Camelia Investment 1 Limited

Annual report and consolidated financial statements

Registered number 10969863

30 September 2018

Contents

Directors' Report and Strategic Report

The directors present their report and the audited consolidated financial statements for the period from incorporation on 19 September 2017 to 30 September 2018.

On 12 October 2017, the Company's subsidiary, Camelia Bidco Limited, acquired Chambertin (Holdings) Limited and its subsidiaries (the 'Civica Group') from OMERS Private Equity. The Company therefore owns the Group of companies which comprise the Civica Group and is engaged in the principal activities noted below.

This report reflects trading results for Civica Group for the period subsequent to its acquisition on 12 October 2017, and references to pro forma results are for the full year ended 30 September 2018.

Principal activities

The principal activities of the Group are the provision of software, digital solutions and technology-based managed services, primarily to the public sector and regulated markets in the United Kingdom, Australasia, South-East Asia and North America.

Strategic Report

Business model

Civica provides a wide range of business-critical software, digital solutions and managed services which makes Civica a leading partner for customers across national, regional and local government, health & care, education and public safety, together with commercial organisations in highly regulated sectors.

Civica has a strong track record as one of the fastest growing providers of our kind, driven by a clear strategy to help our customers address sustained and significant change and to transform the way they work.

This strategy is delivered through a business model which has three core capabilities to deliver value to our customers:

1. **Critical software** to improve and automate daily tasks from critical front line services to back office administration;
2. **Digital solutions** to deliver a new generation of services from concept to implementation, helping organisations to transform their customers' experience and improve lives; and
3. **Managed services**, with a distinctive platform-based approach, combining business process expertise with technology know-how to help customers reduce cost and risk, improve performance and support widespread business transformation.

The people in our organisation, through our three key principles of knowledge, integrity and action, are the key to delivering these capabilities, through deep domain expertise and specialist skills in software solutions design, implementation and support, digital transformation design and delivery, and service transformation and delivery.

Business review

Trading results

2018 was another successful year for the Group. Civica maintained excellent momentum with a strong operational and financial performance underpinned by ongoing investment in our people, our products and our platform.

Civica is the leading software-based technology partner for our markets worldwide, providing the critical software, digital solutions and automation behind everyday services for over 100 million people. During the year we extended our prominent position organically and through acquisition to support the needs of our customers and the long term development of the business, including progress with our cloud strategy and technology innovation.

Overall Civica added 899 new colleagues in 2018 and acquired 6 new businesses. During the period we increased our employee and customer satisfaction ratings, and secured a record number of new contracts, including our largest to date. Civica has grown net revenues by 72 per cent over the last 3 years, reflecting sustained demand for our products and services and the commitment of our team in the successful execution of our strategy.

During the pro forma year to 30 September 2018, turnover grew 15 per cent to £373.234 million *(year ended 30 September 2017: £324.726 million)*, led by strong organic performance across UK software and managed service divisions and significant growth in our international business. Operating profit before depreciation, amortisation and exceptional charges increased by 13 per cent to £77.665 million *(year ended 30 September 2017: £68.690 million)*.

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Our growth strategy continues to focus on the provision of innovative digital and cloud-based solutions which deliver better outcomes for Civica's customers, and is aligned with evolving market needs. During the year we increased the Group's scale of activity with a robust trading performance including more than 290 major sales and our largest contracts to date in each of local government, health care and education. We extended our product portfolio with the launch of innovative developments and new cloud-based software.

Cross selling our products across markets and geographies remains a key strategic focus and we are seeing continued momentum. Notable achievements included sales of our platform financials software, now widely used in local government, into the social housing and education sectors, the first wins for our UK-developed Cx Housing software in Australia and digital solutions for multiple sectors. We aim to build on this with the further excellent opportunities provided by our latest acquisitions.

Civica's Digital business continued to respond to market focus on an improved customer experience and more effective digital services. Progress combined delivery of government and commercial programmes together with new engagements such as at the Home Office, Rail Delivery Group, Acas, the Police Service of Northern Ireland and Heritage Lottery Fund.

In our large platform-based managed service partnerships, existing contracts performed strongly while new wins included a seven-year agreement to operate shared services for East Kent Shared Services using Civica software, and a contract worth approximately AUD200 million delivering services via the new Civica-built fines administration service in the State of Victoria in Australia.

Markets

Focused on the public sector and regulated services, the Group performed well across our major country markets. UK & Ireland revenues increased 7 per cent to £263.7 million *(year ended 30 September 2017: £247.2 million)* led by good growth in local & regional government and community protection.

Within this the Group continued to strengthen operations based in Northern Ireland. The team secured new contracts in devolved government, police and emergency services, social housing and healthcare, and won an innovation award as part of the Belfast Smart Cities programme.

International activities made up 29 per cent of overall revenues. A very strong performance in Australia and New Zealand, including our largest contracts to date in each of government, education and healthcare, drove market share gains in the region and an impressive organic revenue growth of 47 per cent. The result strengthened our position to build further on the Group's established platform in the region.

Cloud and Innovation

Across our business cloud adoption is having a greater impact through cloud-delivered functionality and as a foundation for digital transformation and technological innovation.

Civica is a cloud leader in our markets, supplying cloud software and solutions for more than 1,000 customers. Already the standard in many areas, in 2018 we continued to increase our scale of activity organically and via acquisition. We introduced new products and new services to support customers with migration, delivered large-scale digital solutions and signed more than 100 new agreements overall, with cloud-based solutions making up more than 80 per cent of major new deals for our international business.

Overall investment in developing our products and capabilities amounted to almost 20 per cent of Group revenues, and we strengthened Civica's focus on emerging technology through a common framework to engage customers and evolve our solutions. We also progressed innovation through CodeIT and CoderDojo initiatives, ahead of the 2019 launch of Civica's Innovation Partners initiative focused around machine intelligence and automation.

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Global Operating Platform

We made further investments during 2018 to strengthen our operating capability and ensure a scalable platform to support our sustained growth. Initiatives are focused on driving a consistent approach globally for people and talent management, product management, sales and marketing, service delivery and business support, underpinned by a central project office.

Outlook

In 2018 we sustained strong momentum with a record order intake underpinned by a stronger capability and consistent delivery.

Civica serves a large and growing market. With sustained social, economic and demographic pressures from housing and healthcare to high streets, organisations are critically dependent on technology and automation to provide efficient services and deliver a better customer experience. We remain committed to delivering the software, digital solutions and innovation to transform their business activities.

Through continued investment in our products and people and our strong underlying earnings visibility we are confident that the Group has a strong foundation supporting our growth and strategic development. Underpinned through the combination of an outstanding team, market-leading capability, deep longer term customer relationships and continued financial investment, we believe Civica remains well placed as the partner of choice for the future as the leading provider of our products and services.

Our people and our values

Over the last twelve months, Civica has continued to establish itself as an employer of choice. Since we launched our internal "YourVoice" survey in 2016 our score has increased to 36 for the Group, regarded as "great". We have also been recognised with a Glassdoor Employer of Choice Award for the second year running rising 8 places from the 2017 survey to 25th. Our approach to inclusion and diversity has also contributed to us being recognised in the top 50 best companies for work/life balance in the UK by Glassdoor. Our culture is not limited to the UK and we were proud to be awarded an Employer of Choice 2018 in the Australian business awards which recognises workplaces that maximise the full potential of their workforce through effective employee recruitment, engagement and retention.

Our Learning Academy provides a consistent programme of training, development and talent management to support our people throughout their careers and help them reach their full potential. In August 2018, our Investor in People ('IiP') Gold re-accreditation was secured in advance of a full 3 year review in July 2019. The review reinforced our commitment to training and development which is closely and appropriately aligned to our overall company strategy. In line with IiP, we have continuously reviewed our training programmes and expanded our eXel programme for senior leaders and re-designed our Potential programme recognising that identifying and developing our successors is crucial for our longer term growth. This has led to 1 in 5 of our appointments being a promotion within the company ensuring that we're able to bring in new expertise to support our business growth whilst maintaining our unique culture. Our wide range of training course and development opportunities have led to approximately 124,000 hours of training within 2018. We have also continued to expand our apprenticeship programme to support our commitment to achieving 5% of graduate and apprentices by 2020 ensuring that our focus on diversity is reflected in our recruitment processes.

We have continued to develop our health and wellness activities with a focus on providing support for our employees mental health and physical wellbeing. In addition to our Employee Assistance Program we are launching a program to train and equip our Leaders to recognise and support employees with mental health needs and we plan to recruit designated Mental Health Champions across the organisation to provide face to face support to employees on demand. Our trusted partners also continue to deploy health assessments and advice to employees aimed to improve physical health.

We continue to recognise the exceptional efforts of our colleagues across the Group and their contribution to our performance. Initiatives include our Praise scheme where employees share their appreciation of colleagues with over 4,000 individual pieces of Praise and our CStar scheme recognising employees who have gone the extra mile. Our annual awards also received over 1000 nominations and were held in each country.

Directors’ Report and Strategic Report *(continued)*

Our people and values *(continued)*

We have continued to focus on ensuring that our diverse and inclusive culture continues to evolve as the company grows. Not only have we appointed a Diversity and Inclusion (‘D&I’) Lead, the programme is now sponsored by the Chief Executive Officer. Our training materials have been reviewed in order to ensure that diversity is integral to everything that we do and to ensure that our leaders have an understanding of not only the importance D&I has in growing a successful business, but also to appreciate the role they play in building a fairer and more inclusive organisation. We have also adapted the way in which we advertise to ensure we are attracting a diverse range of applicants, adapted the recruitment processes to ensure selection is fair and unbiased and introduced targets to ensure we are challenging the status quo.

A summary of the gender diversity throughout Civica is as follows:

	As at 31 December 2018		**As at 31 December 2017**	
	Female	**Male**	**Female**	**Male**
Number of employees	2,108	2,399	1,728	2,208
Of which managers	351	515	221	475
Of which senior managers	77	157	60	117
Of which Group directors	1	5	1	6

The Group has also continued to grow in 2018, adding approximately 240 employees on 1st January as part of the State of Victoria contract transfer and around 230 employees on 1st February as part of the East Kent Shared Services transfer. Over a further 150 employees were also added in the Carelink, NRS, iCasework, VisionWare and OneStep acquisitions. Our integration and communications programme has continued to ensure a smooth transition and has expanded to ensure the cultural alignment is achieved and tracked.

The Civica Foundation provides a focal point for all of our charitable fundraising and community support and also provides individuals with a one-off donation to stimulate charitable initiatives. We have reviewed the company’s charities and added the Young Enterprise scheme to our nominated charities reflecting our commitment to the future development of school age children. Our other nominated charities include Action for Children, Shelter and Water for Kids and we have this year expanded to the Whitelion group in Australia. Along with our ‘Donate a day’ programme where employees have a free day each year to volunteer their time to a worthwhile cause, we also run our annual Tour De Civica running and cycling event and take part in Byte Night in support of Action for Children at multiple locations throughout the country. Our Give As You Earn (‘GAYE’) programme has also continued enabling all employees to contribute to any UK charity with support from the Civica Foundation.

Civica is committed to high standards and the Civica Management System encompasses our approach to quality, environment and health and safety. Accreditations include, amongst others, ISO 9001 (quality), ISO 14001 (environmental management), ISO 27001 (information security), ISO 20000 (IT service management) and OHSAS 18001 (health & safety). The Group continued to progress with its global operational excellence programme, designed to embed consistent best practice in support of the continued growth and ambition of the company. Civica is committed to sound and fair business practices including zero tolerance on corruption. Prevention, deterrence and detection of fraud or bribery is the responsibility of all Civica employees and the company encourages its people to report any suspicions in confidence. We are also committed to identifying and assessing any potential risks and eliminating the possibility of modern slavery and human trafficking occurring in our business, including within our supply chains.

Directors' Report and Strategic Report *(continued)*

Environmental policy

Civica is aware that operating its business has a potential impact on the environment. We believe that it is important to work with our customers, suppliers, partners and employees to follow sound sustainability practices to prevent pollution, reduce the negative and enhance the positive environmental and social impacts of its business activities.

To this end, Civica is committed to the following goals:

1. To identify and understand the direct and indirect impact Civica's facilities, operations, business practices, products and services may have on the environment in line with Civica's context. To operate our business in a manner that is sensitive to the needs and concerns of all stakeholders and the surrounding environment.

2. To use where practical the latest technology to develop sound environmentally conscious means of providing our products and services.

3. To consider environmental issues in our decision making, whilst recognising that business concerns might affect the course of action.

4. To minimise the creation of waste and pollution in our operations and business activities. We will dispose of waste conscientiously and creatively by encouraging a "reduce/reuse/recycle" culture.

5. To educate and train our employees in the use of environmentally conscious practices, recognising that no matter what their roles are, they are also responsible for protecting the environment.

6. To increase employee contribution to environmental initiatives.

7. To ensure compliance with relevant environmental legislation, ISO 14001 and other requirements related to our operations.

8. To set and achieve environmental objectives and targets at all appropriate levels and in line with the company goals as part of an on-going programme of continuous improvement.

9. To have local, facility based, initiatives.

Acquisitions

Civica continued its successful record of selectively acquiring and integrating complementary businesses which enhance our market position and extend the Group's capability in line with our vision and strategy, in particular, in the areas of government and digital transformation.

During the period the Group acquired the following businesses:

OneStep Solutions (Resources) Limited and **OneStep Solutions LLP –** cloud-based software for debt recovery and enforcement.

Nationwide Retail Systems Limited – payment and cashless catering systems including identity management.

Visionware Limited – master data management and single customer view solutions.

Certain trade and assets from Northgate Public Services (UK) Limited in respect of its payments systems business.

Icon Global Group Pty Ltd (trading as **Carelink**) **–** supplier of cloud-based software for the community care market in Australia.

iCasework Limited – software-as-a-service applications for case management.

These acquisitions bring specialist capabilities which the Group did not previously offer, adding to Civica's broad portfolio of business critical applications and strengthening its capability to expand on the current market presence.

The impact of acquisitions during the period are outlined in note 2.

Directors' Report and Strategic Report *(continued)*

Subsequent events

Subsequent to the balance sheet date, the Group has acquired the entire share capital of:

Electoral Reform Services Limited and its subsidiaries ("**ERS Group**"). All ERS Group companies are incorporated in the United Kingdom, and provide software and services for election management, membership engagement, democracy and governance.

Trac Systems Limited and its subsidiary **Zedcore Systems Limited**, companies incorporated in the United Kingdom. Their principal activities are the provision of e-recruitment software and related services.

Key performance indicators

Management use various key performance indicators (KPIs) to routinely monitor the Group's performance and development. Those KPIs include:

- Turnover;
- Gross profit;
- Operating profit before amortisation and exceptional charges;
- Operating profit before depreciation, amortisation, exceptional charges and Project Centum costs (EBITDAE), as disclosed in the Consolidated Profit and Loss Account and note 4 to the financial statements;
- Operating cash flow before exceptional items, Project Centum, defined benefit pension scheme contributions, provision movements and taxation; and
- Operating cash flow conversion as a percentage of EBITDAE.

These KPIs for the period from 19 September 2017 to 30 September 2018 (reflecting trading results for Civica Group subsequent to its acquisition on 12 October 2017), pro forma full year results for Civica Group for the year ended 30 September 2018, and for the previous 2 financial years under the previous ownership were:

		Period from 19 September 2017 to 30 September 2018	Pro forma Year ended 30 September 2018	Year ended 30 September 2017	Year ended 30 September 2016
Turnover	£000	**364,370**	373,234	324,726	267,693
Gross profit	£000	**313,057**	320,563	280,688	221,843
%		**85.9%**	85.9%	86.4%	82.9%
Operating profit before amortisation and exceptional charges	£000	**71,606**	72,022	64,102	49,754
%		**19.7%**	19.3%	19.7%	18.6%
EBITDAE	£000	**77,249**	77,665	68,690	55,109
%		**21.2%**	20.8%	21.2%	20.6%
Operating cash flow	£000	**68,011**	68,333	64,575	50,202
Operating cash flow as a % of EBITDAE		**88.0%**	88.0%	94.0%	91.1%

Directors' Report and Strategic Report *(continued)*

Corporate governance

The Civica Group is majority owned by funds managed and/or advised by Partners Group, and is controlled by a Board comprising Partners Group-nominated non-executive directors and Civica management.

The Group continues to operate a strong framework of corporate governance across the business to ensure the successful delivery of business outcomes in line with our strategy and priorities, management of risk and focus on delivery of excellent service to our customers. This framework is managed through the following components.

Group Board

The Board is responsible for the overall strategy of the Group and the effective management of risk and performance. It meets on a monthly basis to review business performance from a strategic, financial and operational perspective and to ensure that risks are appropriately managed, including major bids and investments. The performance review is closely aligned to the key priorities in respect of financial performance, products and services, people, customer service and operational efficiency. Business planning is conducted on an annual basis, again in line with the strategy and key priorities, and is approved by the Board. The Board has an effective balance of executive (2) and non-executive directors (4).

Audit Committee

The purpose of the audit committee is to review the financial statements and controls of the Group on behalf of the Group Board. The committee is responsible for being assured that the principles and policies comply with best practice and accounting standards. The committee will also consult with the external auditors reviewing key risk areas, seeking to satisfy itself that the internal control and compliance environment is adequate and effective, and recommending to the group board the appointment and remuneration of the external auditors.

The audit committee is chaired by the Group's non-executive chairman, and comprises the chief executive officer and group board members from Partners Group. The chief financial officer is invited to attend but is not a member of the audit committee.

Remuneration Committee

The function of the remuneration committee is to provide oversight of the terms and conditions and remuneration of senior employees on behalf of the group board.

The remuneration committee is chaired by the Group's non-executive chairman, and in addition comprises the chief executive officer and group board members from Partners Group.

Executive Management Board

The Executive Management Board consists of the chief executive and chief financial officers, the executive directors for the operating divisions and the chief officers for people, marketing, business development, product strategy and technology. It meets on a monthly basis to discuss strategic issues and the effective management of people and culture, opportunity, risk and business improvement.

Monthly business reviews

Each unit within the Group is subject to a monthly business review by executive management board members to assess the financial and operational performance and business risks, review the financial projections and review working capital management and cash flow performance. Financial and operational key performance indicators in each unit are aligned to the key priorities of the Group as highlighted above. Specific business risks are identified and mitigated through this process.

Commercial & legal controls

All acquisition, capital investment and business development activity is controlled through a methodical process of qualification, review and approval, which is dependent upon both value and complexity to ensure appropriate management of business risk and effective use of business resources.

Directors' Report and Strategic Report *(continued)*

Corporate governance *(continued)*

Operational processes

As Civica continues to grow organically and through acquisition, we constantly review operational processes across the Group to support effective product and service development and efficient delivery to customers as well as our internal administration. This is enhanced by a sustained cross-company improvement programme to strengthen our operating platform and to drive consistent best practice globally. This is underpinned by a wide range of management accreditations including ISO 9001 (quality), ISO 14001 (environmental), ISO 20000 (IT service management) and ISO 27001 (information security).

Principal risks and uncertainties

The board is responsible for the Group's approach to assessing risk and accepts that in creating value for the Group, the Group must take on and accept some risk. The executive directors are responsible for implementing the board's policies on risk and control and monitoring compliance with these policies across the Group. This system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

As with all other entities providing specialist software and systems, digital solutions and managed services primarily to the public sector, the main risks and uncertainties facing the Group surround the level of public sector funding available in future periods, the risks of technological advancement and the threat of competition.

The Group's primary and material financial risk management objectives and policies concern the Group's external borrowings (see notes 16 and 17), the level of operating cash flow (see the cash flow statement) required to be generated to repay interest at the interest rates given in note 16, leverage ratio, and the amount of headroom achieved above and beyond the minimum leverage required.

The Board monitored all of the above primary financial risks within the Group's risk management objectives and policies at least monthly and continues to do so.

At 30 September 2018, Leverage headroom was 51.6%.

Specifically addressing some of the key risk areas:

Interest rate risk

The company regularly reviews its exposure to fluctuations in underlying interest rate movements which underpin the company's borrowings, and ensures appropriate actions are undertaken to mitigate this risk. As part of this review, subsequent to the period end, an interest cap was put in place for the majority of the sterling borrowings of the Group, to minimise any impact of variable interest rates rising above forecast levels.

Liquidity risk

The company regularly reviews its exposure to risks which may affect the liquidity of the Group, to ensure that appropriate cash and working capital facilities are in place to enable the ongoing operation of the business.

On 12 October 2017, Partners Group acquired Civica Group, financed by funds managed and/or advised by Partners Group, and new borrowing facilities. As well as the group being sufficiently cash generative, the borrowing facilities include a £100m revolving credit facility ('RCF') to support general corporate purposes including acquisitions and associated costs. All of the RCF drawn as at 30 September 2018 was used to fund acquisitions.

In terms of the Group's cash balances, these are held in standard instant access bank accounts in the geographies in which the group operates, with regular reviews undertaken to ensure adequate working capital is available to each of the businesses in those geographies. Any surplus funds are periodically repatriated to group so that the Group can manage the overall liquidity of the business effectively.

Directors' Report and Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Market risk

The Group operates a portfolio of businesses across a number of geographies, and therefore has some exposure to foreign exchange risk. Approximately 30% of the Group's revenues are outside of the UK, primarily in Australia and Singapore. The board regularly reviews this risk and ensures plans are in place to effectively manage it, including:

- Delivering the software and services locally, with locally paid resources so that costs of delivery are in the same currency as revenues;
- Denominating some of the Group's borrowing facilities in local currency, to provide a natural cash flow hedge.

Credit risk

The Group offers standard market credit terms to customers, typically 30 days, and regularly assesses the credit risk of new and existing customers to the Group.

The Group operates predominantly in the Public Sector, where customers are seen as very low risk of default, and this is further mitigated by payment from customers being a key requirement of continuing to be licensed to use our business critical software applications.

Brexit

Under Civica's governance framework we consistently review risks and uncertainties and as such we monitor and assess market and legislative developments, which include Brexit. As an international business headquartered in the UK, with operations also in Australia, India, Singapore and North America, the Group is therefore not reliant on labour or product supply from the European Union, and we benefit from a highly transferable skills base. We continue to monitor the situation and remain cautious while the full implications of Brexit are unclear. For example, we consider it possible that the potential need to implement a high volume of major legislative change could give rise to short-term market capacity issues across the industry. However, we believe the company is very well placed to support customers during a period of significant change, and remain committed and look forward to working with customers to mitigate any risk.

Future developments

The Group continues to increase its global profile and is valued for its combination of people, technology and business process expertise. With a resilient business and well developed strategy, we believe the Group is extremely well placed as a strong and stable partner for our customers as they continue to respond to rapid and significant change.

Dividends

The directors do not recommend the payment of a dividend on ordinary shares. Dividends of £57,006,000 on preference shares were accrued during the period.

Directors

The directors who held office during the period were as follows:

Executive directors:

Wayne Story	Chief Executive Officer	(appointed 12 October 2017)
Phillip Rowland	Chief Financial Officer	(appointed 12 October 2017)

Non-executive directors:

Simon Downing	Non-Executive Chairman	(appointed 12 October 2017)
Christian Unger	Partners Group representative	(appointed 19 September 2017)
Bilge Ogut	Partners Group representative	(appointed 19 September 2017)
Charles Rees	Partners Group representative	(appointed 19 September 2017)

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Directors' Report and Strategic Report *(continued)*

Directors *(continued)*

Wayne Story – Chief Executive Officer

As Chief Executive, Wayne has responsibility for all day-to-day operations across the business. Before joining Civica, Wayne was CEO for financial and business services group Equiniti, and has more than 25 years' experience with a successful track record of leading businesses including, TSB Group, PA Consulting and Capita. He is an Associate of the Chartered Institute of Bankers and holds an MBA.

Phillip Rowland – Chief Financial Officer

Phill started his career qualifying as a chartered accountant with Coopers & Lybrand (now PwC). He then spent six years working for British Aerospace (now BAE SYSTEMS) in a variety of roles, before joining Capita where he spent seven years working as Finance Director for multiple businesses, culminating as Divisional Finance Director for their Business Services Division. After leaving Capita, Phill moved to Equiniti, and then joined Civica as Chief Financial Officer in October 2009. He is a Fellow of the Institute of Chartered Accountants in England & Wales.

Simon Downing – Non-Executive Chairman

Simon has over 30 years of experience in the IT industry including a variety of management roles. Responsible for the formation of Civica in 2001, he led the company's flotation in 2004 and the subsequent growth and international expansion of the business. Following sustained growth both organically and through acquisition, he led the team through two private equity-backed buyouts in 2008 and 2013. He subsequently established a new Digital division before becoming Chairman in 2016, and in 2017 completed the agreement with global private markets investment manager Partners Group to acquire Civica on behalf of its clients.

Christian Unger – Partners Group representative

Christian is Head of the Partners Group TMT Industry Value Creation business unit and Entrepreneurial Governance and Operating Directors business unit, based in Zug. He is a member of the Global Investment Committee, the Private Equity Direct Investment Committee and the Global Direct Debt Investment Committee. He is a member of the Board of Directors of the firm's portfolio companies Civica, GlobalLogic, Kindercare Learning Centers, Softonic International, SPi Global and Curvature. He has been with Partners Group since 2013 and has 24 years of industry experience in the media and digital space. Prior to joining Partners Group, he was global CEO of Ringier AG, Switzerland's largest media company. During that time, he was also Chairman of Betty Bossi AG and board member of Scout24, jobs.ch, RingierAxelSpringer AG and Publigroupe AG. Before Ringier, he was CEO of QXL Ricardo, a publicly listed e-commerce company (at the LSE in London) which he sold to Naspers for 2bn CHF in 2008. He started his career at Bertelsmann AG and holds a master's degree in economics from the European Business School, Germany.

Bilge Ogut – Partners Group representative

Bilge Ogut is part of the Partners Group European Private Equity business unit, based in Zug. She is a member of the Private Equity Direct Investment Committee and a member of the Board of Directors of the firm's portfolio companies Civica, CPA Global and Vermaat. She has been with Partners Group since 2013 and has 25 years of industry experience. Prior to joining Partners Group, she worked at Standard Bank, Warburg Pincus and Goldman Sachs. She holds an MBA from Harvard Business School, Massachusetts, USA and a bachelor's degree from the Wharton School at the University of Pennsylvania.

Charles Rees – Partners Group representative

Charles Rees is part of the Partners Group European Private Equity business unit, based in Zug. He has been with Partners Group since 2011. He is a member of the Board of Directors of the firm's portfolio company Civica and has been involved with the firm's investments in Foncia, Cerba Healthcare and Vermaat. Prior to joining Partners Group, he worked at Goldman Sachs and had assignments at Morgan Stanley and Accenture. He holds a bachelor's degree in social and political sciences from the University of Cambridge, UK.

Directors' Report and Strategic Report *(continued)*

About Partners Group

Partners Group is a global private markets investment management firm with EUR 73 billion (USD 83 billion) in investment programs under management in private equity, private real estate, private infrastructure and private debt. The firm manages a broad range of customised portfolios for an international clientele of institutional investors. Partners Group is headquartered in Zug, Switzerland and has offices in Denver, Houston, New York, São Paulo, London, Guernsey, Paris, Luxembourg, Milan, Munich, Dubai, Mumbai, Singapore, Manila, Shanghai, Seoul, Tokyo and Sydney. The firm employs over 1,200 people and is listed on the SIX Swiss Exchange (symbol: PGHN) with a major ownership by its partners and employees.

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 he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report.

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity

Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP were appointed as auditor of the company. KPMG LLP will be deemed to be reappointed and will therefore continue in office.

By order of the board

Phillip Rowland
Director

South Bank Central
30 Stamford Street
London
SE1 9LQ

28 January 2019

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

The directors are responsible for preparing the Annual Report, 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 group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

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

Independent auditor's report to the members of Camelia Investment 1 Limited

Opinion

We have audited the financial statements of Camelia Investment 1 Limited ("the company") for the period ended 30 September 2018 which comprise the Consolidated and Company Balance Sheets, the Consolidated Profit and Loss Account, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company's Statements of Changes in Equity, the Consolidated Cash Flow Statement 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 group's and of the parent company's affairs as at 30 September 2018 and of the group's loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 group 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and 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 their ability to continue as a going concern for at least a year from the date of approval of the financial statements.

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. 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 group or the company will continue in operation.

Independent auditor's report to the members of Camelia Investment 1 Limited *(continued)*

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 12, 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 group and parent 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 group or the parent 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.

Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

28 January 2019

Consolidated Profit and Loss Account

for period ended 30 September 2018

	Note	**Period from 19 September 2017 to 30 September 2018 (audited) £000**	Year ended 30 September 2018 (pro forma unaudited) * £000
Turnover	*1,3*	**364,370**	373,234
Cost of sales		**(51,313)**	(52,671)
Gross profit		**313,057**	320,563
Administrative expenses		**(313,678)**	(320,768)
Operating profit before amortisation and exceptional charges		**71,606**	72,022
Exceptional charges	*4*	**(5,972)**	(5,972)
Amortisation	*10*	**(66,255)**	(66,255)
Group operating loss		**(621)**	(205)
Interest receivable and similar income	*7*	**4,259**	
Interest payable and similar charges	*8*	**(90,119)**	
Loss on ordinary activities before taxation		**(86,481)**	
Tax on loss on ordinary activities	*9*	**(3,433)**	
Loss for the financial period		**(89,914)**	

All turnover and results are derived from continuing activities.

The notes on pages 22 to 51 form part of the financial statements.

* On 12 October 2017 the group acquired the entire share capital of Chambertin (Holdings) Limited (the ‘Civica Group’). The audited results from 19 September 2017 to 30 September 2018 reflect the trading results from this date of acquisition. The directors have presented pro forma unaudited information of the trading results of the Civica Group for the 12 month period ended 30 September 2018.

Consolidated Other Comprehensive Income
for the period ended 30 September 2018

	Note	**Period from 19 September 2017 to 30 September 2018 £000**
Loss for the period		**(89,914)**
Other comprehensive income		
Foreign exchange differences on translation of foreign operations		**(86)**
Remeasurement of the net defined benefit pension liability	*20*	**840**
Deferred tax on other comprehensive income		**(143)**
Other comprehensive income for the period, net of income tax		**611**
Total comprehensive income for the period		**(89,303)**

The notes on pages 22 to 51 form part of the financial statements.

Consolidated Balance Sheet
at 30 September 2018

	Note	2018 £000	2018 £000
Fixed assets			
Intangible assets			
Goodwill	*10*	550,749	
Other intangibles	*10*	642,823	
			1,193,572
Tangible assets	*11*		16,089
			1,209,661
Current assets			
Debtors	*13*	118,460	
Cash at bank and in hand		39,108	
		157,568	
Creditors: amounts falling due within one year	*14*	(130,122)	
Net current assets			27,446
Total assets less current liabilities			1,237,107
Creditors: amounts falling due after more than one year	*15*		(1,212,488)
Provisions for liabilities			
Deferred tax liability	*18*	(107,728)	
Provisions	*19*	(4,108)	
Pensions and similar obligations	*20*	(1,086)	
			(112,922)
Net liabilities			(88,303)
Capital and reserves			
Called up share capital	*21*		58
Share premium account			942
Profit and loss account			(89,303)
Shareholders' deficit			(88,303)

The notes on pages 22 to 51 form part of the financial statements.

These financial statements were approved by the board of directors on 28 January 2019 and were signed on its behalf by:

Phillip Rowland
Director

Company registered number: 10969863

Company Balance Sheet
at 30 September 2018

	Note		**2018**
		£000	**£000**
Fixed assets			
Investments	*12*		**588,776**
Current assets			
Debtors	*13*	**2**	
		2	
Creditors: amounts falling due within one year	*14*	**-**	
Net current assets			**2**
Total assets less current liabilities			**588,778**
Creditors: amounts falling due after more than one year	*15*		**(644,790)**
Net liabilities			**(56,012)**
Capital and reserves			
Called up share capital	*21*		**58**
Share premium account			**942**
Profit and loss account			**(57,012)**
Shareholders' deficit			**(56,012)**

The notes on pages 22 to 51 form part of the financial statements.

These financial statements were approved by the board of directors on 28 January 2019 and were signed on its behalf by:

Phillip Rowland
Director

Company registered number: 10969863

Consolidated Statement of Changes in Equity

	Note	**Share capital £000**	**Share premium £000**	**Profit and loss £000**	**Total equity £000**
Total comprehensive income for the period					
Loss for the period		-	-	(89,914)	(89,914)
Other comprehensive income		-	-	611	611
Total comprehensive income for the period		-	-	(89,303)	(89,303)
Transactions with owners, recorded directly in equity					
Issue of shares		58	942	-	1,000
Total contributions by and distributions to owners		58	942	-	1,000
Balance at 30 September 2018	*21*	**58**	**942**	**(89,303)**	**(88,303)**

The notes on pages 22 to 51 form part of the financial statements.

Company Statement of Changes in Equity

	Share capital £000	Share premium £000	Profit and loss £000	Total equity £000
Total comprehensive income for the period				
Loss for the period	-	-	(57,012)	(57,012)
Total comprehensive income for the period	-	-	(57,012)	(57,012)
Transactions with owners, recorded directly in equity				
Issue of shares	58	942	-	1,000
Total contributions by and distributions to owners	58	942	-	1,000
Balance at 30 September 2018	**58**	**942**	**(57,012)**	**(56,012)**

The notes on pages 22 to 51 form part of the financial statements.

Consolidated Cash Flow Statement
for the period ended 30 September 2018

	Note	2018 £000
Cash flows from operating activities		
Loss for the period		**(89,914)**
Adjustments for:		
Depreciation and amortisation	*10,11*	**70,102**
Foreign exchange gains	*7*	**(4,111)**
Interest receivable and similar income	*7*	**(148)**
Interest payable and similar charges	*8*	**90,119**
Taxation	*9*	**3,433**
		69,481
Increase in trade and other debtors		**(15,584)**
Increase in trade and other creditors		**6,347**
Decrease in provisions		**(861)**
Pension contributions in excess of service cost		**(408)**
		58,975
Tax paid		**(5,143)**
Net cash from operating activities		**53,832**
Cash flows from investing activities		
Interest received	*7*	**148**
Acquisition of subsidiaries	*2*	**(476,365)**
Purchase of tangible fixed assets	*11*	**(5,714)**
Proceeds from sale of tangible fixed assets		**261**
Purchase of software intangible assets	*10*	**(1,975)**
Capitalised development expenditure	*10*	**(6,927)**
Net cash from investing activities		**(490,572)**
Cash flows from financing activities		
Proceeds from the issue of ordinary share capital		**1,000**
Proceeds from the issue of preference share capital		**587,776**
Proceeds from new bank loans		**579,700**
Repayment of shareholder loan notes and accrued interest		**(342,246)**
Interest paid		**(31,690)**
Repayment of borrowings		**(305,990)**
Payment of facility fees		**(11,900)**
Net cash from financing activities		**476,650**
Net increase in cash and cash equivalents		**39,910**
Cash and cash equivalents at the beginning of the period		**-**
Effect of exchange rate fluctuations on cash held		**(802)**
Cash and cash equivalents at the end of the period		**39,108**

The notes on pages 22 to 51 form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Camelia Investment 1 Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 (September 2015) *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (*"FRS 102"*). The amendments to FRS 102 issued in December 2016 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Financial Reporting Council (FRC) issued *"Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risk"* in 2016, and the directors have considered this when preparing these financial statements.

The Group has made a loss of £89.9m in the period to 30 September 2018 and as at that date had net liabilities of £88.3m and net current assets of £27.4m. It is noted that net current assets include a non-cash item of £52.7 in respect of deferred income primarily representing recurring maintenance and support income received in advance. After making allowance for this non-cash liability on an adjusted basis the Group has net current assets of £80.1m. It is also noted that significant factors in the period-end result were non-cash accrued dividends on preferences shares classified as liabilities of £57.0m and that the Group continues to be cash generative.

The directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows to 31 March 2020.

For the purposes of their assessment of the appropriateness of the preparation of the Group's accounts on a going concern basis, the directors have considered the principal areas of uncertainty within the forecasts and the underlying assumptions, in particular those relating to market and customer risks, cost management and working capital management.

On the basis of these forecasts and these considerations, the directors have assessed future covenant compliance and headroom to 31 March 2020 and have concluded that it is appropriate for the financial statements for the period ended 30 September 2018 to be prepared on a going concern basis.

The Company has made a loss of £57.0m in the period to 30 September 2018 and as at that date had net liabilities of £56.0m. The company holds investments in subsidiaries that are forecast to remain cash generative with financial headroom. Having assessed these facts the directors are satisfied that the company would be able to access sufficient liquid resources to meet any obligations that fall due up to at least 31 March 2020. The company financial statements have been prepared on a going concern basis accordingly.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Turnover

Turnover comprises the value of sales of licences, support and maintenance, hosting, implementation services, hardware and managed services. Turnover excludes both value added tax and transactions between group companies.

Revenue from the sale of initial licence fees is recognised at the point an irrevocable commitment to use the software is received from the customer. Revenue from the provision of annual licence fees, support, hosting and maintenance is recognised over the period to which the contracted service relates. Revenue from the provision of implementation services is recognised when the services have been performed. Hardware sales are recognised on delivery. Hardware maintenance revenues are recognised evenly over the period to which they relate. Revenue from the delivery of managed services contracts is recognised over the life of the contract on a long term contract accounting basis.

The excess of amounts invoiced over revenue recognised is recorded as deferred income.

1.5 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences are not provided for differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.7 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity. At the acquisition date, the group recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition. FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill for all acquisitions relates to anticipated future growth opportunities and synergies, including the value of the workforce.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss over the estimated useful lives of intangible assets, on a straight line basis, with no residual value. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- goodwill 10 to 20 years
- customer relationships 10 to 24 years
- software (own use) 4 to 5 years
- software development 1 to 20 years
- brands 20 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 ‘Impairment of Assets’ when there is an indication that goodwill or an intangible asset may be impaired.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.5 above.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 50 years
- leasehold property 3 to 10 years
- computer equipment and fixtures and fittings 3 to 7 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset’s future economic benefits.

1.11 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable provisions. Trade and other creditors are recognised at transaction price. Subsequent to initial recognition they are measured at cost, less provisions according to any perceived risks.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised at the value of future payments. An assessment of the value of interest bearing borrowings has been undertaken as at the period end. No material differences exist between book and fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Employee benefits

Defined contribution pension plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.14 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes *(continued)*

2 Acquisitions of businesses

Civica Group

On 12 October 2017, the Group acquired the entire share capital of Chambertin (Holdings) Limited and its subsidiary companies (the 'Civica Group') for an enterprise value of £1,047,846,000, comprising £441,720,000 equity consideration and £606,126,000 net debt. Civica Group provides software, digital solutions and technology-based managed services, primarily to the public sector and regulated markets in the United Kingdom, Australia, South-East Asia and North America. The business contributed revenue of £357,615,000 and net loss of £57,676,000 to the Group's revenue and net loss for the period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	Fair value adjustments	Recognised values on acquisition
	£000	£000	£000
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	13,451	(61)	**13,390**
Intangible assets	51,810	584,588	**636,398**
Trade and other debtors	105,230	(6,141)	**99,089**
Cash	40,349	-	**40,349**
Trade and other creditors	(109,994)	(2,883)	**(112,877)**
Loans and borrowings	(635,825)	(7,863)	**(643,688)**
Deferred tax assets/(liabilities)	1,525	(108,047)	**(106,522)**
Provisions	(2,073)	(2,470)	**(4,543)**
Pensions and similar obligations	(2,275)	-	**(2,275)**
Net identifiable assets and liabilities	(537,802)	457,123	**(80,679)**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**441,720**
Costs directly attributable to the business combination			**29,517**
Total consideration			**471,237**
Goodwill on acquisition			**551,916**

Adjustments have been made to recognise the fair value of assets and liabilities as at the date of acquisition.

The expected useful life of goodwill and other intangible assets stemming from this acquisition is between 1 and 24 years.

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

OneStep

On 23 February 2018, the Group acquired the entire share capital of OneStep Solutions (Resources) Limited and OneStep Solutions LLP for consideration of £7,400,000 plus acquisition costs of £170,000. OneStep provides cloud-based application software and related services to support the complete debt recovery process. The business contributed revenue of £1,290,000 and net profit of £2,000 to the Group's revenue and net loss for the period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	Fair value adjustments	Recognised values on acquisition
	£000	£000	£000
Acquiree's net liabilities at the acquisition date:			
Tangible fixed assets	374	-	**374**
Intangible assets	1,735	5,050	**6,785**
Trade and other debtors	398	-	**398**
Cash	549	-	**549**
Trade and other creditors	(499)	14	**(485)**
Deferred tax liabilities	(57)	(859)	**(916)**
Provisions	-	(72)	**(72)**
Net identifiable assets and liabilities	2,500	4,133	**6,633**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**7,300**
Deferred cash consideration			**100**
Costs directly attributable to the business combination			**170**
Total consideration			**7,570**
Goodwill on acquisition			**937**

Adjustments have been made to recognise the fair value of assets and liabilities as at the date of acquisition.

The expected useful life of goodwill and other intangible assets stemming from this acquisition is 10 years.

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Nationwide Retail Systems

On 3 May 2018, the Group acquired the entire share capital of Nationwide Retail Systems Limited ('NRS') for consideration of £22,225,000 plus acquisition costs of £318,000. NRS provides integrated payment solutions, including cashless catering systems. The business contributed revenue of £2,770,000 and net profit of £961,000 to the Group's revenue and net loss for the period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	**Fair value adjustments**	**Recognised values on acquisition**
	£000	**£000**	**£000**
Acquiree's net liabilities at the acquisition date:			
Tangible fixed assets	352	-	**352**
Intangible assets	-	10,413	**10,413**
Trade and other debtors	1,316	(95)	**1,221**
Cash	9,765	-	**9,765**
Trade and other creditors	(1,724)	(332)	**(2,056)**
Deferred tax asset/(liability)	2	(1,770)	**(1,768)**
Provisions	-	(50)	**(50)**
Net identifiable assets and liabilities	9,711	8,166	**17,877**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**22,225**
Costs directly attributable to the business combination			**318**
Total consideration			**22,543**
Goodwill on acquisition			**4,666**

Adjustments have been made to recognise the fair value of assets and liabilities as at the date of acquisition.

The expected useful life of goodwill and other intangible assets stemming from this acquisition is 10 years.

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Visionware

On 25 May 2018, the Group acquired the entire share capital of Visionware Limited for consideration of £10,650,000 plus acquisition costs of £303,000. Visionware provides master data management (MDM) solutions for local and regional government and healthcare, with customer business activities in both the UK and the USA. The business contributed revenue of £1,696,000 and net profit of £542,000 to the Group's revenue and net loss for the period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	Fair value adjustments	Recognised values on acquisition
	£000	£000	£000
Acquiree's net liabilities at the acquisition date:			
Tangible fixed assets	592	-	**592**
Intangible assets	596	4,111	**4,707**
Trade and other debtors	1,446	-	**1,446**
Cash	877	-	**877**
Trade and other creditors	(1,795)	(23)	**(1,818)**
Bank loans	(4,548)	-	**(4,548)**
Deferred tax liabilities	(12)	(699)	**(711)**
Net identifiable assets and liabilities	(2,844)	3,389	**545**

Total cost of business combination:	
Consideration paid:	
Initial cash consideration relating to business combination	**5,058**
Deferred cash consideration	**5,592**
Costs directly attributable to the business combination	**303**
Total consideration	**10,953**
Goodwill on acquisition	**10,408**

Adjustments have been made to recognise the fair value of assets and liabilities as at the date of acquisition.

The expected useful life of goodwill and other intangible assets stemming from this acquisition is 10 years.

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Carelink

On 1 August 2018, the Group acquired the entire share capital of Icon Global Group Pty Limited and its subsidiaries, trading as 'Carelink', for consideration of £5,843,000 plus acquisition costs of £121,000. The companies are incorporated in Australia, where Carelink provides cloud-based software solutions for the community care market. The business contributed revenue of £999,000 and net profit of £178,000 to the Group's revenue and net loss for the period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	**Fair value adjustments**	**Recognised values on acquisition**
	£000	**£000**	**£000**
Acquiree's net liabilities at the acquisition date:			
Tangible fixed assets	95	-	**95**
Intangible assets	-	5,269	**5,269**
Trade and other debtors	919	-	**919**
Cash	1,373	-	**1,373**
Trade and other creditors	(2,664)	-	**(2,664)**
Deferred tax asset/(liability)	325	(567)	**(242)**
Provisions	(44)	-	**(44)**
Net identifiable assets and liabilities	4	4,702	**4,706**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**5,843**
Costs directly attributable to the business combination			**121**
Total consideration			**5,964**
Goodwill on acquisition			**1,258**

Adjustments have been made to recognise the fair value of assets and liabilities as at the date of acquisition.

The expected useful life of goodwill and other intangible assets stemming from this acquisition is 10 years.

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

iCasework

On 27 September 2018, the Group acquired the entire share capital of iCasework Limited for consideration of £19,516,000 plus acquisition costs of £485,000. iCasework provides cloud-based case management systems to both public services and commercial organisations for handling complaints, requests and correspondence. The business contributed no revenue or net profit to the Group's revenue and net loss for the period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	Fair value adjustments	Recognised values on acquisition
	£000	**£000**	**£000**
Acquiree's net liabilities at the acquisition date:			
Intangible assets	-	8,275	**8,275**
Trade and other debtors	1,373	-	**1,373**
Cash	3,155	-	**3,155**
Trade and other creditors	(613)	-	**(613)**
Deferred tax liabilities	-	(1,406)	**(1,406)**
Provisions	(260)	-	**(260)**
Net identifiable assets and liabilities	3,655	6,869	**10,524**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**19,516**
Costs directly attributable to the business combination			**485**
Total consideration			**20,001**
Goodwill on acquisition			**9,477**

Adjustments have been made to recognise the fair value of assets and liabilities as at the date of acquisition.

The expected useful life of goodwill and other intangible assets stemming from this acquisition is 10 years.

Trade and assets

On 31 May 2018, the Group acquired certain trade and assets from Northgate Public Services (UK) Limited in respect of its payments systems business. The Group acquired net liabilities with a fair value of £693,000 and received cash consideration of £193,000. Costs directly attributable to the business combination were £50,000, and goodwill of £550,000 was recognised. The expected useful life of goodwill stemming from this acquisition is 10 years.

Notes *(continued)*

3 Turnover

	Period from 19 September 2017 to 30 September 2018	Year ended 30 September 2018 (pro forma unaudited)
	£000	£000
Sale of goods	**94,751**	96,229
Rendering of services	**269,619**	277,005
Total turnover	**364,370**	373,234

	Period from 19 September 2017 to 30 September 2018	Year ended 30 September 2018 (pro forma unaudited)
	£000	£000
By activity:		
Owned software and related equipment	**69,008**	69,942
Third party software and services	**25,743**	26,287
Implementation and consulting services	**85,236**	87,824
Recurring support and managed services	**184,383**	189,181
Total turnover	**364,370**	373,234
By geographical market:		
United Kingdom	**257,048**	263,704
Australasia and Far East	**102,081**	104,150
North America	**5,241**	5,380
Total turnover	**364,370**	373,234

Notes *(continued)*

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2018 £000
Depreciation of owned tangible fixed assets:	**3,847**
Amortisation	**66,255**
Exceptional costs – included in administrative expenses	**5,972**
Project Centum 2 – included in administrative expenses	**1,796**

During the period the group incurred exceptional costs of which £1,482,000 related to the strategic reorganisation of its operations, and £163,000 of aborted acquisition costs. £4,327,000 related to fees payable to Partners Group.

Following the acquisition of the Civica Group in October 2017, the Group commenced a secondary phase of Project Centum to build a stronger platform for growth. Costs incurred during 2018 were £1,796,000. These costs are not core to the operations of the Group's activities and separate disclosure allows users of the accounts to better understand the underlying trading performance and to create a better comparative for future trading periods.

Auditor's remuneration:

	2018 £000
Audit of these financial statements	**46**
Amounts receivable by the company's auditor and its associates in respect of:	
Audit of financial statements of subsidiaries of the company	**236**
Taxation and other services	**86**

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	Number of employees 2018
Technical	**3,509**
Sales and marketing	**199**
Administration	**467**
	4,175

The aggregate payroll costs of these persons were as follows:

	2018 £000
Wages and salaries	**156,685**
Social security costs	**14,410**
Contributions to defined contribution plans	**10,465**
	181,560

Notes *(continued)*

6 Directors' remuneration

	2018
	£000
Directors' remuneration	**2,274**
Company contributions to money purchase pension plans	**-**

The aggregate of remuneration of the highest paid director was £784,908, and company pension contributions of £nil were made to a money purchase scheme on their behalf.

	Number of directors 2018
Retirement benefits are accruing to the following number of directors under:	
Money purchase schemes	**-**

Transactions with key management personnel are disclosed in note 24.

7 Interest receivable and similar income

	2018
	£000
Bank interest	**148**
Exchange differences on inter-company loans	**4,111**
Total interest receivable and similar income	**4,259**

8 Interest payable and similar charges

	2018
	£000
Interest payable on financial liabilities	**33,054**
Net interest expense on net defined benefit liabilities	**59**
Accrued preference share dividends (see note 16)	**57,006**
Total interest payable and similar charges	**90,119**

Notes *(continued)*

9 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

		2018
	£000	**£000**
Current tax		
UK corporation tax on income for the period	**(4,170)**	
UK corporation tax adjustment in respect of prior periods	**48**	
Overseas tax on income for the period	**(3,504)**	
Total current tax		**(7,626)**
Deferred tax (see note 18)		
Origination and reversal of timing differences	**3,974**	
Adjustments in respect of previous periods	**76**	
Total deferred tax		**4,050**
Total tax		**(3,576)**

	2018		
	Current tax	**Deferred tax**	**Total tax**
	£000	**£000**	**£000**
Recognised in Profit and loss account	**(7,626)**	**4,193**	**(3,433)**
Recognised in other comprehensive income	**-**	**(143)**	**(143)**
Total tax	**(7,626)**	**4,050**	**(3,576)**

Notes *(continued)*

9 Taxation *(continued)*

Analysis of current tax recognised in profit and loss

	2018 £000
UK corporation tax	**(4,122)**
Foreign tax	**(3,504)**
Total current tax recognised in profit and loss	**(7,626)**

Reconciliation of effective tax rate

	2018 £000
Loss for the period	**(89,914)**
Total tax expense recognised in profit and loss	**(3,433)**
Loss excluding taxation	**(86,481)**
Tax using the UK corporation tax rate of 19%	**16,431**
Non-deductible expenses	**(10,673)**
Goodwill amortisation	**(5,514)**
Temporary differences on which no deferred tax assets were recognised	**(4,170)**
Recognition of previously unrecognised tax losses	**223**
Effect of corporation tax rates in foreign jurisdictions	**67**
Tax adjustment in respect of previous periods	**124**
Foreign exchange adjustments on overseas deferred tax	**(73)**
Difference between deferred tax rate and corporation tax rate	**152**
Total tax expense included in profit or loss	**(3,433)**

The main rate of UK corporation tax for the period ended 30 September 2018 was 19%. Finance Act 2016 has set the Corporation Tax rate from 1 April 2020 at 17%, which was substantively enacted at the balance sheet date.

Notes *(continued)*

10 Intangible assets and goodwill

Group	Goodwill £000	Customer relationships £000	Software (own use) £000	Software development £000	Brands £000	Total £000
Cost						
Acquisitions through business combinations	579,211	510,847	2,347	95,176	63,477	1,251,058
Additions – internally developed	-	-	-	6,927	-	6,927
Additions – externally purchased	-	-	1,975	-	-	1,975
Effect of movements in foreign exchange	-	-	-	(615)	-	(615)
At end of the period	579,211	510,847	4,322	101,488	63,477	1,259,345
Amortisation and impairment						
Amortisation for the period	28,462	24,373	1,718	8,528	3,174	66,255
Effect of movements in foreign exchange	-	-	-	(482)	-	(482)
At end of the period	28,462	24,373	1,718	8,046	3,174	65,773
Net book value						
At 30 September 2018	**550,749**	**486,474**	**2,604**	**93,442**	**60,303**	**1,193,572**

Amortisation charge

The amortisation charge is recognised in the administrative expenses line in the profit and loss account.

11 Tangible fixed assets

Group	Freehold land and buildings £000	Leasehold property £000	Computer equipment, fixtures and fittings £000	Total £000
Cost				
Acquisitions through business combinations	6,705	1,618	6,480	14,803
Additions	59	1,241	4,414	5,714
Disposals	(300)	-	(39)	(339)
Effect of movements in foreign exchange	-	3	(893)	(890)
At end of the period	6,464	2,862	9,962	19,288
Depreciation and impairment				
Depreciation charge for the period	344	495	3,008	3,847
Effect of movements in foreign exchange	-	1	(649)	(648)
At end of the period	344	496	2,359	3,199
Net book value				
At 30 September 2018	**6,120**	**2,366**	**7,603**	**16,089**

Notes *(continued)*

12 Fixed asset investments

Company	Shares in subsidiary undertakings £000
Cost and net book value	
Subscription for shares in subsidiary undertakings	588,776
At end of period	**588,776**

Shares in subsidiary undertakings (which are included in these Group accounts) at the period-end are as follows:

Company	Country of incorporation	Principal activities	Class and % of shares held
Active companies:			
Camelia Investment 2 Limited	United Kingdom	Holding company	Ordinary 100%
Camelia Investment 3 Limited *	United Kingdom	Holding company	Ordinary 100%
Camelia Bidco Limited *	United Kingdom	Holding company	Ordinary 100%
Chambertin (Holdings) Limited *	United Kingdom	Holding company	Ordinary 100%
Chambertin Finance Limited *	United Kingdom	Holding company	Ordinary 100%
Chambertin Midco Limited *	United Kingdom	Holding company	Ordinary 100%
Chambertin Acquisition Limited *	United Kingdom	Holding company	Ordinary 100%
Cornwall TopCo Limited *	United Kingdom	Holding company	Ordinary 100%
Cornwall MidCo Limited *	United Kingdom	Holding company	Ordinary 100%
Cornwall BidCo Limited *	United Kingdom	Holding company	Ordinary 100%
Civica Group Limited *	United Kingdom	Holding company	Ordinary 100%
Civica Holdings Limited *	United Kingdom	Holding company	Ordinary 100%
Civica UK Limited *	United Kingdom	Trading **	Ordinary 100%
Civica Pty Limited *	Australia	Trading **	Ordinary 100%
Civica BPO Pty Limited *	Australia	Trading **	Ordinary 100%
Civica Solutions Pty Ltd *	Australia	Trading **	Ordinary 100%
Civica Education Pty Ltd *	Australia	Trading **	Ordinary 100%
Civica Pte Limited *	Singapore	Trading **	Ordinary 100%
Creative Microsystems Inc *	USA	Trading **	Ordinary 100%
Chambertin Australia Holdco Pty Limited *	Australia	Holding company	Ordinary 100%
Chambertin Australia Bidco Pty Limited *	Australia	Holding company	Ordinary 100%
Civica Technologies Limited *	United Kingdom	Holding company	Ordinary 100%
Asidua Holdings Limited *	Northern Ireland	Holding company	Ordinary 100%
Civica NI Limited *	Northern Ireland	Trading **	Ordinary 100%
Civica Ireland Limited *	Republic of Ireland	Trading **	Ordinary 100%
Civica Resource Private Limited *	India	Trading **	Ordinary 100%
Carval Computing Limited *	United Kingdom	Trading **	Ordinary 100%
OneStep Solutions (Resources) Limited *	United Kingdom	Trading **	Ordinary 100%
OneStep Solutions LLP *	United Kingdom	Trading **	100%
Nationwide Retail Systems Limited *	United Kingdom	Trading **	Ordinary 100%
Visionware Limited *	Scotland	Trading **	Ordinary 100%
Visionware Inc *	USA	Trading **	Ordinary 100%
Icon Global Group Pty Ltd *	Australia	Holding company	Ordinary 100%
Icon Global Solutions Pty Ltd *	Australia	Trading **	Ordinary 100%
IGS Assets Pty Ltd *	Australia	Trading **	Ordinary 100%
iCasework Holding Limited *	United Kingdom	Holding company	Ordinary 100%
iCasework Limited *	United Kingdom	Trading **	Ordinary 100%

Notes *(continued)*

12 Fixed asset investments *(continued)*

Company	Country of incorporation	Principal activities	Class and % of shares held
Dormant companies:			
Civica Services Limited *	United Kingdom	Inactive	Ordinary 100%
Alahar Limited *	United Kingdom	Inactive	Ordinary 100%
Norwel Computer Services Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Resource Limited *	United Kingdom	Inactive	Ordinary 100%
Coldharbour Systems Limited *	United Kingdom	Inactive	Ordinary 100%
CCS IT Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Financial Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Gateway Computing Limited *	United Kingdom	Inactive	Ordinary 100%
Public Sector Costing Associates Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Trustees Limited *	United Kingdom	Inactive	Ordinary 100%
Sudiar Limited *	United Kingdom	Inactive	Ordinary 100%
Radius Pension Trustees Limited *	United Kingdom	Inactive	Ordinary 100%
Asidua (GB) Limited *	Northern Ireland	Inactive	Ordinary 100%
WTG Technologies Group Limited *	United Kingdom	Inactive	Ordinary 100%
WTG Technologies Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Group Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Information Processing Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Holdings Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Type B Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Software Products Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Consultancy Services Limited *	United Kingdom	Inactive	Ordinary 100%
SFW Limited *	United Kingdom	Inactive	Ordinary 100%
Abritas Limited *	United Kingdom	Inactive	Ordinary 100%
Cornwall Australia Pty Ltd *	Australia	Inactive	Ordinary 100%
WHICS Product Pty Ltd *	Australia	Inactive	Ordinary 100%
Karmet Pty Ltd *	Australia	Inactive	Ordinary 100%
England Consulting Pty Ltd *	Australia	Inactive	Ordinary 100%
Genasys Systems Pty Limited *	Australia	Inactive	Ordinary 100%
Visionware EBT Trustee Limited *	Scotland	Inactive	Ordinary 100%
Simula Pty Ltd *	Australia	Inactive	Ordinary 100%
iCasework Inc *	USA	Inactive	Ordinary 100%

* Interests held indirectly

** All trading companies' principal activities are in line with those of the Group, being the provision of software, digital solutions and technology-based managed services, primarily to the public sector and regulated markets.

Registered office addresses

United Kingdom: South Bank Central, 30 Stamford Street, London, SE1 9LQ.
Northern Ireland: 10 Weavers Court, Belfast, BT12 5GH.
Republic of Ireland: 18-19 College Green, Dublin 2.
Scotland: 105 West George Street, Glasgow, Strathclyde, G2 1PB
Australia: Level 10, 163-175 O'Riordan Street, Mascot NSW 2020, Australia.
Singapore: 6 Harper Road, Leong Huat Building, 04-08, Singapore 369674.
USA: 52 Hillside Court, Englewood, Ohio 45322, USA.
India: Ozone Building, Vikram Sarabhai Road, Sarabhai Campus, Vadodara - 390007, India.

Notes *(continued)*

13 Debtors

	Group 2018 £000	Company 2018 £000
Trade debtors	**35,030**	
Amounts recoverable on contracts	**66,449**	**-**
Prepayments and other debtors	**16,981**	**-**
Corporation tax	**-**	**2**
	118,460	**2**
Due within one year	**118,460**	**2**

14 Creditors: amounts falling due within one year

	Group 2018 £000	Company 2018 £000
Bank loans and overdrafts (see note 16)	**(1,648)**	**-**
Trade creditors	**15,192**	**-**
Taxation and social security	**11,581**	**-**
Accruals and other creditors	**42,106**	**-**
Deferred income	**52,696**	**-**
Contingent consideration	**5,692**	**-**
Corporation tax	**4,503**	**-**
	130,122	**-**

Notes *(continued)*

15 Creditors: amounts falling after more than one year

	Group 2018 £000	Company 2018 £000
Bank loans and overdrafts (see note 16)	**567,706**	**-**
Preference shares classified as liabilities	**587,776**	**587,776**
Accrued dividends on preference shares	**57,006**	**57,006**
Amounts owed to group undertakings	**-**	**8**
	1,212,488	**644,790**

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings.

	Group 2018 £000	Company 2018 £000
Creditors falling due after more than one year		
Secured bank loans	**567,706**	**-**
Preference shares classified as liabilities	**587,776**	**587,776**
Accrued dividends on preference shares	**57,006**	**57,006**
	1,212,488	**644,782**
Creditors falling due within less than one year		
Secured bank loans	**(1,648)**	**-**
	(1,648)	**-**

Secured bank loans

Included as a deduction against bank loans are £10,299,000 of costs attributable to the raising of bank loans. £1,648,000 of these costs are set against bank loans due within one year. The costs are being amortised over the duration of the loans.

Secured bank loans falling due after more than one year include £53,200,000 relating to a revolving credit facility, which is available to the Group until April 2024. The facility has been utilised to part-fund acquisitions. The Group has the sole discretion to roll the loan over in periods of between 1 and 6 months (unless otherwise agreed), and is not obliged to make payment in cash until April 2024. The Group does not intend to repay the loan within the next 12 months and therefore has been presented as falling due after more than one year.

The Group's bank loans are secured by way of a fixed and floating charge over the assets of the Group. Bank loans are denominated in Sterling, with the exception of £46,657,000 included within creditors falling due after more than one year which is denominated in Australian Dollars and translated to Sterling at the period end rate. Bank loans attract interest rates at LIBOR plus margins of between 3.25% and 7.25%. All bank loans are repayable at maturity, which range between April 2024 and October 2025.

Preference shares

The holders of the preference shares are entitled to 10% per annum dividends in priority of the rights of any other class of shares, which accrue and are compounded annually. They have no right to capital other than the repayment of the issue price of the preference shares. They are redeemable on an exit or earlier with investor consent, and have no voting rights.

Notes *(continued)*

17 Analysis of changes in net debt

Group

	Acquired on 12 October 2017 £000	Cash flow £000	Non cash changes £000	**At 30 September 2018 £000**
Bank debt due within one year	(7,852)	12,448	(2,948)	**1,648**
Bank debt due after more than one year	(285,727)	(278,806)	(3,173)	**(567,706)**
Shareholder loan notes due after more than one year	(229,751)	229,751	-	**-**
Accrued shareholder loan note interest	(112,495)	112,495	-	**-**
Gross debt	(635,825)	75,888	(6,121)	**(566,058)**
Cash at bank and in hand	40,349	(439)	(802)	**39,108**
Net debt	(595,476)	75,449	(6,923)	**(526,950)**

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets**	**Liabilities**	**Net**
Accelerated capital allowances	**2,526**	**-**	**2,526**
Arising on business combinations	**-**	**(117,018)**	**(117,018)**
Employee benefits	**185**	**-**	**185**
Other	**6,579**	**-**	**6,579**
Deferred tax assets / (liabilities)	**9,290**	**(117,018)**	**(107,728)**

The group has tax losses arising in the UK of £43,983,000 that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group, and they have arisen in subsidiaries that have no ability to use these losses in the foreseeable future.

The amount of the net reversal of deferred tax liabilities expected to occur next year is £6,534,000, relating to the reversal of timing differences on intangible fixed assets, and a net reversal of deferred tax assets of £111,000 relating to the reversal of timing differences on tangible fixed assets and pension liabilities.

Company

The company has no deferred tax assets or liabilities, either recognised or unrecognised.

Notes *(continued)*

19 Provisions

Group	**Property provisions £000**	**Total £000**
On acquisition of Civica Group	4,543	4,543
Amounts arising from other acquisitions	426	426
Provisions utilised during the period	(340)	(340)
Provisions released during the period	(407)	(407)
Balance sheet reclassifications during the period	(165)	(165)
Created during the period	62	62
Effect of movements in foreign exchange	(11)	(11)
Balance at end of the period	**4,108**	**4,108**

Property provisions relate to dilapidation provisions. These are utilised as costs are incurred.

Company

The Company has no provisions.

20 Employee benefits

Defined benefit plans

The Group operates a defined benefit scheme, the Radius Group Pension Scheme ("the Radius Scheme"), and is a participating employer in two other defined benefit pension schemes, The Sanderson Group Retirement Benefit Scheme ("the Group Scheme") and The Pension and Life Assurance Plan of Sanderson Systems Limited ("the Systems Scheme"). The schemes were acquired on the acquisition of the Civica Group.

Radius Scheme

The Radius Scheme is a self-administered pension scheme which provides retirement benefits to current and former employees. Prior to 1 October 2001, the scheme provided benefits on both a defined contribution and defined benefit basis. The defined benefit section was closed to members, with the exception of long service staff in January 1995. With effect from 1 October 2001 all future benefits for all staff have accrued on a defined contribution basis. The scheme is closed to new members, but certain employees continue to have deferred benefits accrued.

The latest actuarial valuation was at 5 April 2015.

Group Scheme and Systems Scheme

The Group Scheme and Systems Scheme are sectionalised, and the assets and liabilities attributable to the Group are ring-fenced. The Group has no accountability for the other participating employers' assets and liabilities.

The employers are required to make contributions at a level that is set to make good any past service deficit, as the schemes are both closed to new members and future accrual. The funding arrangements have been agreed as a fixed percentage.

The latest actuarial valuation of the Group Scheme was at 1 April 2017, and the Systems Scheme was at 1 November 2017.

The Group includes the assets and liabilities of these arrangements in the consolidated balance sheet. Current service costs, curtailment and settlement gains and losses, and net interest on the net defined benefit liability are included in the profit and loss account in the period to which they relate. Actuarial gains and losses are recognised in other comprehensive income. The information disclosed below is in respect of the whole of the three plans of the Group.

Notes *(continued)*

20 Employee benefits *(continued)*

Net pension liability

	2018 £000
Defined benefit obligation	**(25,550)**
Plan assets	**24,464**
Net pension liability	**(1,086)**

Movements in present value of defined benefit obligation

	2018 £000
On acquisition	**(26,437)**
Interest expense	**(731)**
Remeasurement: actuarial gains	**610**
Benefits paid	**1,008**
At 30 September 2018	**(25,550)**

Movements in fair value of plan assets

	2018 £000
On acquisition	**24,162**
Interest income	**672**
Remeasurement: return on plan assets less interest income	**230**
Administrative expenses	**(17)**
Contributions by employer	**425**
Benefits paid	**(1,008)**
At 30 September 2018	**24,464**

Expense recognised in the profit and loss account

	2018 £000
Net interest on net defined benefit liability	**(59)**
Administrative expenses	**(17)**
Total expense recognised in profit or loss	**(76)**

The total recognised in the statement of other comprehensive income are remeasurement gains of £840,000.

Notes *(continued)*

20 Employee benefits *(continued)*

The fair value of the plan assets and the return on those assets were as follows:

	2018 Fair value £000
Equities	**9,626**
Fixed income bonds	**7,671**
Group pension contract	**2,682**
Property	**29**
Cash	**239**
Guaranteed annuity rates	**4,079**
Other	**138**
	24,464
Actual return on plan assets	**230**

Principal actuarial assumptions at the period-end and the range of values (expressed as weighted averages) applied to the schemes were as follows:

	2018 %
Discount rate	**2.7 – 3.0**
Inflation rate (RPI)	**3.0 – 3.5**
Future pension increases	**2.5 – 5.0**

In valuing the liabilities of the pension funds at 30 September 2018, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.8 to 22.5 years (male), 23.7 to 24.5 years (female).
- Future retiree upon reaching 65: 22.8 to 23.6 years (male), 24.9 to 25.7 years (female).

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current period was £10,465,000.

Notes *(continued)*

21 Capital and reserves

Share capital

In thousands of shares	**Ordinary shares**	**Preference shares**	**Total**
Issued during the period	**1,000**	**58,777,648**	**58,778,648**
On issue at end of the period – fully paid	**1,000**	**58,777,648**	**58,778,648**

		2018
		£
Allotted, called up and fully paid		
705,573	A ordinary shares of £0.01 each	**7,056**
49,427	B ordinary shares of £0.01 each	**494**
175,800	C ordinary shares of £0.01 each	**1,758**
69,200	D ordinary shares of £0.70 each	**48,440**
Total classified in shareholders' funds		**57,748**
58,777,647,545	Preference shares of £0.0000001 each	**5,878**
Total classified in creditors: amounts falling due after more than one year		**5,878**
Total allotted, called up and fully paid share capital		**63,626**

Share class rights

Ordinary shares

The holders of the A ordinary shares have full voting rights.

The holders of the B and C ordinary shares have no voting rights.

The holders of the D ordinary shares have voting rights which provide that each holder is entitled to such number of votes equal to 5% of the total number of votes available to be cast on any resolution.

The holders of A, B, C and D ordinary shares are entitled to receive full dividend and capital distribution (including on winding up). They have no rights of redemption.

Preference shares

The holders of the preference shares have no voting rights. They are entitled to 10% per annum dividends in priority of the rights of others of any class of shares. They have no right to capital other than the repayment of the issue price of the preference shares. They are redeemable on an exit or earlier with investor consent.

Reserves

Reserves of the Group represent the following:

Share premium

The excess of consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss

Cumulative total comprehensive income net of distributions to shareholders.

Notes *(continued)*

22 Financial instruments

Carrying amount of financial instruments

The balance sheet and notes to the financial statements provide information on the carrying amounts of financial assets and liabilities.

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2018 £000	Company 2018 £000
Less than one year	**6,338**	-
Between one and five years	**17,506**	-
More than five years	**17,757**	-
	41,601	-

During the period £7,547,000 was recognised as an expense in the profit and loss account in respect of operating leases.

24 Related parties

Group

Transactions with key management personnel

Total compensation of key management personnel in the period amounted to £2,274,000. At 30 September 2018, management personnel own 6.55% of the issued share capital of the Company.

On 12 October 2017, following the acquisition of Civica Group, outstanding loan notes were repaid in full to key management personnel totalling £3,921,000, plus £1,928,000 of accrued interest.

During the period, preference share dividends of £1,840,000 payable to key management personnel were accrued. The balance outstanding at the period-end was £1,840,000.

Other related party transactions

At 30 September 2018, 93.45% of the issued share capital of the Company is held by a funds owned or managed by Partners Group Holding AG (‘Partners Group’), a company registered in Switzerland and listed on the SIX Stock Exchange in Zurich.

During the period, preference share dividends of £53,274,000 payable to Partners Group were accrued. The balance outstanding at the period-end was £53,274,000.

Fees of £4,327,000 were paid to Partners Group AG, a subsidiary of Partners Group Holding AG, during the period.

Company

Transactions with key management personnel

During the period, preference share dividends of £1,840,000 payable to key management personnel were accrued. The balance outstanding at the period-end was £1,840,000.

Other related party transactions

During the period, preference share dividends of £53,274,000 payable to Partners Group were accrued. The balance outstanding at the period-end was £53,274,000.

Notes *(continued)*

25 Subsequent events

Acquisitions

Subsequent to the balance sheet date, the Group has acquired the entire share capital of:

Electoral Reform Services Limited and its subsidiaries ("ERS Group"). All ERS Group companies are incorporated in the United Kingdom, and provide software and services for election management, membership engagement, democracy and governance.

Trac Systems Limited and its subsidiary Zedcore Systems Limited, companies incorporated in the United Kingdom. Their principal activities are the provision of e-recruitment software and related services.

Defined benefit pension schemes

On 26 October 2018, the High Court issued a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes, including the three that Civica Group operates or participates in. We are working with the trustees and advisors to understand the potential additional liabilities relating to the Group's schemes, but it is anticipated to be in the region of 1% to 3% of scheme obligations.

26 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgements that affect the reported values of assets and liabilities, profits and losses, and associated disclosures. Estimates and judgements are continually evaluated based on historical experience and other factors such as expected future events. Actual values may differ to management estimates, and those estimates may be revised in the future either positively or negatively depending upon actual outcomes or changes in expectations.

Key assumptions and other sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year are as follows:

Pension assumptions

The Group makes assumptions regarding variables used in calculating the defined benefit pension scheme valuations and disclosures. These assumptions are made in conjunction with advice from independent actuaries, and are disclosed in note 20.

Revenue recognition

Accounting judgements are applied to recognition of revenue, in particular the 'unbundling' of different elements of certain multi-element contracts and selection of the most appropriate revenue model where contracts are long term in nature.

In both of these cases a range of acceptable outcomes are possible. Therefore, it is important that the approach and methodologies adopted are appropriate and consistently applied.

Fair values

Fair values of identifiable intangible assets recognised in business combinations relate to customer contracts and relationships at the date of each acquisition, as disclosed in note 2.

The key assumptions to calculate the fair values are the existence and value of contracts/customer relationships, rates of customer attrition, and the weighted average cost of capital.