Egton Medical Information Systems Limited

Annual report and financial statements

Registered number 02117205

31 December 2019

Contents

Officers and professional advisers

Directors
A J Thorburn
P J Southby
S O'Hanlon
S M Foster

Secretary
C Benson

Company number
02117205 (England and Wales)

Registered office
Fulford Grange
Micklefield Lane
Rawdon
Leeds
LS19 6BA

Auditor
KPMG LLP
1 Sovereign Square
Sovereign Street
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LS1 4DA

Strategic report

Principal activities

The Company's principal activities during the year were the design of computer software for healthcare professionals, mainly General Practitioners, together with the hosting, supply and support of computer systems for the healthcare profession and other users.

Review of the business and results
Revenue for the year of £110.5m (2018: £102.9m) was in line with expectations and continues to be supported by high levels of recurring revenue, with year on year growth in partner and Egton patient record digitisation implementation fees contributing to good revenue growth.

Higher revenues resulted in an increase in Operating Profit to £24.5m (2018: £23.5m) after taking into account an increased level of investment in development during the year.

During 2019, EMIS Health brought together its primary, community and Egton sales and service functions into one unit. The NHS market is moving towards joined-up healthcare solutions that span multiple care settings. The Company refined its go-to-market strategy during 2019 to focus on its overarching connected healthcare propositions to strategic customers, including Sustainability and Transformation Partnerships and Integrated Care Systems.

EMIS Health maintained its market-leading UK GP market share during 2019 at 57% (2018: 57%) and increased its community market share to 21% (2018: 20%).

In October 2019, it was announced that EMIS Health was awarded a place on the NHS GP IT Futures framework and shortly afterwards became the first GP clinical system supplier to be accepted onto the Digital Buying Catalogue. The framework will govern the provision of the majority of EMIS Health's clinical IT system-related services to GPs in England. During 2019 EMIS Health delivered the EMIS Web functionality required to meet the initial contract obligations under GP IT Futures with further development planned during 2020.

Following the announcement in February 2019 that EMIS Health had been awarded a place on the NHS National Services Scotland (NSS) framework, the Company is investing in its team and facilities in Scotland and continues to work closely with NSS to deliver the technology to support its health and care strategy.

The partner programme continued to perform strongly during 2019, providing accredited technology solutions that interoperate with EMIS Health primary care clinical systems. There are now 113 accredited companies in the partner ecosystem (2018: 104), providing 158 accredited products or services (2018: 149) as a connected care solution to help primary care end users improve efficiency and patient outcomes.

Egton's Lloyd George Digitisation service continued to perform well, with strong sales of its service to digitise legacy paper records, as the market continues to work towards its target to be fully digitised by 2024.

EMIS Health has streamlined its support and service function with migration onto a single customer and internal platform, ServiceNow. This improves joined-up working and increase efficiency. This has seen an increase in the use of digital-first options to access support services. Digital chat is a new and additional route for end users to provide quick access to support teams via ServiceNow. In the last six months of 2019 EMIS Health saw an increasing uptake of digital-first support, with around 30% of all support issues now logged via email, portal or digital chat.

The focus for EMIS Health for the forthcoming year is on the development of EMIS-X, working towards its first deployments in the Scottish and English GP markets. Essential developments will be delivered to the existing product suite, meeting market and contractual need until the EMIS-X platform and resulting applications are ready.

Results

Total revenue was £110.5m (2018: £102.9m). Adjusted operating profit amounted to £27.8m (2018: £21.8m). The profit for the year including interest and after charging tax amounted to £20.4m (2018: £19.1m). There was no dividend paid to the parent company during the year (2018: £40.0m).

Strategic report *(continued)*

The Company has recognised exceptional costs of £3.3m during the year relating to the business reorganisation of the wider Group into two segments. The exceptional costs relate to redundancy and restructuring costs, including property exit costs. In 2018, the Company recognised one exceptional item in respect of finalisation of the service level reporting charge resulting in a provision release of £1.7m.

Key performance indicators (KPIs)

The directors have monitored the performance of the Company by reference to certain financial and non-financial key performance indicators (KPIs). The financial indicators include profitability, revenues and cash generation. Non-financial KPIs include the numbers of sites deployed, customer satisfaction and staff turnover.

Principal risks and uncertainties

Healthcare structure and procurement changes
The commercial success of the Company is dependent on the healthcare sector and its strategic direction to use IT to reduce costs and improve efficiency. There is a risk that the Company's products and services are not in line with the healthcare sector's strategies, or that these will change as NHS plans continue to evolve.

The NHS represents a significant proportion of the Company's revenues; how it is organised and how it procures goods and services could affect the Company's ability to sell effectively to this market. While the appointment to the GP IT Futures framework in 2019 has reduced the level of this risk, the framework imposes obligations including the requirement that our products are interoperable with the products of other suppliers of healthcare services to the NHS.

To reduce the risk of changes in the healthcare structure impacting procurement, the Company has the following measures in place:

- continue to align its strategies with planned and published government policy on healthcare and technology through close engagement with the NHS at strategic and tactical levels. This ensures products meet the essential requirements of the NHS's current and future major frameworks;
- the changes to the Company's internal structure reflect the split between NHS and non-NHS driven revenues to provide greater focus on these two different markets;
- the Company will reduce reliance on the NHS as a revenue source, with a stated target of achieving a balance between the two segments over time through organic growth and acquisition;
- the Company has continued to invest significantly in product management to develop clear, product-led strategies;
- EMIS-X will provide extensive integration and interoperability across the Company's products and will serve different healthcare needs beyond the NHS;

Software (product) development
The Company's core software products are critical to the efficient and effective operation of a wide range of healthcare organisations. Developing excellent, robust and reliable software systems is essential to the ongoing success of the business. The Company's products may be disrupted by competitors if they develop more innovative technology.

To ensure the secure and effective development and implementation of both new and existing products, the Company has in place a range of mitigating controls, including:

- investment in new development, product and project management talent and technologies
- adoption of strategic product portfolio management;
- improved in-life software management processes including capturing, classifying, prioritising and reporting software defects and enhancements, clinical safety checks, testing and implementation;
- continued development of best practice standards in software development, product management, customer support, project implementation, clinical safety governance and product integration;
- close liaison between product and sales teams ensuring that commercially attractive product propositions underpin the go-to-market approach;
- ensuring that direct feedback from users and customers is taken into account throughout the software life cycle;

Strategic report *(continued)*
Principal risks and uncertainties (continued)

- central team responsible for the architecture of the Company's software, ensuring that its platform continues to evolve as new technologies emerge;

People and Culture
The Company is reliant on the skills and knowledge of its people in a range of areas, but especially in software development, clinical safety and information technology systems. The Company may not be able to recruit or retain an appropriate calibre of employees. Failure to recruit or retain appropriate numbers of suitably qualified people in critical areas could lead to a deterioration in the quality of products and services.

A people strategy has been implemented across the Company including succession plans in place for key roles; significant investment in increasing the skill set of the manager population; operating a regularly reviewed pay and benefits framework to ensure appropriate benchmarking; focus on graduate and apprentice hiring to provide a ready source of "home grown talent"; and a culture audit to evaluate business culture and improve employee engagement.

Information Governance and cyber security
The Company processes significant volumes of confidential and sensitive personal data, particularly in the areas of hosting patient care records and processing employee data. Hosting personal data carries risks associated with information security, data protection and system reliability, including loss, theft and corruption of data. Breaches may arise in relation to any of the three pillars of information security: confidentiality, integrity or availability.

The majority of reported data breach incidents are owing to people inadvertently disclosing data, but attacks and malware incidents continue to rise. Recent media reports involving the misuse of employee data by internal actors has highlighted the need for vigilance in relation to this data and the threat of the insider

An information governance (IG) framework has been established including:

- culture placing IG at the heart of everything we do;
- oversight structure includes an IG Board, Data Protection Officer, Senior Information Risk Owner, IG Officer and Caldicott Guardian;
- all employees receive mandatory annual online IG training provided by the NHS' e-learning programme and internal and external GDPR training;
- policies and procedures meet the requirements of GDPR; and
- Data Protection Impact Assessments undertaken in relation to key products and services where personal data is processed.

The Company has implemented a major security improvement programme, which is continually implementing new measures, hardening existing controls and increasing employee education in keeping data and systems secure. The programme includes:

- physical security improvement measures at data centres;
- programme of penetration testing and vulnerability scanning;
- maintaining compliance to ISO 27001, ISO 22301, ISO 9001 and Cyber Essentials Plus;
- building resilience to social engineering and phishing attacks;
- cloud security measures for AWS/EMIS-X;
- specialist cyber responders to manage breaches;
- cyber insurance.

Clinical safety
As a provider of critical IT systems to organisations that provide healthcare to patients, the Company is exposed to a range of clinical risks. These include the risk associated with the use of algorithms in the Company's products, which clinicians use to direct and support day-to-day patient care.

Strategic report *(continued)*

Principal risks and uncertainties (continued)

Most clinical risks are allied to other principal risks, for example, software development, recruitment and information governance, as failures in any of these could lead to clinical harm to patients.

Mitigating actions specifically relevant to clinical risk management are noted here:

- Chief Medical Officer and a network of Clinical Safety Officers in place with responsibility for clinical safety across the Company;
- policies and procedures designed to meet the regulatory requirements of NHSD's clinical risk management standards DCB 0129 or DCB 0160;
- policies and processes in place to meet regulatory standards for "software as a medical device" pertaining to embedded algorithms and decision support;
- procedure for accredited clinicians to identify and mitigate potential clinical risks in new software development, releases and updates. Clinical sign-off is required for all releases; and
- oversight by external regulators.

Financial risk management

The Company's activities expose it to financial risks including credit risk, liquidity risk, interest rate risk and price risk. The Company manages these risks through a risk management programme that seeks to minimise potential adverse effects on the Company's performance.

Exposure to financial risks is monitored by the finance team under policies approved by the EMIS Group Board and Audit Committee. An assessment of the risks is provided to the Board at regular intervals and is discussed to ensure that the risk mitigation procedures are compliant with Group policy and that any new risks are appropriately managed.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables, which are stated net of allowances for any estimated irrecoverable amounts. However, this risk is mitigated by payment being received in advance for a significant proportion of goods and services provided.

There is some concentration of risk, as the Company trades extensively with various parties within the National Health Service. However, the Company has longstanding relationships with these parties, which, in addition to the normal credit management processes, assist management in controlling its credit risk.

Credit risk also arises on cash and cash equivalents placed with the Company's banks. The Company monitors the financial standing of any institution with which it deposits cash and there is a formal treasury policy in place covering the maximum amount of cash to be placed with any one institution and their minimum credit rating.

Liquidity risk

Management controls and monitors the Company's cash flow on a regular basis, including forecasting future cash flows, to ensure that it has sufficient financial resources to meet its obligations as they fall due.

Interest rate risk

The Company has limited exposure to interest rate risk with no borrowings at 31 December 2019. Interest received on cash and cash equivalent balances is subject to fluctuations in market rates.

Price risk

As a significant proportion of the Company's revenues are secured under framework agreements or other long-term contracts, it has only limited exposure to price risk other than at the point of renegotiation of these frameworks or contracts. Where these negotiations are material, the Company, including the EMIS Group Board, is fully engaged with the process in order to secure the best possible outcome.

Brexit

We anticipate that Brexit will have minimal direct impact on the company as it is not a significant exporter or importer of goods or services. There are potential indirect effects, including exchange rate volatility affecting the value of sterling and increased pressure on NHS budgets, which could have a negative impact on the Company's prospects. However, despite the improved clarity provided by the UK leaving the EU on 31 January 2020, the scale and timing

Strategic report *(continued)*
Principal risks and uncertainties (continued)

of these remains uncertain. We will continue to monitor the progress of the withdrawal agreement regarding the terms under which the UK left the EU and the potential market implications of those terms.

Covid-19
We are monitoring the potential impact of the virus on the UK healthcare market and our business as it changes. Our customers need our support as they tackle the crisis and we are working with NHS Digital on new coronavirus insights. We have a robust business continuity plan in place to prioritise both the wellbeing of our employees and keep our software systems and support services up and running for our end-users. To date we have implemented home working for our employees according to government advice. We will continue to take proactive action to mitigate the emerging threat from coronavirus.

Future developments
Our focus for 2020 is continuing to deliver our strategic plan of innovation and growth. With our core foundation principles in place – of delivering the highest standards of clinical safety and content, never compromising on data security and exceeding customer service expectations – our 2020 plans are the building blocks for our next stage of growth as a resilient and dynamic business.

We operate in a complex and diverse market and the business is now organised around the operational structures of our healthcare customers. While NHS structures may change, its commitment to technology to deliver positive change remains and we continue apace with the development of EMIS-X.

We are developing EMIS Web to meet the requirements of GP IT Futures and these new enhancements will carry forwards to EMIS-X this year. Through our existing EMIS Health product portfolio, we will deliver enhancements to our primary and community care products to satisfy contractual requirements such as for GP IT Futures and to deliver essential user-requested enhancements. We have detailed product roadmaps and resource plans for both existing and new products to meet our go-to-market and retention goals.

The primary care partner programme remains a core focus, as we continue to strengthen the EMIS Health ecosystem through interoperability and integration.

Longer term, we are in alignment with NHS policy and fully support the Secretary of State for Health and Social Care's modernisation agenda. The NHS Long Term Plan, published in January 2019, sets out the strategy for the NHS as it plans a digital transformation to provide better patient care across the UK. It is clear that technology will play a huge part in alleviating the pressure on already-stretched NHS services. Our products and services are being designed for market need, responding to the drivers for change in the market, positioning us well for both the NHS and private and consumer healthcare sectors.

By order of the board

Peter Southby
Director
15 September 2020

Directors' report

The directors present their report and the audited financial statements of Egton Medical Information Systems Limited ("EMIS") for the year ended 31 December 2019.

Directors
The directors of the company, who, unless otherwise stated, have held office throughout the year and subsequently, are as follows:

A J Thorburn
P J Southby
S O'Hanlon
S Wilcock (Resigned 30 August 2019)
I Taylor (Resigned 31 December 2019)
S M Foster (Appointed 30 August 2019)

Dividends
The directors do not recommend the payment of a dividend (2018: £5.00 a share, totalling £40.0m).

Directors' indemnities
As permitted by the Articles of Association, the officers of the company would be indemnified in respect of proceedings which might be brought by a third party. No cover is provided for directors in respect of any fraudulent or dishonest actions.

Research and development
Research and development expenditure in the year amounted to £9.4m (2018: £8.8m) of which £4.9m was capitalised (2018: £2.6m). Research and development activities are mainly the researching, designing and development of medical software.

Political Donations
The Company made no political donations or incurred any political expenditure during the year (2018: £nil).

Disabled persons
The Company treats applications for employment from disabled persons equally with those of other applicants having regard to their ability, experience and the requirements of the job. Where existing employees become disabled, appropriate efforts are made to provide them with continuing suitable work within the Company and to provide retraining if necessary.

Employee involvement
The Company's policy is to ensure adequate provision for the welfare, and health and safety of its employees and of other people who may be affected by its activities. The Company is committed to ensuring there are equal opportunities for all employees, irrespective of age, gender, race, colour, sexual orientation, disability or marital status.

The Company encourages the involvement of its employees and employees are made aware of significant matters through regular updates from the Board of Directors and Divisional Managing Directors, management meetings, informal briefings, team meetings and the Company's intranet, discussion forums and website.

Disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' statement of compliance with duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires the Directors to take into consideration the interests of the stakeholders in their decision making. The Directors have regard to the interests of the Company's employees and other stakeholders, including its impact on the community, environment and its reputation, when making their

Directors' report *(continued)*

decisions. The Directors consider what is likely to promote the success of the Company for its members in the long term in all their decision making.

Further information on how we engage with our stakeholders can be found in the strategic report on pages 2 to 41 and the corporate governance statement on pages 45 to 50 of EMIS Group plc's annual report and accounts.

Post Balance Sheet Events

The World Health Organisation declared a global health emergency in January 2020 and in March 2020, it declared the spread of COVID-19 as a global pandemic. COVID-19 is not expected to have a significant impact on the business.

Management has determined that there is no material uncertainty that casts doubt on the company's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance.

Other information
An indication of likely future developments in the business has been included in the Strategic Report on Page 2.

Auditor
KPMG LLP is the auditor of the Company. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will, therefore, continue in office.

By order of the Board

Peter Southby
Director
Fulford Grange, Micklefied Lane, Rawdon, Leeds LS19 6BA
15 September 2020

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Egton Medical Information Systems Limited

Opinion

We have audited the financial statements of Egton Medical Information Systems Limited ("the company") for the year ended 31 December 2019 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Egton Medical Information Systems Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Hugh Harvie

Hugh Harvie (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

17 September 2020

Profit and loss account and other comprehensive income

For the year ended 31 December 2019

	Note	2019	2018
		£	£
Turnover	2	**110,544,759**	102,918,945
Changes in stocks		**(603,340)**	(386,982)
Cost of goods and services		**(11,037,902)**	(10,307,582)
Staff costs	7	**(44,440,034)**	(42,768,615)
Other operating expenses	3	**(29,958,534)**	(25,956,206)
Adjusted operating profit		**27,758,012**	21,843,018
Reorganisation costs	6	**(3,253,063)**	-
Service level reporting charges	6	**-**	1,656,542
Operating profit		**24,504,949**	23,499,560
Income from shares in group undertakings		**700,000**	653,058
Interest payable	4	**(85,045)**	(341,180)
Interest receivable	5	**5,926**	156
Profit before taxation	6	**25,125,830**	23,811,594
Taxation of profit	8	**(4,770,397)**	(4,640,062)
Profit for the financial year		**20,355,433**	19,171,532
Other comprehensive income			
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive income for the year		**20,355,433**	19,171,532

Revenue and Operating Profit for the year are derived from the company's continuing operations.

The notes on pages 15 to 31 form part of these financial statements.

Balance sheet
As at 31 December 2019

	Note	2019 £	2018 £
Non-current assets			
Tangible assets	*10*	**13,645,994**	16,348,296
Intangible assets	*11*	**9,356,013**	9,618,322
Investments	*12*	**105**	105
Deferred tax asset	*19*	**456,563**	474,252
		23,458,675	26,440,975
Current assets			
Stocks	*13*	**580,199**	1,183,539
Debtors	*14*	**51,966,665**	27,966,327
Property asset held for sale	*10*	**2,475,000**	-
Cash at bank and in hand		**2,946,879**	6,800,845
		57,968,743	35,950,711
Current Liabilities			
Creditors: amounts falling due within one year	*15*	**(34,685,784)**	(37,064,845)
Lease liabilities	*17*	**(532,039)**	-
		(35,217,823)	(37,064,845)
Net current assets/(liabilities)		**22,750,920**	(1,114,134)
Total assets less current liabilities		**46,209,595**	25,326,841
Non-current liabilities			
Lease liabilities	*17*	**(527,321)**	-
Net assets		**45,682,274**	25,326,841
Capital and reserves			
Called up share capital	*16*	**8,001,000**	8,001,000
Profit and loss account		**35,933,493**	15,578,060
Capital contribution reserve		**1,747,781**	1,747,781
Shareholder's funds		**45,682,274**	25,326,841

The notes on pages 15 to 31 form part of these financial statements.

These financial statements were approved by the board of directors on 15 September 2020 and were signed on its behalf by:

Peter Southby
Director

Statement of changes in equity

For the year ended 31 December 2019

	Profit and loss account	Called up share capital	Capital contribution reserve	Total Equity
	£	£	£	£
As at 1 January 2018	**36,406,528**	**8,001,000**	**1,747,781**	**46,155,309**
Profit for the year	19,171,532	-	-	19,171,532
Dividends	(40,000,000)	-	-	(40,000,000)
As at 1 January 2019	**15,578,060**	**8,001,000**	**1,747,781**	**25,326,841**
Profit for the year	20,355,433	-	-	20,355,433
As at 31 December 2019	**35,933,493**	**8,001,000**	**1,747,781**	**45,682,274**

The notes on pages 15 to 31 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation
Egton Medical Information Systems Limited ("the Company") is a limited company incorporated and domiciled in the UK. The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements. The financial statements represent information about the Company as an individual undertaking and not about its group. These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")* and also in accordance with the Companies Act 2006.

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (EU-IFRS), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, EMIS Group Plc, includes the company in its consolidated financial statements, which are prepared in accordance with EU-IFRS, and are available to the public through www.emisgroupplc.com/investors.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of EMIS Group Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 New standards, amendments and IFRIC interpretations

The company has adopted a new standard, IFRS 16 that is effective for the year ended 31 December 2019. IFRS 16 has introduced a single on-balance sheet accounting model for lessees. As a result the company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets, and lease liabilities representing its obligation to make lease payments. The company is not a lessor. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 have had a material impact on the Company.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Going concern

The company's activities, together with an outline of the developments taking place in relation to its products, services and marketplace, along with information in relation to the revenue, trading results, cash flows and the company's financial risks and the management of capital risks, are considered in the Strategic report. The company is profitable and expects to continue to be so. It has significant cash resources, a high and continuing level of recurring revenue and also expects to continue to have high cash conversion for the foreseeable future.

Accordingly, after careful enquiry and review of available financial information, including projections of profitability and cash flows for the two years to 31 December 2021, the directors believe that the company has adequate resources to continue to operate for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis of accounting in the preparation of the financial statements of the company.

1.4 Exemptions applied

As the company is a wholly owned subsidiary of EMIS Group plc, incorporated in England and Wales, which publishes consolidated financial statements in which the company and its subsidiary undertakings are included, the company has taken advantage of the exemption clauses within the Companies Act 2006 s401 not to prepare consolidated accounts.

1.5 Research and development

Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

1.6 Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation, which is provided on all tangible fixed assets other than freehold land, to write assets down to their estimated residual value over their estimated useful lives at the following annual rates:

Freehold property	2% straight line
Computer equipment	25% straight line
Fixtures, fittings and equipment	25% straight line
Motor vehicles	20% straight line

1.7 Intangible fixed assets

Expenditure on software development is capitalised as an intangible asset if it meets the criteria set out in IAS 38 'Intangible Assets', requiring it to be probable that the expenditure will generate future economic benefits and can be measured reliably. To meet these criteria, it is necessary to be able to demonstrate, among other things, the technical feasibility of completing the intangible asset so that it will be available for use or sale.

The costs incurred in the development stage for substantially new or enhanced products are assessed against the IAS 38 criteria and considered for recognition as an asset when they meet those criteria. These costs are generally incurred in developing the detailed product design, software configuration and interfaces, in the coding of software, in its integration with hardware, and in its testing.

Development expenditure directed towards incremental improvements in existing products, remedial work and other maintenance activity does not qualify for recognition as an intangible asset.

Where a product is technically feasible, production and sales are intended, a market exists, and sufficient resources are available to complete the project, development costs (including only direct employee costs) are capitalised and subsequently amortised on a straight-line basis over the estimated useful life, reflecting the pattern of the expected future economic benefits. Where these conditions are not met, development expenditure is recognised as an expense in the period in which it is incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

***1.7 Intangible fixed assets** (continued)*

Intangible fixed assets are stated at historical cost less amortisation, which is provided on all intangible fixed assets, to write assets down to their estimated residual value over their estimated useful lives at the following annual rates:

Computer software purchased externally	12.5% to 25% straight line
Development costs	12.5% to 25% straight line

Development expenditure is capitalised in accordance with the criteria of IAS 38, and for this reason is not regarded as a realised loss.

1.8 Fixed asset investments

Fixed asset investments, including investments in joint ventures, associated undertakings and available for sale investments, are stated at cost less any provision made for a permanent impairment in value.

1.9 Impairment of property, plant and equipment and intangible assets

At each year end the carrying amounts of property, plant and equipment and intangible assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised whenever the carrying amount of an asset exceeds the asset's recoverable amount. Impairment losses are recognised as an expense.

The recoverable amount of the assets is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

1.10 Non-derivative financial instruments

Trade receivables

Trade receivables are amounts due from customers for goods sold and services provided in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses. A provision for expected credit losses is established using the simplified approach under IFRS 9. Specific provisions are made against high risk trade receivable balances, where balances are in dispute or where doubt exists about the customer's ability to pay.

Investments

Investments in subsidiaries, associates and joint ventures are recorded at cost. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in the profit and loss account in the period they occur.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Deferred taxation

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets and liabilities is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Deferred tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

1.13 Leases

The Company has adopted IFRS 16 Leases from 1 January 2019, replacing IAS 17 using the modified retrospective approach. IFRS 16 has introduced a single on-balance sheet accounting model for lessees requiring the recognition of right-of-use assets representing the right to use the underlying assets, and lease liabilities representing the obligation to make lease payments.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- On transition, accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- Electing to not apply the initial and subsequent recognition and measurement requirements of IFRS 16 to leases for which the underlying asset is of low value (less than £4,000).

Payments associated with short-term and low-value assets are recognised on a straight-line basis as an expense in profit or loss. Amounts charged to the profit or loss in the current year in respect of short term and low value leases were £324,676.

The company presents lease liabilities on the face of the balance sheet and right-of-use assets within Tangible Assets. On transition to IFRS 16 the company recognized right-of-use assets and lease liabilities in respect of leases of office property and equipment, and motor vehicles, recognizing the difference in retained earnings. The impact on transition is summarized below.

	1 January 2019
	£
Right-of-use assets recognised	989,790
Lease liabilities recognised	(989,790)
Retained earnings	-

The company is not a lessor and does not have any leases which previously qualified as a finance lease under IAS 17.

For further details see note 17.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year into defined contribution schemes.

1.15 Revenue

Revenue is recognised at the fair value of the right to the consideration received or receivable for goods sold and services provided in the normal course of business during the year. Revenue is shown net of value added tax, returns, rebates and discounts.

The Company recognises revenue when (or as) control of goods or services passes to the customer in accordance with, when distinct performance obligations are met, and at the amount to which the Company expects to be entitled. Specific criteria in respect of the Company's revenue categories are described below:

- Revenue from software subscription fees that contain a right to access software (non-perpetual licences), maintenance and software support and other support services is recognised on a straight-line basis as performance obligations are met over the period of supply.
- Revenue from training, consultancy and system implementations, and revenue from granting a right of use of software (perpetual licences), is recognised at the point in time that delivery to a customer has occurred with no significant vendor obligations remaining and where the collection of the resulting receivable is considered probable.
- Revenue from hardware sales is recognised at the point in time when ownership passes.

Where invoices are raised in advance of the performance obligations being satisfied, these are recorded on the balance sheet as deferred income. This deferred income relates predominantly to services which are recognised on a straight line basis over the period of supply. These services are typically invoiced at the beginning of the provision of service and the associated revenue is recognised over this period. These are captured within current liabilities on the basis that they are expected to be recognised in revenue over the next twelve months.

Where recognition criteria have been met but no invoice to the customer has been raised at the reporting date, revenue is recognised and included as an accrued income, within trade and other receivables.

1.16 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.17 Share based payments

Employees of the Company participate in share option schemes operated by the parent company. The grant date fair value of share-based payment awards granted is recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where a member of the Group grants awards to the Company's employees, and the Company has no obligation to settle the award, the Company accounts for these share based payments as equity settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to the profit and loss account.

Notes *(continued)*

2 Turnover

The company's revenue is derived from its continuing principal activities and had the following geographical split:

	2019 £	2018 £
United Kingdom	**108,841,010**	101,471,802
Rest of the World	**1,703,749**	1,447,143
	110,544,759	102,918,945

3 Other operating expenses by function

	2019 £	2018 £
Administration costs	**12,718,808**	9,608,901
Establishment costs	**2,710,984**	2,232,984
Motor, travel and selling costs	**2,782,906**	3,505,408
Contract asset depreciation	**1,906,739**	1,532,772
Depreciation of property, plant and equipment	**3,472,319**	2,775,583
Amortisation of intangible fixed assets	**5,905,699**	7,957,100
Exceptional reorganisation costs	**461,079**	-
Exceptional service level reporting credit	-	(1,656,542)
Total other operating expenses	**29,958,534**	25,956,206

4 Interest payable and similar charges

	2019 £	2018 £
Exchange loss	**6,049**	-
Interest paid to group company	**60,818**	280,258
Interest on lease liabilities	**18,178**	60,922
	85,045	341,180

5 Interest receivable

	2019 £	2018 £
Exchange gain	**5,926**	51
Bank interest	-	105
	5,926	156

Notes *(continued)*

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2019	2018
	£	£
Depreciation of property, plant and equipment:		
Charge for the year:		
Leased assets	**553,043**	-
Owned assets: Contract assets	**1,906,739**	1,532,772
Other assets	**2,919,276**	2,775,583
Amortisation of intangible fixed assets	**5,905,699**	7,955,838
Profit on sale of fixed assets	**115,249**	115,216
Auditor remuneration:		
Audit of these financial statements	**65,151**	37,669
Exceptional reorganisation costs:		
Staff costs	**2,791,984**	-
Impairment loss	**253,903**	-
Other property costs	**207,176**	-
Exceptional service level reporting credit	**-**	(1,656,542)
Research and development expenditure	**9,440,983**	8,812,035
Operating lease rentals:		
Land and buildings	**-**	33,942
Other	**324,676**	873,692

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, EMIS Group plc.

Reorganisation costs relate to non-recurring redundancy and restructuring costs, including property exit costs.

Notes *(continued)*

7 Staff numbers and costs

The average monthly number of people (including directors) employed by the Company during the year was:

	2019 No.	2018 No.
Management and administration	**46**	47
Software support and development	**475**	502
Sales, maintenance and training	**318**	364
Other	**67**	80
	906	993

	2019 £	2018 £
The aggregate payroll costs of these persons are as follows:		
Wages and salaries	**41,514,109**	39,089,281
Share based payments (See note 21)	**1,275,335**	501,204
Social security costs	**4,794,094**	4,285,682
Pension costs (See note 18)	**1,742,054**	1,629,496
	49,325,592	45,505,663
Dealt with as follows:		
Charged in profit and loss account	**44,440,034**	42,768,615
Capitalised in respect of computer software used internally	**-**	137,112
Capitalised in the development of software developed internally	**4,885,558**	2,599,936
	49,325,592	45,505,663

Directors' remuneration

	2019 £	2018 £
Aggregate emoluments	**2,003,613**	1,793,642
Termination benefits	**501,269**	-
Company contributions payable to individual personal pension plans	**86,328**	70,241
	2,591,210	1,863,883

Notes *(continued)*

7 Staff numbers and costs *(continued)*

Retirement benefits are accruing to five (2018: five) directors under defined contribution personal pension schemes.

Highest paid director

	2019	2018
	£	£
Aggregate emoluments	**461,330**	452,038
Company contributions payable to individual personal pension plan	**40,462**	31,456
	501,792	483,494

8 Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on income for the period	**4,900,030**	5,450,385
Adjustments in respect of the prior year	**(147,322)**	378,529
Total current tax	**4,752,708**	5,828,914
Deferred tax		
Current year	**(127,780)**	(914,072)
Adjustments in respect of the prior year	**145,469**	(274,780)
Total deferred tax	**17,689**	(1,188,852)
Tax on profit	**4,770,397**	4,640,062

Factors affecting the tax charge for the year:

	2019	2018
	£	£
Profit for the year	**20,355,433**	19,171,532
Total tax expense	**4,770,397**	4,640,062
Profit before taxation	**25,125,830**	23,811,594
Profit multiplied by the averaged standard rate of corporation tax in the UK of 19.0% *(2018: 19.0%)*	**4,773,908**	4,524,203
Effects of:		
Expenses / income not deductible / taxable for tax purposes	**(1,658)**	12,110
Adjustments in respect of prior years	**(1,853)**	103,749
Tax charge for the year	**4,770,397**	4,640,062

Notes *(continued)*

The UK government announced that the planned UK corporation tax main rate reduction from 19% to 17% from 1 April 2020 will not take place as planned. Deferred tax balances have been calculated at 17%, being the rate substantively enacted at the balance sheet date.

9 Dividend

	2019	2018
	£	£
Ordinary shares		
Final paid - £nil a share (2018: £5.00)	-	40,000,000
	-	40,000,000

10 Tangible fixed assets

	Land and buildings	**Computer equipment**	**Fixtures, fittings and equipment**	**Motor vehicles**	**Total**
	£	**£**	**£**	**£**	**£**
Cost					
At 1 January 2019	10,328,201	41,488,894	3,843,996	670,364	56,331,455
Recognition of right-of-use assets	-	-	77,694	912,096	989,790
Additions	140,204	2,504,259	1,370,441	436,404	4,451,308
Disposals	(919,518)	(30,505,947)	(1,591,143)	(563,626)	(33,580,234)
Reclassification to asset held for sale	(3,055,482)	(148,713)	(539,912)	-	(3,744,107)
At 31 December 2019	6,493,405	13,338,493	3,161,076	1,455,238	24,448,212
Depreciation					
At 1 January 2019	1,690,069	35,085,722	2,612,534	594,834	39,983,159
Charged in the year	227,630	3,847,921	777,626	525,881	5,379,058
Disposals	(952,985)	(30,478,852)	(1,556,637)	(556,321)	(33,544,795)
Impairment loss	253,903	-	-	-	253,903
Reclassification to asset held for sale	(614,858)	(147,421)	(506,828)	-	(1,269,107)
At 31 December 2019	603,759	8,307,370	1,326,695	564,394	10,802,218
Net book value					
At 31 December 2019	**5,889,646**	**5,031,123**	**1,834,381**	**890,844**	**13,645,994**
At 1 January 2019	8,638,132	6,403,172	1,231,462	75,530	16,348,296

During the year, the Company agreed terms for the disposal of its former head office building for consideration of £2.5m. As this transaction completed in January 2020, the property has been classified as a current asset held for sale in the balance sheet.

Notes *(continued)*

11 Intangible fixed assets

	Computer software developed internally	Computer software purchased externally	Total
	£	£	£
Cost			
At 1 January 2019	37,206,856	6,742,605	43,949,461
Additions	4,885,558	757,832	5,643,390
Disposals	-	(701,165)	(701,165)
At 31 December 2019	42,092,414	6,799,272	48,891,686
Amortisation			
At 1 January 2019	30,202,708	4,128,431	34,331,139
Charge for the year	5,071,643	834,056	5,905,699
Disposals	-	(701,165)	(701,165)
At 31 December 2019	35,274,351	4,261,322	39,535,673
Net book value			
At 31 December 2019	**6,818,063**	**2,537,950**	**9,356,013**
At 1 January 2019	7,004,148	2,614,174	9,618,322

12 Fixed asset investments

	2019	2018
	£	£
Shares in subsidiary undertakings and joint ventures	**105**	105
	105	105

Details of the Company's subsidiary undertakings and joint ventures are as follows:

Name and nature of business	Country of registration	Class of share	% held
Healthcare Gateway Limited – establishment of Medical Interoperability Gateway ("MIG")	England	£1 ordinary	50
EMIS Health India Private Limited – development of healthcare software	India	RS10 Ordinary	10

The registered office of Healthcare Gateway is: Ground Floor, Unit 3 Rawdon Park, Green Lane, Leeds, LS19 7BA

The registered office of EMIS Heath India Private Limited is: Unit No. A1, Level 3, Shriram The Gateway SEZ, No. 16, G.S.T. Road, Perungalathur, Chennai-600 063, India

Notes *(continued)*

13 Stocks

	2019 £	2018 £
Finished goods	**580,199**	1,183,539

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £11,641,242 (2018: £10,694,564). The write-down of stocks to net realisable value amounted to £nil (2018: £nil). The reversal of write-downs amounted to £nil (2018: £nil).

14 Debtors

	2019 £	2018 £
Due within one year:		
Trade debtors	**11,938,925**	9,899,124
Other debtors	**51,527**	84,927
Prepayments and accrued income	**10,156,010**	10,554,242
Amount owed by parent company	**22,604,476**	2,066,425
Amounts owed by fellow group companies	**4,354,019**	2,171,775
Corporation tax	**2,861,708**	3,189,834
	51,966,665	27,966,327

Amounts owed by fellow group companies are unsecured, interest free and repayable on demand.

15 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	**3,282,604**	1,369,859
Other taxation and social security	**2,903,549**	4,804,105
Accruals and deferred income	**27,275,937**	29,895,216
Other creditors	**523,359**	444,651
Amounts owed to fellow group companies	**700,335**	551,014
	34,685,784	37,064,845

Amounts owed to fellow group companies include loan amounts that attract an annual interest rate of 1.6% and are repayable on demand.

16 Equity share capital

	2019 £	2018 £
Allotted, issued and fully paid:		
8,001,000 ordinary shares of £1 each	**8,001,000**	8,001,000

Notes *(continued)*

17 Leases

Right of use assets recognised on the balance sheet within tangible assets are as follows:

	Land and buildings £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
At 1 January 2019	-	77,694	912,096	989,790
Additions to right of use assets	181,661	-	436,404	618,065
Depreciation charge for the year	(26,519)	(31,899)	(494,626)	(553,044)
At 31 December 2019	155,142	45,795	853,874	1,054,811

Liabilities recognised on the balance sheet in respect of leases are as follows:

	Total £
At 1 January 2019	989,790
Additions in respect of new leases	618,065
Payments	(566,673)
Interest expense	18,178
At 31 December 2019	1,059,360

18 Employee benefits

The total costs charged to profit and loss account amounts to £1,742,054 *(2018: £1,629,496)* representing company contributions payable to individual personal pension plans.

Notes *(continued)*

19 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	**2019**	2018	**2019**	2018
	£	£	**£**	£	**£**	£
Capitalised development expenditure	**-**	-	**(802,825)**	(738,756)	**(802,825)**	(738,756)
Tangible fixed assets	**1,222,395**	1,344,926	**-**	-	**1,222,395**	1,344,926
Other timing differences	**36,993**	-	**-**	(131,918)	**36,993**	(131,918)
Tax assets / (liabilities)	**1,259,388**	1,344,926	**(802,825)**	(870,674)	**456,563**	474,252

Movement in deferred tax during the year:	31 Dec 2018	Movement	**31 Dec 2019**
	£	£	**£**
Capitalised development expenditure	(738,756)	**(64,069)**	**(802,825)**
Tangible fixed assets	1,344,926	**(122,531)**	**1,222,395**
Other timing differences	(131,918)	**168,911**	**36,993**
Tax assets / (liabilities)	474,252	**(17,689)**	**456,563**

Notes *(continued)*

20 Share-based payments

The following share option schemes existed during the period;

	2011 Share Option Plan					
Grant date	15 Oct 2014	28 April 2015	27 April 2016	21 April 2017	20 April 2018	24 April 2019
Exercise period	Oct 2017–Oct 2019	April 2018–April 2020	April 2019–April 2021	April 2020-April 2022	April 2021-April 2023	April 2022-April - 2023
Share price at grant date	737p	901p	970p	899p	853p	1122p
Exercise price	737p	901p	970p	899p	853p	1122p
Expected volatility	35%	26%	30%	30%	33%	25%
Expected life (years)	3	3	3	3	3	3
Risk-free rate	2.37%	2.37%	2.37%	2.37%	2.62%	0.82%
Expected dividend yield	2.33%	2.03%	2.19%	2.73%	3.05%	2.66%
Fair value per option	164p	152p	190p	164p	175p	158p

	Unapproved option scheme
Grant date	27 April 2016
Exercise period	April 2019–April 2021
Share price at grant date	970p
Exercise price	970p
Expected volatility	30%
Expected life (years)	3
Risk-free rate	2.37%
Expected dividend yield	2.19%
Fair value per option	190p

	LTIP												
Grant date	1 May-14	28 Apr-15	27 Apr 16	21 Apr 17	1 May 17	4 Sep 17	20 Apr 18	6 Nov 18	3 Apr 19	24 Apr 19	24 Jun 19	24 Jun 19	9 Sep 19
Exercise period	May17 - May 24	Apr 18- Apr 25	Apr 19- Apr 26	Apr 20- Apr 27	May 20- May 27	May 20- May 27	May 21- May 28	May 21- May 28	Apr21- Apr 28	Apr 22 – Apr 29	Jun 23 – Jun 29	Jun24 – Jun 29	Apr 22 – Apr 29
Share price at grant date	635p	908p	970p	899p	934p	914p	853p	909p	1082p	1122p	1208p	1208p	1122p
Exercise price	0p	0p	0p	0p	0p	0p	0p	0p	0p	0p	0p	0p	0p
Expected volatility	35%	26%	30%	30%	30%	30%	33%	33%	25%	25%	24%	24%	24%
Expected life (years)	3	3	3	3	3	3	3	2.5	2	3	4	5	2.5
Risk-free rate	2.37%	2.37%	2.37%	2.37%	2.37%	2.37%	2.62%	2.62%	2.62%	0.82%	0.60%	0.63%	0.33%
Expected dividend yield	2.52%	2.03%	2.19%	2.71%	2.71%	2.69%	3.05%	2.98%	2.75%	2.66%	2.47%	2.47%	2.66%
Fair value per option	589p	854p	908p	836p	836p	843p	779p	831p	1024p	1036p	1095p	1068p	1046p

Notes *(continued)*

22 Share-based payments *(continued)*

There were 4,068 (2018: 9,118) options exercised during the year. The weighted average share price at the date of exercise of share options exercised during the year was £10.96 (2018: £9.56).

As the consolidated financial statements of EMIS Group Plc include the equivalent disclosures, the Company has taken the exemptions available under FRS 101 in respect of IFRS 2 Share Based Payments.

23 Capital commitments

At the year end the company had capital commitments of £191,467 (2018: £1,094,753).

24 Transactions with directors

There were no transactions with directors during the year. During the prior year a motor vehicle was sold to a director at market value of £2,000.

25 Contingent liabilities

The Company and certain other EMIS Group plc subsidiaries have given guarantees in support of the Group's banking facility consisting of a revolving credit facility of £25.0m (2018: £25.0m), and an overdraft facility of £5.0m (2018: £5.0m). £25.0m of the revolving credit facility was undrawn at 31 December 2019 (2018: £25.0m) and there was £5.0m of unused overdraft (2018: £5.0m).

26 Ultimate parent company

The company's immediate and ultimate parent company and the parent company of the smallest and largest group to include the company in its consolidated financial statements is EMIS Group plc, a company incorporated in England and Wales. Copies of the Group financial statements can be obtained from The Secretary, EMIS Group plc, Fulford Grange, Micklefield Lane, Rawdon, Leeds, West Yorkshire, LS19 6BA.

27 Related parties

During the year the Company entered into transactions, in the ordinary course of business, with other wholly owned subsidiaries of Emis Group plc. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December 2019 with other related parties, are as follows:

	Sales to related party	Recharges to related party	Amounts owed by related party	Amounts owed to related party
Joint ventures				
2019	**-**	**161,455**	**2,609**	**-**
2018	-	794,785	34,295	-

Notes *(continued)*

28 Accounting estimates and judgements

Accounting estimates and judgements are made and continually evaluated based on past experience together with expectations relating to future events that are believed to be reasonable at the present time. Due to the inherent uncertainty involved in making these estimates and judgements, actual outcomes could be different. The critical estimates, assumptions and judgements made in arriving at the amounts recognised in these financial statements that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

Development costs
The key areas of judgement are in determining whether the expenditure meets the criteria for capitalisation and the useful life over which this expenditure is amortised. Expenditure is only capitalised if it meets the criteria set out in IAS 38 'Intangible Assets', details are set out in note 1.7. Useful lives are based on management estimates of the period over which assets are expected to generate revenue. These estimates are reviewed periodically for continued appropriateness. Changes to estimates can result in variations in carrying values and amounts charged to the profit and loss account from period to period.

Revenue recognition
The key area of judgement in respect of recognising revenue is the timing of recognition, specifically in relation to deferral of revenues that are invoiced and paid in advance of services being provided. Details are set out in note 1.15.