GBP	-	(6,730)	(4,519)
Net cash and cash equivalents	2,027	2,077	(1,729)

'Net cash and cash equivalents' is used for the Statement of Group Cash Flows. The net carrying value of cash and cash equivalents is considered a reasonable approximation of fair value.

16. Trade and other payables

Trade payables and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 39 days (2015: 46 days, 2014: 52 days).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Payables falling due within one year:

	As at 31 Dec 16 £'000	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000
Trade payables	414	415	843
Accruals	1,987	694	1,062
Finance lease liabilities	95	170	155
Other payables	1,293	1,817	2,618
Financial liabilities at amortised cost	3,789	3,096	4,678
Social security and other taxes	560	505	548
Non-financial liabilities	560	505	548
Trade and other payables	4,349	3,601	5,226

Included within accruals is an amount of £476K related to restructuring (2015: £175K).

17. Borrowings

	As at 31 Dec 16 £'000	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000
Bank overdrafts (note 15)	-	6,730	4,519
Short term loans	-	-	1,050
Loan note	-	-	1,500
	-	6,730	7,069
On demand or within one year (shown under current liabilities)	-	6,730	5,569
In the second year	-	-	1,500

Bank overdrafts were wholly offset as at 31 December 2015 by positive bank balances held in accounts with the same bank. Interest is only charged on the net balance (if negative) of all accounts held in UK bank accounts.

Interest rate	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Bank overdrafts	-	4% above base	4% above base
Short term loans	-	12%	12%
Loan Note	-	8%	8%
Loan Note - default interest	-	4%	4%

As at 31 December 2016, there was no overdraft facility (2015: £Nil, 2014: £3.0m). During the year, the average effective interest rate on bank overdrafts approximates to 0% (2015: 4.5%, 2014: 4.5%) per annum.

At the year-end there was no consolidated overdraft facility in place. The facility with HSBC has consisted of an overdraft which has varied from £1.5m to £3.5m during the year to 31 December 2015.

The Directors believe the carrying value of the bank overdrafts is a reasonable approximation of their fair value.

The loan notes were debt instruments.

The short term loans were loans received from Directors, employees and related parties. Amounts due relating to Directors of the Company or other related parties are disclosed within related parties transactions (note 26)

All borrowings are measured at amortised cost. During the year, £8k was credited to the Statement of Comprehensive Income (see note 4 for further details).

Loan note

The Group redeemed the loan note and paid all interest to redemption on 15 June 2015.

Prior to redemption, the Group was in default under the loan agreement and the loan note was therefore accruing interest at 12% per annum. Interest was accrued and paid half yearly in arrears on 30 June and 31 December. The base interest rate on the loan note was 8%, however the loan note agreement stipulated that if the Group did not pay any sum payable under the agreement within 14 days of its due date, the balance owing would be subject to default interest. Default interest was set at 4% above the base interest rate.

18. Deferred tax

A deferred tax liability of £100K has arisen from the intangible assets recognised during the business combination in the year. The deferred tax liability balance unwinds as the intangible is amortised. During the year, £8K was credited to the Statement of Comprehensive Income (see note 4 for further details).

Subject to agreement with HM Revenue and Customs, the Group has unrealised losses in the UK of £15.0m (2015: £15.1m). The Group also has unutilised losses in the USA of \$17.8m (2015: \$16.4m), these losses have yet to be agreed with the US tax authorities. The US tax losses have become restricted under US change of control laws after the capital raising in April 2008. At year end \$10.8m (2015: \$9.9m) could potentially be used going forward but due to US regulations and restrictions this is inherently uncertain. As a result, the Board believe conditions for the recognition of a deferred tax asset have not been met and consequently no deferred tax asset is recognised in respect of the losses (2015: £Nil).

19. Finance lease arrangements

The Group as lessee

Elements of the Group's IT equipment are held under finance lease arrangements. As at 31 December 2016, the net carrying amount of equipment under finance lease arrangements was £113K (2015: £188K). Finance lease liabilities are secured by the related assets. Future minimum finance lease payments are as follows:

Year ended 31 December 2016	< 1 year £'000	1 - 5 years £'000	5 years £'000	Total £'000
Lease payments	101	37	-	138
Finance charges	(6)	(2)	-	(8)
Net present value	95	35	-	130

Year ended 31 December 2015	< 1 year £'000	1 - 5 years £'000	5 years £'000	Total £'000
Lease payments	183	74	-	257
Finance charges	(13)	(5)	-	(18)
Net present value	170	69	-	239

The lease agreements include fixed payments and a purchase option at the end of the three year lease. The agreement is non cancellable and does not contain any further restrictions.

20. Operating lease arrangements

The Group as lessee

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows.

	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000	As at 31 Dec 13 £'000
Land and buildings			
Minimum lease payments due within one year	457	274	338
Minimum lease payments due in the second to fifth years inclusive	975	899	894
Minimum lease payments due after the fifth year	-	148	297
	<u>1,432</u>	<u>1,321</u>	<u>1,529</u>
Other			
Minimum lease payments due within one year	-	63	72
Minimum lease payments due in the second to fifth years inclusive	-	2	59
	<u>-</u>	<u>65</u>	<u>131</u>

Operating leases for Land and Buildings represent contracts on the following offices: Oxford, UK; Bath, UK; Slough, UK; Somerset, NJ, USA, New Brunswick, NJ, USA, and Boston, MA, USA. Other Operating leases represent car leases, photocopier leases and sundry equipment leases.

The Group's operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

21. Share capital

	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000	As at 31 Dec 13 £'000
Issued and fully paid:			
16,919,609 (2015: 16,319,609, 2014: 8,413,610) ordinary shares of 10p each	1,692	1,632	841

Share issues

During the year, the company issued 600,000 ordinary shares of 10p each at an issue price of 130p per share raising £0.78m before costs (2015: issued 7,905,999 ordinary shares of 10p each at an issue price of 120p raising £9.5m before costs). A reconciliation of the movements in share capital is shown within the Group and Company Statements of Changes in Equity.

26. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Directors' remuneration report on page 21.

	As at 31 Dec 16 £'000	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000
Short term employee benefits	549	463	432

Directors' transactions

The amounts outstanding as at 31 December 2016 relate to amounts due from Ingenta plc to Directors in connection with invoiced Non-Executive fees. The amounts outstanding as at 31 December 2015 also relate to amounts due from Ingenta plc to Directors in connection with short term loans to the Group and interest on short term loans to the Group.

	As at 31 Dec 16 £'000	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000
Amounts outstanding with Directors	259	184	1,095

Short term loans

There were no short term loan transactions in 2016, all balances were settled in 2015.

£200K was borrowed from the directors in March 2015 and £200K in May 2015

All short term loans were repaid in full with interest on 15 June 2015.

All short term loans had an interest rate of 12% per annum.

Loan notes

There were no loan note transactions in 2016, all balances were settled in 2015

Prior to redemption in 2015, the note holder of the £1.5m loan notes was a trust in which M C Rose, the Non-Executive Chairman of the Group, is a trustee. Interest of £83K was accrued and paid in the year to 31 December 2015

Joint Venture transactions

The Joint Venture loan amounts to £149K (2015: £110K) During the year, the Joint Venture provided services to the company of £65K and was paid £26K

23. Investment in own shares

Investment in own shares relates to shares held by the Spread Trustee Company Limited as trustees of the Vista International Limited 1998 Employee Share Ownership Trust. The trust holds shares in which employees have a beneficial interest and over which employees hold fully vested options to purchase

The Group is deemed to have control of the assets, liabilities, income and costs of the trust

As at 31 December 2016 all options had either lapsed or been exercised and no shares remained in the trust.

	Ingenta Shares held in trust Number	Treasury Shares Number	Nominal value £	Cost £
At 31 December 2014	203,319	-	20,332	6,081
At 31 December 2015	30,322	-	3,032	907
At 31 December 2016	-	-	-	-

24. Notes to the cash flow statement

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. Refer to note 15 'cash and cash equivalents'. The initial recognition of finance lease liabilities are non-cash transactions excluded from the statement of cash flows

During the year, cash was transferred between Group accounts to ensure all overdrafts were paid down. This had no effect on the net cash position at year end.

25. Contingent liabilities

There were no contingent liabilities at 31 December 2016, 31 December 2015 or 31 December 2014.

26. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Directors' remuneration report on page 21.

	As at 31 Dec '16 £'000	As at 31 Dec '15 £'000	As at 31 Dec '14 £'000
Short term employee benefits	549	463	432

Directors' transactions

The amounts outstanding as at 31 December 2016 relate to amounts due from Ingenta plc to Directors in connection with invoiced Non-Executive fees. The amounts outstanding as at 31 December 2015 also relate to amounts due from Ingenta plc to Directors in connection with short term loans to the Group and interest on short term loans to the Group

	As at 31 Dec '16 £'000	As at 31 Dec '15 £'000	As at 31 Dec '14 £'000
Amounts outstanding with Directors	259	184	1,095

Short term loans

There were no short term loan transactions in 2016, all balances were settled in 2015

£200K was borrowed from the directors in March 2015 and £200K in May 2015

All short term loans were repaid in full with interest on 15 June 2015

All short term loans had an interest rate of 12% per annum

Loan notes

There were no loan note transactions in 2016, all balances were settled in 2015

Prior to redemption in 2015, the note holder of the £1.5m loan notes was a trust in which M C Rose, the Non-Executive Chairman of the Group, is a trustee. Interest of £83K was accrued and paid in the year to 31 December 2015.

Joint Venture transactions

The Joint Venture loan amounts to £149K (2015: £110K). During the year, the Joint Venture provided services to the company of £65K and was paid £26K

27. Financial risk management

The Group is exposed to various risks in relation to financial assets and liabilities. The main types of risk are foreign currency risk, interest rate risk, market risk, credit risk and liquidity risk

The Group's risk management is closely controlled by the Board and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not actively trade in financial assets for speculative purposes nor does it write options. The most significant financial risks are currency risk and certain price risks.

Foreign currency sensitivity

The Group trades in Sterling (GBP), US Dollars (USD) and Euros (EUR). Most of the Group's transactions are carried out in Sterling and US Dollars. Exposure to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily in USD, through the trading divisions in the USA (Ingenta Inc. and Publishers Communication Group Inc.). The Group does not borrow or invest in USD other than an intercompany loan denominated in USD between Vista International Ltd and Vista North America Holdings Ltd, the currency movement on which offsets within the Group Statement of Comprehensive Income.

In order to mitigate the Group's foreign currency risk, non GBP cash flows are monitored and excess USD and EUR not required for foreign currency expenditure are translated into GBP on an on-going basis. The Group is a net importer of USD being cash flow positive by approximately \$2.5m per annum. No further hedging activity is undertaken. The Group does not enter into forward exchange contracts.

Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate, are as follows.

	Short-term exposure USD £ 000	Long-term exposure USD £ 000
31 December 2016		
Financial assets	1,679	-
Financial liabilities	(1,401)	-
Total exposure	278	-
31 December 2015		
Financial assets	2,212	-
Financial liabilities	(1,545)	-
Total exposure	667	-

The following table illustrates the sensitivity of profit and equity with regard to the Group's financial assets and financial liabilities and the USD / GBP exchange rate "all other things being equal". Transactions in EUR are immaterial and therefore movements of the EUR / GBP exchange rate have not been analysed.

It assumes a + / - 10% change of the USD / GBP exchange rate for the year ended 31 December 2016 (2015: 10%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group foreign currency financial instruments held at each reporting date.

If GBP had strengthened against USD by 10% (2015: 10%) then this would have had the following impact.

	Profit for the year USD £ 000	Equity USD £ 000
31 December 2016	(94)	(153)
31 December 2015	(40)	(202)

If GBP had weakened against USD by 10% (2015: 10%) then this would have had the following impact:

	Profit for the year USD £ 000	Equity USD £ 000
31 December 2016	115	187
31 December 2015	49	246

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long term financing. Long term borrowings are therefore usually at fixed rates. At 31 December 2016 the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings (being the loans see note 17) are at fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of + / - 1%. These changes are considered to be reasonably possible based on market movements and current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year and equity £ 000	Profit for the year and equity £ 000
	- 1%	+ 1%
31 December 2016	-	-
31 December 2015	(17)	39
31 December 2014	(24)	51

Credit risk analysis

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

	2014 £'000	2015 £'000	2014 £'000
Cash and cash equivalents (note 15)	2,027	8,807	2,790
Trade receivables - net (note 14)	3,671	3,238	3,586
	5,698	12,045	6,376

The Group continuously monitors defaults of customers and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and reports on customers are used. The Group's policy is only to deal with creditworthy customers.

The Group's management considers that the financial assets above, that are not impaired or past due for each of the reporting dates under review, are of good credit quality.

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

Some of the unimpaired trade receivables are past due at the reporting date.

Financial assets not impaired can be shown as follows:

	2014 £'000	2015 £'000	2014 £'000
Not more than 3 months	3,454	2,742	3,026
More than 3 months but less than 6 months	262	308	558
More than 6 months but not more than 1 year	-	154	142
More than 1 year	-	52	48
	3,716	3,256	3,774

In respect of trade and other receivables, the Group is not exposed to any significant credit risk from any single customer or group of customers having the same characteristics. Trade receivables consist of a large number of customers in different sectors of the market and geographical locations.

The carrying amount of financial assets whose terms have been renegotiated, that would otherwise be past due or impaired is £Nil (2015: £Nil, 2014: £Nil).

The credit risk for cash and cash equivalents is considered negligible, since the funds are held with various reputable banks

Liquidity risk analysis

The Group manages its liquidity needs by monitoring scheduled debt repayments for long term financial liabilities as well as forecast cash flows due in day to day business. Liquidity needs are monitored in various time bands. Short term cash flow is monitored daily using known daily inflows and outflows for cash within 8 to 12 weeks. Medium term cash flows within 12 months are monitored using monthly rolling forecast data. Longer term cash flows are monitored using higher level management strategy documents. Net cash requirements are compared to cash balances and forecast in order to determine headroom or any shortfalls. This analysis shows if available cash is expected to be sufficient over the lookout period of 15 months to March 2018.

The Group maintains sufficient cash balances and enters into finance lease arrangements to meet its liquidity requirements for the medium term forecast period (1 year).

As at 31 December 2016, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current £'000		Non-current £'000	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
31 December 2016:				
Bank borrowings (note 17)	-	-	-	-
Finance lease obligations	50	50	38	-
Trade and other payables (note 16)	3,694	-	-	-
Total	3,744	50	38	-

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

	Current £'000		Non-current £'000	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
31 December 2015:				
Bank borrowings (note 17)	6,730	-	-	-
Finance lease obligations	91	91	75	-
Trade and other payables (note 16)	2,926	-	-	-
Total	9,747	91	75	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying value of the liabilities at the reporting date. Where the customer has a choice of when an amount is paid the liability has been included on the earliest date on which payment can be required.

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities

An analysis of the Group's assets is set out below:

	As at 31 December 2014			As at 31 December 2013		
	Loans and receivables £ 000	Non-financial assets £ 000	Total for financial position heading £ 000	Loans and receivables £ 000	Non-financial assets £ 000	Total for financial position heading £ 000
Trade receivables	3,671	-	3,671	3,238	-	3,238
Other receivables	153	-	153	96	-	96
Prepayments and accrued income	1,189	372	1,561	588	312	900
Cash and cash equivalents	2,027	-	2,027	8,807	-	8,807
	7,040	372	7,412	12,729	312	13,041

An analysis of the Group's liabilities is set out below:

	As at 31 December 2014			As at 31 December 2013		
	Loans and receivables £ 000	Non-financial assets £ 000	Total for financial position heading £ 000	Loans and receivables £ 000	Non-financial assets £ 000	Total for financial position heading £ 000
Trade payables	414	-	414	415	-	415
Social security and other taxes	-	652	652	-	505	505
Finance leases	-	130	130	-	239	239
Other payables	1,293	-	1,293	1,817	-	1,817
Accruals	1,987	-	1,987	694	-	694
Deferred income	-	3,608	3,608	-	3,594	3,594
Bank overdrafts	-	-	-	6,730	-	6,730
	3,694	4,390	8,084	9,656	4,338	13,994

28. Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity plus any loan notes less cash and cash equivalents. The Group's goal in capital management is a capital to overall financing ratio of 1.6 to 1.4.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities other than loan notes. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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

	2015 £'000	2015 £'000	2014 £'000
Total equity	5,407	3,726	(4,049)
Loan notes	-	-	1,500
Short term loans	-	-	1,050
Cash and cash equivalents	(2,027)	(2,077)	1,729
Capital	3,380	1,649	230
Total equity	5,407	3,726	(4,049)
Borrowings	-	6,730	7,069
Overall financing	5,407	10,456	3,020
Capital to overall financing ratio	0.63	0.16	0.08

29. Post balance sheet events

The Board reiterated its intention to pay an interim dividend of 1 pence per share. The dividend has not been included in the results for the year

Company Statement of Financial Position

As at 31 December 2016

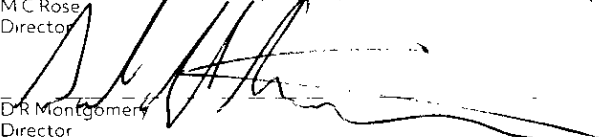
	note	31 Dec 16 £ 000	Restated 31 Dec 15 £ 000	Restated 31 Dec 14 £ 000
Non current assets				
Investments	4	4,309	3,269	7,251
Current assets				
Trade and other receivables	5	9,504	3,765	-
Cash and cash equivalents		110	5,785	-
		9,614	9,550	7,251
Total assets		13,923	12,819	7,251
Equity				
Called up share capital	7	1,692	1,632	841
Share premium account		8,999	8,294	-
Share option reserve		50	-	-
Retained earnings		1,435	1,668	1,971
Total equity		12,176	11,594	2,812
Current liabilities				
Trade and other payables	6	1,747	1,225	2,939
Non-current liabilities				
Borrowings	8	-	-	1,500
Total liabilities		1,747	1,225	4,439
Total equity and liabilities		13,923	12,819	7,251

The loss recognised in the year was £233K (2015:£303K)

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2017 and were signed on its behalf by:



M C Rose
Director



D R Montgomery
Director

Registered number: 837205

The accompanying notes form part of these financial statements

Company Statement of Changes in Equity

For the year ended 31 December 2016

	Share Capital £'000	Share Premium £'000	Share Option Reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2016	1,632	8,294	-	1,668	11,594
Share issue	60	705	-	-	765
Share options granted	-	-	50	-	50
Transactions with owners	60	705	50	-	815
Loss for the year	-	-	-	(233)	(233)
Total comprehensive income / (expense) for the year	60	705	50	(233)	582
Balance at 31 December 2016	1,692	8,999	50	1,435	12,176

Restated for the year ended 31 December 2015

	Share Capital £'000	Share Premium £'000	Share Option Reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2015	841	-	-	1,971	2,812
Share issue	791	8,294	-	-	9,085
Transactions with owners	791	8,294	-	-	9,085
Loss for the year	-	-	-	(303)	(303)
Total comprehensive income / (expense) for the year	791	8,294	-	(303)	8,782
Balance at 31 December 2015	1,632	8,294	-	1,668	11,594

Company Statement of Cash Flows

For the year ended 31 December 2016

	Note	Year ended 31 Dec 16 £ 000	Restated Year ended 31 Dec 15 £ 000
Loss before taxation		(233)	(303)
Adjustments for			
Decrease / (increase) in trade and other receivables		(6,779)	217
(Decrease) / increase in trade and other payables		522	(154)
Share based payment expense		50	-
Cash outflow from operations		(6,440)	(240)
Cash flows from financing activities			
Costs associated with share raising		(15)	(396)
Share raising proceeds		780	9,487
(Repayment of) / Proceeds from short term borrowings		-	(2,550)
Net cash from financing activities		765	6,541
Net (decrease) / increase in cash and cash equivalents		(5,675)	6,301
Cash and cash equivalents at the beginning of the year		5,785	(516)
Cash and cash equivalents at the end of the year		110	5,785

The accompanying notes form part of these financial statements.

Notes to the Company financial statements

1. Accounting Policies

Statement of compliance

These financial statements have been prepared in accordance with IFRS

Accounting policies

A summary of the principal Company accounting policies, which have been applied consistently, is set out below

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value. Intercompany loans are long term in nature and have been classified as investments. The Directors do not believe the investments have been impaired based on the findings of the wider impairment review detailed in note 11 of the Group accounts.

Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Going concern

The accounts are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future including a profit and cash forecast, the continued support of the shareholders and Directors, banking facilities and management's ability to affect costs and revenues.

Management regularly forecast profit, financial position and cash flows for the Group. The rolling annual forecast is normally updated monthly.

Having reviewed the latest forecast, management regard the forecast to be robust. Revenue streams are forecast in detail with all recurring revenue contracts individually listed and ranked by firmness from firm to prospect. Management have reviewed forecast costs for reasonableness against prior years and with knowledge of expected movements and concluded that forecast costs are robust (refer to the Group Strategic report on page 15 and the Group accounting policies).

Share options

Please refer to the Group accounting policies note for full details. Within the parent company accounts, share based payments are recorded as an increase to investments and credited to the share option reserve within equity.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies during the year are recorded at a monthly estimated rate set at the beginning of each month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and not subsequently retranslated.

Deferred taxation

Provision is made for deferred taxation, using the full provision method, on all taxable temporary differences. Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full

Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Intercompany loans

Intercompany receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Intercompany payable balances are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

A prior period restatement has been applied to the intercompany receivables to reflect the net present value of the likely repayment cash flows. These balances have been reclassified within trade and other receivables having been previously included within investments.

Prior period restatement

Due to a review of the accounting treatment of intercompany balances, following the FRC enquiry during the year, referenced in the audit committee report, these amounts, previously held as investments on the Company Statement of Financial Position, have been restated within trade and other receivables and trade and other payables. These balances have also been subject to an impairment review. The impairment charge recognised in 2016 was £41K and has resulted in a prior period restatement with charges recognised in 2015 of £158K and 2014 of £83K.

Prior to restatement, investment balances were £6,177K in 2015 (2014: £6,236K) and included intercompany balances. Trade and other payables were £127K in 2015 (2014: £1,841K). Intercompany balances have been reclassified from investments and £9,504K has been recorded within trade and other receivables in 2015 (2014: £3,765K). In addition, £1,098K has been reclassified within trade and other payables (2014: £1,098K). The intercompany receivables have been impaired by £158K in 2015 (2014: £83K).

These adjustments have also impacted on the Company Statement of Cash Flows. The cash and cash equivalents balance at the beginning and end of each year remain unchanged, however, changes are reflected within the loss before taxation and movements in trade and other receivables and also within the movement of trade and other payables. The Statement of Changes in Equity has also been restated for the loss in the year which has increased to £303K in 2015.

2. Loss for the financial year

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent Company's loss for the year was £233K (2015: £303K). An audit fee of £20K was paid in respect of the parent Company audit (2015: £20K).

Tax fees for the Group of £60K (2015: £42K) have been borne by the subsidiary companies.

The Company employed two Executive Directors (2015: two), four Non-Executive Directors (2015: One) and the Non-Executive Chairman. The costs of these employees and the fees for the other Non-Executive Director were borne by the subsidiaries.

3. Staff Numbers and Costs

	Year ended 31 Dec 16 Average number	Year ended 31 Dec 15 Average number
Staff numbers:		
Operations	5	2
Their aggregate remuneration comprised:		
	Year ended 31 Dec 16 £'000	Year ended 31 Dec 15 £'000
Wages and salaries	157	109
Other staff costs	10	10
Total staff costs	167	119

4. Investments

	Year ended 31 Dec 15 £ 000	Restated Year ended 31 Dec 15 £ 000
Cost		
At 1 January	3,269	3,269
Investment in 5 Fifteen Limited	990	-
Share options issued to employees of subsidiaries	50	-
At 31 December	4,309	3,269

Investments are investments in subsidiary and Joint Venture undertakings.

Details of subsidiary undertakings, in which the Company holds majority shareholdings and investments in which the Company holds significant interest and which have been consolidated and disclosed respectively in the Group financial statements, are as follows:

Company	Country of registration	Holding	Proportion held	Nature of the business
Catchword Limited	England	Ordinary shares	100%	Dormant
		Preference shares	100%	
Ingenta Limited	England	Ordinary shares	100%	Dormant
Ingenta US Holdings Inc.	USA	Ordinary shares	100%	Holding Company
Publishers Communication Group Inc.	USA	Ordinary shares	100%	Marketing and Sales Consultancy
Ingenta UK Limited	England	Ordinary shares	100%	Publishing Software and Services
Ingenta Inc.	USA	Ordinary shares	100%	Publishing Software and Services
Publishing Technology do Brasil LTDA	Brazil	Ordinary shares	100%	Publishing Software and Services
Publishing Technology Australia Pty Ltd	Australia	Ordinary Shares	100%	Publishing Software and Services
Vista Computer Services Limited	England	Ordinary shares	100%	Dormant
Vista Computer Services LLC	USA	Ordinary shares	100%	Dormant
Vista Holdings Limited	England	Ordinary shares	100%	Dormant
Visto International Limited	England	Ordinary shares	100%	Holding Company
Vista North America Holdings Limited	England	Ordinary shares	100%	Non Trading Holding Company
Uncover Inc	USA	Ordinary shares	100%	Dormant
Beijing Ingenta Digital Publishing Technology Limited	China	Ordinary shares	49%	Publishing Software and Services
5 Fifteen Limited	England	Ordinary shares	100%	Digital Advertising Solutions
5 Fifteen Inc	USA	Ordinary shares	100%	Digital Advertising Solutions

5. Trade and other receivables

Amounts falling due within one year	Year ended 31 Dec 16 £ 000	Restated year ended 31 Dec 15 £ 000
Other debtors:		
Amounts due from subsidiary undertakings	3,765	3,981
Movement in intercompany loans	5,780	(58)
Impairment	(41)	(158)
	9,504	3,765

A prior period restatement has been performed on amounts due from subsidiary undertakings. Previously these items were included within investments and had not been impaired. The impairment charge relates to the present value of repayment.

6. Trade and other payables

Amounts falling due within one year	Year ended 31 Dec 16 £ 000	Restated year ended 31 Dec 15 £ 000
Other creditors:		
Amounts due to subsidiary undertakings	1,098	1,098
Accruals	649	127
	1,747	1,225

7. Share Capital

Issued and fully paid:	Year ended 31 Dec 16 £ 000	Year ended 31 Dec 15 £ 000
16,919,609 (2015: 16,319,609) ordinary shares of 10p each	1,692	1,632

Share issues

During the year, the Company issued 600,000 ordinary shares of 10p each at an issue price of 130p per share raising £780K before costs.

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

8. Borrowings

Interest rates	Year ended 31 Dec 16	Year ended 31 Dec 15
Bank overdrafts	No facility in place	4% above base
Short term loans	No loans	12%
Loan note	No loans	8%
Loan note – default interest	No loans	4%

The Company bank accounts form part of the wider Group facility with HSBC. These accounts are linked and any facility limit is based on the net balance of all Group accounts taken together. There was no net Group overdraft facility in place during 2016.

There were no overdrafts at year-end (2015: £Nil). The average effective interest rate on bank overdrafts in the year to 31 December 2015 before they were paid down approximated 4.5% per annum.

There were no Directors loan transactions in 2016. The Company took loans from Directors in the year to 31 December 2015 ("short term loans") which are detailed in note 9 to the Company accounts 'related party transactions'.

Loan note

The Company redeemed the £1.5m loan note and paid all interest to redemption on 15 June 2015.

Prior to redemption, the Group was in default under the loan agreement and the loan note was therefore accruing interest at 12% per annum. Interest was accrued and paid half yearly in arrears on 30 June and 31 December. The base interest rate on the loan note was 8%, however the loan note agreement stipulated that if the Group did not pay any sum payable under the agreement within 14 days of its due date, the balance owing would be subject to default interest. Default interest was set at 4% above the base interest rate.

9. Related party transactions

Loan notes

Please refer to note 26 of the Group financial statements.

Short term loans

Please refer to note 26 of the Group financial statements.

Other related party transactions

Please refer to note 26 of the Group financial statements.

A summary of related party transactions and balances is shown herein:

	Year ended 31 Dec 16 £ 000	Receivable £ 000	Payable £ 000	Financing £ 000	Year ended 31 Dec 15 £ 000
Ingenta UK Limited	1,148	(222)	-	6,000	6,926
Ingenta Inc.	482	3	(42)	-	443
Publishers Communication Group Inc	175	2	-	-	177
Publishing Technology Australia Pty Ltd	-	(1)	1	-	-
Vista International Limited	1,960	-	-	-	1,960
Catchword Limited	(429)	-	-	-	(429)
Ingenta US Holdings Inc.	(669)	-	-	-	(669)
	2,667	(218)	(41)	6,000	8,408

10. Financial assets and liabilities

An analysis of the company's assets is set out below:

	As at 31 December 2016			As at 31 December 2015		
	Loans and receivables £'000	Non-financial assets £'000	Total for financial position heading £'000	Loans and receivables £'000	Non-financial assets £'000	Total for financial position heading £'000
Other receivables	9,504	-	9,504	3,765	-	3,765
Cash and cash equivalents	110	-	110	5,785	-	5,785
	9,614		9,614	9,550		9,550

The accompanying notes form part of these financial statements.

	As at 31 December 2016			As at 31 December 2015		
	Financial liabilities at amortised cost £'000	Non-financial liabilities £'000	Total for financial position heading £'000	Financial liabilities at amortised cost £'000	Non-financial liabilities £'000	Total for financial position heading £'000
Other payables	1,098	-	1,098	1,098	-	1,098
Accruals	649	-	649	127	-	127
	1,747		1,747	1,225		1,225

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