Camelia Investment 1 Limited

Annual report and consolidated financial statements

Registered number 10969863

30 September 2019

Contents

Directors' Report and Strategic Report

The directors present their report and the audited consolidated financial statements for the year from 1 October 2018 to 30 September 2019.

Principal activities

The principal activities of the Group are the provision of business-critical software and digital solutions, 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 software and digital solutions which makes the Group a leading partner for customers across national, regional and local government, health & care, social housing, education and public safety, together with organisations in highly regulated sectors.

The Group has a strong track record as one of the UK's leading software providers, driven by a clear strategy and purpose to help our customers address rising expectations and sustained change and to transform the way they work. This strategy is focused around our software capability. Building on the foundation of our cloud software, we provide complementary digital solutions and managed services to support technology-based transformation.

Civica delivers value to our customers through our business model comprising:

1. Development and support of a broad range of business software to deliver and improve daily tasks and organisational efficiency from front line services to back office administration
2. Design, development and management of purpose-built digital applications to deliver a new generation of digital services, helping organisations to transform customer interaction and experience
3. Operational managed service delivery around Civica software platforms to help customers reduce cost and risk and support business transformation.

Underpinned by Civica's strong and purpose-driven culture, we focus and invest in our people who are the key to delivering these capabilities. Our team combines deep domain expertise and specialist skills in software design, implementation and support, digital solution design and delivery, and service transformation.

Business review

Trading results

Another successful year for the group, we delivered a strong performance and continued strategic progress in 2019. Executing our cloud strategy at pace has seen us maintain our excellent multi-year momentum. As we grow organically and through acquisition, we continue to out-perform the market.

Over the course of the year we added approximately 400 new colleagues, invested 20 per cent of revenues into product development and acquired five great software businesses. Once again, we achieved strong employee and customer satisfaction ratings and won a record number of contracts.

By continuing to focus our efforts on cloud adoption, software innovation and digital transformation – alongside our sustained emphasis on investing in people – the Group has now delivered net revenue growth of 56 per cent over the last three years.

During the year to 30 September 2019, turnover grew 14 per cent to £425.568 million *(unaudited pro forma year ended 30 September 2018:* £373.234 *million)*, led by strong performance across UK software divisions. Operating profit before depreciation, amortisation and exceptional charges increased by 15 per cent to £89.065 million *(unaudited pro forma year ended 30 September 2018: £77.665 million).*

We remain well positioned in our chosen markets, delivering above-market growth through the provision of specialist cloud software and innovative digital solutions that reflect market imperatives. Despite the unpredictable political and economic factors, we delivered a very healthy 17 per cent increase in the volume of major sales.

The Group performed well across major country markets, with UK and Ireland revenues increasing 24 per cent to £327.3 million (2018: £263.7 million). This was chiefly driven by good growth across local government, strengthening digital operations in Northern Ireland and the acquisition of ERS Group.

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Building on the strong foundation we have in Australia and New Zealand, our international activities made up approximately 23 per cent of Group revenues. The launch of four new products in Asia Pacific delivered additional pipeline, with further momentum continuing to gather through new opportunities and acquisitions.

Executing cloud at pace

Adoption of cloud software is now a recognised foundation for digital transformation and innovation. During 2019 we accelerated execution of our cloud strategy across the business, building on a leading position supported by continued strategic investment which will drive future growth.

Since 2017, we have quadrupled the number of customers using cloud solutions and in 2019 two thirds of major new sales were cloud-based. Seventeen of our specialist applications are now sold 'cloud only' and during the year we introduced new products and services to support customers. We also combined the delivery of large-scale and award-winning digital solutions with the addition of high-quality software assets via acquisition.

Driving innovation

Through our proven product strategy framework, we continue to focus on applying emerging technology to evolve our software and help our customers deliver better services. Innovation runs throughout the business, focused through our common software Development Tracks and nurtured with activities such as Fresh Thinking, our CodeIT initiatives and our Innovation Partners programme.

In addition to the development of Group-wide mobile working and digital engagement platforms, advances ranged from robotic process automation (RPA) for high-volume service requests to distributed ledger technology for verifiable voting.

Building on our increased activity, we launched 'North Star' to drive our position as an innovation leader for public services. This provides enhanced focus on innovation with a more systematic exploration and development of new opportunities and the acceleration and application of new ideas and technologies.

Complementary acquisitions

Expanding our capabilities and our market coverage, we completed five highly complementary acquisitions in the year. These added high-quality cloud software assets and help grow our activity in the markets aligned with our cloud strategy.

These included the following:

- ERS Group – leader in the democracy and engagement sector
- Trac Systems – e-recruitment software for the healthcare sector
- TranSend Solutions – leading SaaS solutions for delivery management
- Asset Edge – cloud-based asset management, adding a new local government niche
- Warwick International – cloud-based occupational health and health and safety software

The addition of ERS Group brought market-leading experience in election and voting management, community engagement and governance software, allowing us to form a new Democracy and Engagement division. In a year of unpredictable political movement in the UK, we were able to deliver over 4,500 customer projects and provide support at short notice for events including European, Conservative Party and UK General elections.

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

Continued investment in our platform

We progressed with our structured business improvement programme, to enhance global operations and ensure a scalable growth foundation through our platform-based business model.

The programme is designed to support the Group's strategic development and the way we operate. During 2019 we made further good progress. We invested in new sales optimisation and commercial management programmes, arming our sales teams with the enhanced tools and skills they need to further support our growth ambitions. We also initiated a programme to strengthen our brand positioning on existing strong brand awareness and advocacy.

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Continued investment in our platform *(continued)*

We grew our team in Vadodara, India, to approximately 500 colleagues (from 60 in 2016) and providing an outstanding resource to support all parts of the business globally through development productivity and greater efficiency, including back-office and Group functions.

Growth outlook

In 2019, our broader capability and ongoing strategic development led to a record order intake as we continued to build strong commercial relationships with existing customers and to win excellent new business.

With a leading position in a large and growing market, we remain committed to the further execution and evolution of our successful strategy. Our aim is to support both the needs of customers to improve public services and to achieve above-market growth for the Group.

The growing demand for cloud software and digital solutions and a period of renewed investment expected in public services bodes well. We believe Civica is in a strong position to continue our momentum and, with the enhancements to our global platform, we expect to drive sustained performance into 2020 and beyond.

Our people and our values

Our strength lies in Civica's people and we take great pride in our exceptional team and our genuine and purpose-driven culture.

We empower everyone to be the best they can, supporting and celebrating each other across our diverse, global team. We value our open and inclusive culture, and continue to focus and invest in our talented people underpinned by the Civica Way framework.

Our core values:

Knowledge

With deep understanding of our customers and of software, we are committed to developing and sharing our insight and expertise to help customers and colleagues achieve their goals.

Integrity

Reinforced by our culture we maintain consistently high standards as a trusted partner, delivering what we promise and remaining open, straightforward and fair at all times.

Action

We focus on delivering timely and effective results, always looking to do more and go further with a desire to help customers and colleagues make a positive difference and fulfil their potential.

A leading global employer

As the company grows we work hard to ensure Civica remains a great place to work, with a leading brand to attract bright talent. We are committed to supporting and rewarding high performance to underpin our continued growth and were delighted with renewed accreditation to the Investors in People Gold standard for a further three years.

During 2019 we launched a range of new and updated employee programmes and communications and through our internal YourVoice programme, maintained an excellent employee Net Promoter Score of +32. Civica was named a Glassdoor Employees' Choice Award winner, recognising our position as a flexible employer with a strong focus on work/life balance and effective leadership.

Platform for growth

We added almost 500 colleagues during the year as Civica continued our growth performance. Supported by the Group's consistent platform for workforce planning and talent acquisition, including our First Impressions on-boarding programme, we welcomed new colleagues directly, as well as through the successful integration of 5 new acquisitions.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

Platform for growth *(continued)*

In line with our Investors in People Gold accreditation, we encourage our people to build new skills throughout their careers and pursue their full potential. Through our global Learning Academy, we provide sustained learning and development in the workplace tailored to the needs of employees and to build the skills needed to deliver for customers. During 2019 this amounted to 167,800 hours, including new online formats to reach more people.

Succession planning is a consistent area of focus across the business. Structured activity ranged from regular team planning and the expansion of our Potential leadership training programme, to the seamless transition of 3 members of the Executive Management Board.

Internally we continued to promote employees and managers into new roles across the Group, developing and retaining key skills while supporting our global strategy and promoting collaboration. Overall one in four roles at Civica is filled via internal promotion.

The Group also provides a range of activities to foster and support innovation. Alongside existing activities such as regular CodeIT 'hackathons', new initiatives included our Fresh Thinking programme to enhance creativity in our developer community.

As a member of the 5% Club, we remain committed to our goal to make up 5 per cent of Civica's workforce with apprentices and graduates. In support of our rapid growth in Vadodara, driven by an increasing number of engagements across the Group, we drove a higher volume of graduate intake and training with closer university co-operation.

Diversity and inclusion

During the year we took further steps to improve inclusivity to ensure the Group's diverse community thrives in a supportive work environment. We encourage our people to be their true selves and explore what matters to them.

We became a signatory to the Tech Talent Charter in 2019, committed to inclusive recruitment and benchmarking progress against industry best practice, and were delighted to be included in the Financial Times list of Diversity Leaders.

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

	As at 31 December 2019		**As at 31 December 2018**	
	Female	**Male**	**Female**	**Male**
Number of employees	2,283	2,641	2,108	2,399
Of which managers	367	564	351	515
Of which senior managers	85	201	77	157
Of which Group directors	1	6	1	5

The Group continues to champion women in technology, and aims to increase the number of female employees through both development and recruitment of talented individuals. With a broad balance across the business, we were delighted that 5 colleagues were shortlisted for Women in IT Excellence Awards.

We partner with charity Young Enterprise for employees to mentor and inspire young people to consider a career in technology. Our Coding for Kids scheme, launched and developed by a female graduate, has involved several schools across Northern Ireland.

Investment in employee wellbeing is increasingly important. Civica has now trained more than 60 people as Mental Health Champions to support colleagues' wellbeing in the workplace, and we partnered with Specialisterne NI to help recruit and support autistic employees or those with Asperger's.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

Staying engaged

Keeping our people up-to-date and engaged is key to our success. From making sure teams understand how their roles contribute to our strategy, to sharing ideas and feedback, we run a continuous programme of activity across multiple channels. Initiatives like our Ideas into Action give colleagues a consistent means of challenging current processes and improving efficiency within our business.

Further activities range from First Impressions welcome days for new employees, office roadshows and our Boomerang 'back-to-the-floor' initiative run by our leadership team. Regular Group-wide calls and webinars keep employees informed of our latest product innovations and business developments.

Charity in the workplace

Spearheaded by the Civica Foundation, we create social value and make a difference to people and communities around the world. We encourage our people to 'Donate-a-day' for a worthwhile cause, act as a Charity Champion for their office and share their fundraising ideas with colleagues.

Throughout the year, the Group supports regular fundraising events in aid of its partner charities. These include Young Enterprise, Action for Children, Shelter and Water for Kids in the UK, and Whitelion and Room to Read in Australia. A wide range of further charitable events during the year included the Taste of Civica food festival in aid of the Koshish Milap Trust in Vadodara, food donation for the Dayton Area Food Bank in Ohio, and the 'Tales of S' writing competition to showcase the talents of young Singaporeans.

Rewarding our people

We believe in recognising the great efforts of our colleagues and their contribution to our performance. Via our 'Praise' scheme, people can share their gratitude for their colleagues online, while our Civica Special Thanks and Recognition (CSTAR) programme rewards employees who have gone the extra mile with points to exchange for products or experiences. The annual Civica Employee Awards, designed to recognise and reward our people who are actively going above and beyond are held in the UK, Australia and India, with more than 1,500 nominations received in 2019.

The Group provides a highly competitive benefits package, including flexible elements which people can tailor to their needs such as extra holiday and cycle-to-work schemes, plus employee offers.

Our health and wellbeing programme for all employees provides a foundation to support both mental and physical health. Alongside our Mental Health Champions initiative throughout our offices, we expanded Civica's Employee Assistance Programme and online Wellbeing Hub, while also introducing new parental leave entitlements and onsite health and wellbeing days.

Operational standards

We are fully committed to sound and fair business practices including zero tolerance on anti-corruption. Prevention, deterrence and detection of fraud or bribery is the responsibility of all and the company encourages employees 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 across our global supply chains.

Sustainable business

As a growing, fast-paced business, we understand the need to minimise our impact on the environment, which we continually review and strive to improve by working with employees, customers and suppliers. Our Environmental Management Team, made up of passionate and knowledgeable employees, supports the development of Civica's environmental policy and helps turn our great ideas into action.

Through effective use of technology, we help customers opt for more sustainable choices too, for example digital meeting apps to remove paper and supporting agile working at customer sites.

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.

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.

Directors' Report and Strategic Report *(continued)*

Key performance indicators *(continued)*

These KPIs for the year from 1 October 2018 to 30 September 2019, 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 1 October 2016 to 30 September 2017 under the previous ownership were:

		Year ended 30 September 2019	Period from 19 September 2017 to 30 September 2018	Pro forma Year ended 30 September 2018 (unaudited)	Year ended 30 September 2017
Turnover	£000	**425,568**	364,370	373,234	324,726
Gross profit	£000	**345,136**	313,057	320,563	280,688
%		**81.1%**	85.9%	85.9%	86.4%
Operating profit before amortisation and exceptional charges	£000	**80,379**	71,606	72,022	64,102
%		**18.9%**	19.7%	19.3%	19.7%
EBITDAE	£000	**89,065**	77,249	77,665	68,690
%		**20.9%**	21.2%	20.8%	21.2%
Operating cash flow	£000	**77,929**	68,011	68,333	64,575
Operating cash flow as a % of EBITDAE		**87.5%**	88.0%	88.0%	94.0%

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 (5).

Directors' Report and Strategic Report *(continued)*

Corporate governance *(continued)*

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 and infrastructure. 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 and project management 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.

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), OHSAS 18001 (Health & Safety), ISO22301 (Business Continuity), 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.

Directors' Report and Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

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 2019, Leverage headroom was 47.5%.

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, during the year, 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.

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 the Group so that the Group can manage the overall liquidity of the business effectively.

Market risk

The Group operates a portfolio of businesses across a number of geographies, and therefore has some exposure to foreign exchange risk. Approximately 23% 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.

Directors' Report and Strategic Report *(continued)*

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 £64,479,000 on preference shares were accrued during the year (2018 period £57,006,000 accrued).

Directors

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

Executive directors:

Wayne Story	Chief Executive Officer	
Phillip Rowland	Chief Financial Officer	

Non-executive directors:

Simon Downing	Non-Executive Chairman	
Christian Unger	Partners Group representative	
Bilge Ogut	Partners Group representative	
Charles Rees	Partners Group representative	
Guy Berruyer	Non-Executive Director	(appointed 1 March 2019)

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

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 26 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.

Directors’ Report and Strategic Report *(continued)*

Directors *(continued)*

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 25 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 European Private Equity business unit, based in Zug. She is a member of the Global Investment Committee and the Private Equity Direct Investment Committee, and a member of the Board of Directors of the firm's portfolio companies Civica and CPA Global. 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, USA.

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.

Guy Berruyer – Non-Executive Director

Guy was a FTSE-100 CEO of Sage Group from October 2010 until November 2014. His career in technology includes 17 years with SAGE, during which time he was instrumental in driving its cloud strategy. Guy was previously with Groupe Bull and Intuit. Guy is currently non-executive chairman of robotic process automation (RPA) provider Softomotive and social media monitoring and analytical tools provider BRANDWATCH, and a non-executive director at Meggitt PLC, A FTSE-100 Company. He has an MBA from Harvard Business School and a degree in electrical engineering.

About Partners Group

Partners Group is a global private markets investment manager, serving over 900 institutional investors. They have USD 94 billion in assets under management and more than 1,400 professionals across 20 offices worldwide. They realize potential in private markets by financing and developing great companies, desirable real estate and essential infrastructure. They create value in our investments through active and long-term responsible ownership. Since inception, they have invested over USD 130 billion in private equity, private real estate, private debt and private infrastructure on behalf of their clients.

Directors' Report and Strategic Report *(continued)*

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 year 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

4 February 2020

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 year. 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 year ended 30 September 2019 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 2019 and of the group's loss for the year 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 its effects are subject to unprecedented levels of uncertainty of consequences, 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 ("the going concern period").

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the 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 year 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 13, 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
15 Canada Square
London
E14 5GL

5 February 2020

Consolidated Profit and Loss Account

for year ended 30 September 2019

	Note	**Year ended 30 September 2019 £000**	*Restated* Period from 19 September 2017 to 30 September 2018 £000	Year ended 30 September 2018 (pro forma unaudited) * £000
Turnover	*1,3*	**425,568**	364,370	373,234
Cost of sales		**(80,432)**	(51,313)	(52,671)
Gross profit		**345,136**	313,057	320,563
Administrative expenses		**(351,392)**	(313,678)	(320,768)
Operating profit before amortisation and exceptional charges		**80,379**	71,606	72,022
Exceptional charges	*4*	**(8,314)**	(5,972)	(5,972)
Amortisation	*10*	**(78,321)**	(66,255)	(66,255)
Group operating loss		**(6,256)**	(621)	(205)
Interest receivable and similar income	*7*	**130**	4,259	
Interest payable and similar expenses	*8*	**(104,945)**	(90,119)	
Loss before taxation		**(111,071)**	(86,481)	
Tax on loss on ordinary activities	*9*	**3,282**	1,209	
Loss for the financial year		**(107,789)**	(85,272)	

All turnover and results are derived from continuing activities.

The notes on pages 23 to 54 form part of the financial statements.

Comparative financial information has been restated (see note 1.16).

* 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 to enable a year on year comparison of the Civica Group trading results (see note 26).

Consolidated Other Comprehensive Income
for the year ended 30 September 2019

	Note	**Year ended 30 September 2019 £000**	*Restated* Period from 19 September 2017 to 30 September 2018 £000
Loss for the year		**(107,789)**	(85,272)
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		**1,231**	(86)
Remeasurement of the net defined benefit pension liability	*20*	**(499)**	840
Deferred tax on other comprehensive income	*9*	**85**	(143)
Other comprehensive income for the year, net of income tax		**817**	611
Total comprehensive income for the year		**(106,972)**	(84,661)

Comparative financial information has been restated (see note 1.16).

The notes on pages 23 to 54 form part of the financial statements.

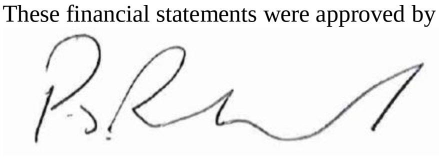
Consolidated Balance Sheet
at 30 September 2019

	Note	**2019**		*Restated* 2018	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets					
Goodwill	*10*	**556,714**		550,749	
Other intangibles	*10*	**654,362**		642,823	
			1,211,076		1,193,572
Tangible assets	*11*		**23,058**		16,089
			1,234,134		1,209,661
Current assets					
Debtors (including £4,402,000 *(2018: £5,068,000)* due after more than one year)	*13*	**153,554**		133,675	
Cash at bank and in hand		**37,792**		39,108	
		191,346		172,783	
Creditors: amounts falling due within one year	*14*	**(147,916)**		(145,337)	
Net current assets			**43,430**		27,446
Total assets less current liabilities			**1,277,564**		1,237,107
Creditors: amounts falling due after more than one year	*15*		**(1,358,346)**		(1,212,488)
Provisions for liabilities					
Deferred tax liability	*18*	**(103,747)**		(103,086)	
Provisions	*19*	**(3,949)**		(4,108)	
Pensions and similar obligations	*20*	**(2,155)**		(1,086)	
			(109,851)		(108,280)
Net liabilities			**(190,633)**		(83,661)
Capital and reserves					
Called up share capital	*21*		**58**		58
Share premium account			**942**		942
Profit and loss account			**(191,633)**		(84,661)
Shareholders' deficit			**(190,633)**		(83,661)

The notes on pages 23 to 54 form part of the financial statements.

Comparative financial information has been restated (see notes 1.15 and 1.16).

These financial statements were approved by the board of directors on 4 February 2020 and were signed on its behalf by:



Phillip Rowland
Director

Company registered number: 10969863

Company Balance Sheet
at 30 September 2019

	Note	**2019** £000	**2019** £000	2018 £000	2018 £000
Fixed assets					
Investments	*12*		**588,776**		588,776
Current assets					
Debtors	*13*	**7**		2	
		7		2	
Creditors: amounts falling due within one year	*14*	**-**		-	
Net current assets			**7**		2
Total assets less current liabilities			**588,783**		588,778
Creditors: amounts falling due after more than one year	*15*		**(709,303)**		(644,790)
Net liabilities			**(120,520)**		(56,012)
Capital and reserves					
Called up share capital	*21*		**58**		58
Share premium account			**942**		942
Profit and loss account			**(121,520)**		(57,012)
Shareholders' deficit			**(120,520)**		(56,012)

The notes on pages 23 to 54 form part of the financial statements.

These financial statements were approved by the board of directors on 4 February 2020 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 as previously reported		-	-	(89,914)	(89,914)
Effect of change in accounting policy	*1.16*	-	-	4,642	4,642
Restated loss for the period		-	-	(85,272)	(85,272)
Other comprehensive income		-	-	611	611
Total comprehensive income for the period		-	-	(84,661)	(84,661)
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 (restated)	*21*	**58**	**942**	**(84,661)**	**(83,661)**

	Note	**Share capital £000**	**Share premium £000**	**Profit and loss £000**	**Total equity £000**
Balance at 1 October 2018	*21*	**58**	**942**	**(84,661)**	**(83,661)**
Total comprehensive income for the year					
Loss for the year		-	-	(107,789)	(107,789)
Other comprehensive income		-	-	817	817
Total comprehensive income for the year		-	-	(106,972)	(106,972)
Balance at 30 September 2019	*21*	**58**	**942**	**(191,633)**	**(190,633)**

The notes on pages 23 to 54 form part of the financial statements.

Comparative financial information has been restated (see note 1.16).

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)**

	Share capital £000	Share premium £000	Profit and loss £000	Total equity £000
Balance at 1 October 2018	**58**	**942**	**(57,012)**	**(56,012)**
Total comprehensive income for the year				
Loss for the year	-	-	(64,508)	(64,508)
Total comprehensive income for the year	-	-	(64,508)	(64,508)
Balance at 30 September 2019	**58**	**942**	**(121,520)**	**(120,520)**

The notes on pages 23 to 54 form part of the financial statements.

Consolidated Cash Flow Statement
for the period ended 30 September 2019

	Note	**2019** **£000**	*Restated* **2018** **£000**
Cash flows from operating activities			
Loss for the year		**(107,789)**	(85,272)
Adjustments for:			
Depreciation and amortisation	*10,11*	**83,502**	70,102
Foreign exchange (gains)/losses	*7,8*	**344**	(4,111)
Interest receivable and similar income	*7*	**(130)**	(148)
Interest payable and similar charges	*8*	**104,601**	90,119
Taxation	*9*	**(3,282)**	(1,209)
		77,246	69,481
Increase in trade and other debtors		**(21,629)**	(30,799)
Increase in trade and other creditors		**11,331**	21,562
Decrease in provisions		**(689)**	(861)
Pension contributions in excess of service cost		**(295)**	(408)
		65,964	58,975
Tax paid		**(9,538)**	(5,143)
Net cash from operating activities		**56,426**	53,832
Cash flows from investing activities			
Interest received	*7*	**130**	148
Acquisition of subsidiaries	*2*	**(84,356)**	(476,365)
Purchase of tangible fixed assets	*11*	**(6,770)**	(5,714)
Proceeds from sale of tangible fixed assets		**5**	261
Purchase of software intangible assets	*10*	**(1,715)**	(1,975)
Capitalised development expenditure	*10*	**(7,606)**	(6,927)
Net cash from investing activities		**(100,312)**	(490,572)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		**31**	1,000
Proceeds from the issue/(purchase) of preference share capital		**(946)**	587,776
Proceeds from new bank loans		**82,150**	579,700
Repayment of shareholder loan notes and accrued interest		**-**	(342,246)
Interest paid		**(38,338)**	(31,690)
Repayment of borrowings		**-**	(305,990)
Payment of facility fees		**(284)**	(11,900)
Net cash from financing activities		**42,613**	476,650
Net increase in cash and cash equivalents		**(1,273)**	39,910
Cash and cash equivalents at the beginning of the year		**39,108**	-
Effect of exchange rate fluctuations on cash held		**(43)**	(802)
Cash and cash equivalents at the end of the year		**37,792**	39,108

The notes on pages 23 to 54 form part of the financial statements.

Comparative financial information has been restated (see notes 1.15 and 1.16).

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 year 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 25.

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 financial statements have been prepared on the going concern basis, notwithstanding the Group has made a loss of £107.8m in the year to 30 September 2019 (period ended 30 September 2018: £85.3m as restated) and as at that date had net liabilities of £190.6m (2018: £83.7m as restated), which the directors believe to be appropriate for the following reasons.

The Group meets its day-to-day working capital requirements through cash generated from the business, with facilities of £15.7m available for short-term bank borrowing if required. Financing from its shareholders and borrowings from external banks have been utilised to fund acquisitions.

As at 30 September 2019, the Group had net current assets of £43.4m (2018: £27.4m) and the Group generated positive operating cash from operating activities of £56.4m for the year then ended (period ended 30 September 2018: £53.8m).

As disclosed in note 15, included in the Creditors: amounts falling due after more than one year are preference shares and related accrued dividends of £709.3m (2018: £644.8m), which are redeemable on an exit or earlier by the Company (with the consent of directors representing the majority shareholder). The directors, who include representatives for the Group's majority shareholder, have considered the likelihood of an early redemption within the next 12 months that could affect their assessment of going concern, and consider the likelihood remote.

As disclosed in note 15, included in the Creditors: amounts falling due after more than one year are external borrowings of £649.1m (2018: £567.7m) which mature between April 2024 and October 2025. The directors anticipate that this balance will be refinanced in future years prior to maturity, and consider the Group to be in a position to obtain such finance.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern (continued)

The directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows to 31 March 2021. 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. These forecasts indicate that the Group will have sufficient funds, through the financing provided by the existing shareholders and by external borrowings, described above, to meet its liabilities and comply with covenants for that period.

The Directors recognise that the Group's forecasts depends on continuing to attract new customers and retain existing ones. In the worst-case scenario, the Group has potential mitigating actions, including reducing the level of controllable costs, that would allow it to continue to operate within the level of its current facility and covenants. In addition, the Group has a revolving credit facility available under the existing senior facility agreement with sufficient capacity to mitigate any such cash shortfalls.

Consequently, the directors have concluded that it is appropriate for the financial statements for the year ended 30 September 2019 to be prepared on a going concern basis.

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 2019. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Expenses (continued)

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.

1.6 Taxation

Tax on the profit or loss for the year 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 year, 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.

Notes *(continued)*

1 Accounting policies *(continued)*

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 group. 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.

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. Amounts recoverable on contracts represent accrued income balances that have not currently been billed to customers.

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 year 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.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Employee benefits (continued)

Defined benefit plans (continued)

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.

1.15 Prior year adjustment

During the year it was discovered that certain amounts recoverable on contracts (accrued income) and deferred income balances were presented on a net basis in the consolidated balance sheet as at 30 September 2018 when the right to offset these balances did not exist. The consolidated financial statements for the period ended 30 September 2018 have been restated to amend the presentation of these balances by increasing both the amounts recoverable on contracts and deferred income by £15,215,000. This restatement had no effect on the net assets as at 30 September 2018 and on net profit and net cash flows for the period then ended.

There was no impact on opening reserves as at 19 September 2017, the Company's date of incorporation.

	As at and for the period ended 30 September 2018 as previously reported £000	Restatement £000	As at and for the period ended 30 September 2018 as restated £000
Amounts recognised in consolidated balance sheet			
Debtors	118,460	15,215	133,675
Creditors: amounts falling due within one year	(130,122)	(15,215)	(145,337)
Amounts presented within cash flows from operating activities in consolidated cash flow statement			
Increase in trade and other debtors	(15,584)	(15,215)	(30,799)
Increase in trade and other creditors	6,347	15,215	21,562

Notes *(continued)*

1 Accounting policies *(continued)*

1.16 Change to accounting policy

In the UK, there is a restriction on the amount of interest charge that can be deducted for tax purposes in a tax year. Excess interest charges incurred may be carried forward to be deducted against future taxable profits.

During the period the directors have reviewed their accounting policy relating to the excess interest incurred that may be carried forward to be deducted against future taxable profits. A deferred tax asset is now recognised to the extent that it will be recovered against the reversal of deferred tax liabilities that exist at the balance sheet date. Previously a deferred tax asset was not recognised despite the existence of applicable deferred tax liabilities when the directors forecast that the company would not have sufficient capacity to deduct the excess interest from future taxable profits.

This change in application of FRS 102.29 resulted in the following:

	As at and for the period ended 30 September 2018 as previously reported £000	**Effect of change in accounting policy £000**	**As at and for the period ended 30 September 2018 as restated £000**
Amounts recognised in consolidated balance sheet			
Deferred tax liability	(107,728)	4,642	(103,086)
Profit and loss account	(89,303)	4,642	(84,661)
Net liabilities / shareholders' deficit	**(88,303)**	**4,642**	**(83,661)**
Amounts presented in consolidated profit and loss account			
Tax on loss on ordinary activities	(3,433)	4,642	1,209
Loss for the financial year	**(89,914)**	**4,642**	**(85,272)**
Amounts presented within cash flows from operating activities in consolidated cash flow statement			
Loss for the year	(89,914)	4,642	(85,272)
Taxation	3,433	(4,642)	(1,209)
Net increase in cash and cash equivalents	**39,910**	**-**	**39,910**

	As at and for the year ended 30 September 2019 before change in accounting policy £000	**Effect of change in accounting policy £000**	**As at and for the year ended 30 September 2019 after change in accounting policy £000**
Amounts recognised in consolidated balance sheet			
Deferred tax liability	(110,379)	6,632	(103,747)
Profit and loss account	(198,265)	6,632	(191,633)
Net liabilities / shareholders' deficit	**(197,265)**	**6,632**	**(190,633)**
Amounts presented in consolidated profit and loss account			
Tax on loss on ordinary activities	1,292	1,990	3,282
Loss for the financial year	**(109,779)**	**1,990**	**(107,789)**
Amounts presented within cash flows from operating activities in consolidated cash flow statement			
Loss for the year	(109,779)	1,990	(107,789)
Taxation	(1,292)	(1,990)	(3,282)
Net increase in cash and cash equivalents	**(1,273)**	**-**	**(1,273)**

There was no impact on comparative financial information as at 19 September 2017, the Company's date of incorporation.

Notes *(continued)*

2 Acquisitions of businesses

Electoral Reform Services Limited and its subsidiaries ("ERS Group")

On 30 November 2018, the Group acquired the entire share capital of the "ERS Group" for consideration of £77,131,000 plus acquisition costs of £1,455,000. The "ERS Group" provides end-to-end services and software for elections and ballots, democracy, membership and community engagement. The business contributed revenue of £40,444,000 and net profit of £6,028,000 to the Group's revenue and net loss for the year.

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	5,091	-	**5,091**
Intangible assets	-	33,307	**33,307**
Trade and other debtors	7,854	-	**7,854**
Cash	15,407	-	**15,407**
Trade and other creditors	(8,660)	(100)	**(8,760)**
Deferred tax liabilities	115	(5,582)	**(5,467)**
Provisions	-	(370)	**(370)**
Net identifiable assets and liabilities	19,807	27,255	**47,062**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**77,131**
Costs directly attributable to the business combination			**1,455**
Total consideration			**78,586**
Goodwill on acquisition			**31,524**

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)*

Trac Systems Limited** and its subsidiary **Zedcore Systems Limited

On 6 December 2018, the Group acquired the entire share capital Trac Systems Limited for consideration of £6,193,000 plus acquisition costs of £294,000. Trac Systems Limited and its subsidiary Zedcore Systems Limited specialises in e-recruitment software. The business contributed revenue of £9,016,000 and net profit of £719,000 to the Group's revenue and net loss for the year.

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	67	-	**67**
Intangible assets	-	3,522	**3,522**
Trade and other debtors	1,428	-	**1,428**
Cash	1,770	-	**1,770**
Trade and other creditors	(1,044)	-	**(1,044)**
Deferred tax liabilities	(7)	(580)	**(587)**
Provisions	-	(110)	**(110)**
Net identifiable assets and liabilities	2,214	2,832	**5,046**

Total cost of business combination:	
Consideration paid:	
Initial cash consideration relating to business combination	**5,743**
Deferred consideration	**450**
Costs directly attributable to the business combination	**294**
Total consideration	**6,487**
Goodwill on acquisition	**1,441**

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)*

TranSend Solutions Limited

On 28 February 2019, the Group acquired the entire share capital TranSend Solutions Limited for consideration of £9,933,000 plus acquisition costs of £237,000. TranSend Solutions Limited provides delivery management software. The business contributed revenue of £3,100,000 and net profit of £830,000 to the Group's revenue and net loss for the year.

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	45	-	**45**
Intangible assets	-	4,182	**4,182**
Trade and other debtors	904	-	**904**
Cash	2,593	-	**2,593**
Trade and other creditors	(1,355)	-	**(1,355)**
Deferred tax liabilities	-	(705)	**(705)**
Provisions	-	(37)	**(37)**
Net identifiable assets and liabilities	2,187	3,440	**5,627**

Total cost of business combination:	
Consideration paid:	
Initial cash consideration relating to business combination	**9,933**
Costs directly attributable to the business combination	**237**
Total consideration	**10,170**
Goodwill on acquisition	**4,543**

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)*

Asset Edge Pty Ltd

On 29 March 2019, the Group acquired the entire share capital of Asset Edge Pty Ltd for consideration of £3,275,000 plus acquisition costs of £195,000. The company is incorporated in Australia, where it provides asset management solutions. The business contributed revenue of £917,000 and net profit of £296,000 to the Group's revenue and net loss for the year.

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	125	-	**125**
Intangible assets	-	3,494	**3,494**
Trade and other debtors	120	-	**120**
Cash	117	-	**117**
Trade and other creditors	(506)	(683)	**(1,189)**
Deferred tax asset/(liability)	-	(387)	**(387)**
Net identifiable assets and liabilities	(144)	2,424	**2,280**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**3,275**
Costs directly attributable to the business combination			**195**
Total consideration			**3,470**
Goodwill on acquisition			**1,190**

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)*

Warwick International Computing Systems Limited

On 14 August 2019, the Group acquired the entire share capital of Warwick International Computing Systems Limited for consideration of £7,212,000 plus acquisition costs of £349,000. Warwick International Computing Systems Limited provides occupational health and health & safety software. The business contributed revenue of £530,000 and net profit of £171,000 to the Group's revenue and net loss for the year.

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	396	(364)	**32**
Intangible assets	-	3,800	**3,800**
Trade and other debtors	344	375	**719**
Cash	2,230	-	**2,230**
Trade and other creditors	(1,314)	(151)	**(1,465)**
Deferred tax liabilities	(6)	(635)	**(641)**
Provisions	-	(55)	**(55)**
Net identifiable assets and liabilities	1,650	2,970	**4,620**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**7,212**
Costs directly attributable to the business combination			**349**
Total consideration			**7,561**
Goodwill on acquisition			**2,941**

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)*

Acquisitions in the prior period

The Group acquired the entire share capital of Chambertin (Holdings) Limited and its subsidiary companies (the 'Civica Group') on 12 October 2017. It subsequently acquired OneStep Solutions (Resources) Limited and OneStep Solutions Limited on 23 February 2018, Nationwide Retail Systems Limited on 3 May 2018, Visionware Limited on 25 May 2018, Icon Global Group Pty Limited on 1 August 2018 and iCasework Limited on 27 September 2018. Those businesses contributed revenue of £364,370,000 and net profit after tax of £59,359,000 to the results of the Group in the prior year.

Subsequently, in accordance with FRS 102, the provisional fair values have been adjusted to recognise assets and liabilities as at the dates of acquisition:

	Fair value adjustment £000
Trade and other debtors	**583**
Cash	**14**
Trade and other creditors	**(2,485)**
Deferred tax asset/(liability)	**237**
Provisions	**42**
Net adjustment to identifiable assets and liabilities	**(1,609)**
Total cost of business combination:	
Adjustment to consideration	**(5,267)**
Adjustment to costs directly attributable to the business combination	**238**
Total adjustment to consideration	**(5,029)**
Adjustment to goodwill on acquisition	**(3,420)**

Notes *(continued)*

3 Turnover

	Year ended 30 September 2019 £000	Period from 19 September 2017 to 30 September 2018 £000	Year ended 30 September 2018 (pro forma unaudited) £000
Sale of goods	**92,609**	94,751	96,229
Rendering of services	**332,959**	269,619	277,005
Total turnover	**425,568**	364,370	373,234

	Year ended 30 September 2019 £000	Period from 19 September 2017 to 30 September 2018 £000	Year ended 30 September 2018 (pro forma unaudited) £000
By activity:			
Owned software and related equipment	**67,281**	69,008	69,942
Third party software and services	**25,328**	25,743	26,287
Implementation and consulting services	**117,717**	85,236	87,824
Recurring support and managed services	**215,242**	184,383	189,181
Total turnover	**425,568**	364,370	373,234
By geographical market:			
United Kingdom	**327,259**	257,048	263,704
Australasia and Far East	**91,821**	102,081	104,150
North America	**6,488**	5,241	5,380
Total turnover	**425,568**	364,370	373,234

Notes *(continued)*

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019 £000	2018 £000
Depreciation of owned tangible fixed assets:	**5,181**	3,847
Amortisation	**78,321**	66,255
Exceptional costs – included in administrative expenses	**8,314**	5,972
Project Centum 2 – included in administrative expenses	**3,505**	1,796

During the year the Group incurred exceptional costs of which £3,074,000 (2018 period £1,482,000) related to the strategic reorganisation of its operations, £nil (2018 period £163,000) of aborted acquisition costs, and £4,402,000 (2018 period £4,327,000) related to fees payable to Partners Group. Civica Group has also provided £838,000 (2018 period £nil) for the potential additional liabilities relating to equalisation of pension benefits for men and women in relation to guaranteed minimum pension benefits under the Group's schemes (see note 20).

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 2019 were £3,505,000 (2018 period £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:

	2019 £000	2018 £000
Audit of these financial statements	**52**	46
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**324**	236
Taxation and other services	**186**	86
	562	368

5 Staff numbers and costs

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

	2019	2018
Technical	**3,939**	3,509
Sales and marketing	**215**	199
Administration	**556**	467
	4,710	4,175

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	**178,121**	156,685
Social security costs	**15,731**	14,410
Contributions to defined contribution plans	**12,131**	10,465
	205,983	181,560

Notes *(continued)*

6 Directors' remuneration

	2019	2018
	£000	£000
Directors' remuneration	**1,861**	2,274

The aggregate of remuneration of the highest paid director was £670,000 (2018 £784,908).

Transactions with key management personnel are disclosed in note 24.

7 Interest receivable and similar income

	2019	2018
	£000	£000
Bank interest	**130**	148
Exchange differences on inter-company loans	**-**	4,111
Total interest receivable and similar income	**130**	4,259

8 Interest payable and similar expenses

	2019	2018
	£000	£000
Interest payable on financial liabilities	**40,096**	33,054
Net interest expense on net defined benefit liabilities	**27**	59
Exchange differences on inter-company loans	**344**	-
Accrued preference share dividends (see note 16)	**64,478**	57,006
Total interest payable and similar expenses	**104,945**	90,119

Notes *(continued)*

9 Taxation

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

				Restated
	2019			2018
	£000	**£000**	£000	£000
Current tax				
UK corporation tax on income for the year	**(3,897)**		(4,170)	
UK corporation tax adjustment in respect of prior periods	**1,103**		48	
Overseas tax on income for the year	**(874)**		(3,504)	
Total current tax		**(3,668)**		(7,626)
Deferred tax (see note 18)				
Origination and reversal of timing differences	**7,500**		8,616	
Adjustments in respect of previous periods	**(465)**		76	
Total deferred tax		**7,035**		8,692
Total tax		**3,367**		1,066

					Restated	
		2019			2018	
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
	£000	**£000**	**£000**	£000	£000	£000
Recognised in Profit and loss account	**(3,668)**	**6,950**	**3,282**	(7,626)	8,835	1,209
Recognised in other comprehensive income	**-**	**85**	**85**	-	(143)	(143)
Total tax	**(3,668)**	**7,035**	**3,367**	(7,626)	8,692	1,066

Notes *(continued)*

9 Taxation *(continued)*

Analysis of current tax recognised in profit and loss

	2019	**2018**
	£000	**£000**
UK corporation tax	**(2,794)**	(4,122)
Foreign tax	**(874)**	(3,504)
Total current tax recognised in profit and loss	**(3,668)**	(7,626)

Reconciliation of effective tax rate

	2019	*Restated* 2018
	£000	£000
Loss for the year	**(107,789)**	(85,272)
Total tax expense recognised in profit and loss	**3,282**	1,209
Loss excluding taxation	**(111,071)**	(86,481)
Tax using the UK corporation tax rate of 19%	**21,103**	16,431
Non-deductible expenses	**(12,230)**	(10,673)
Goodwill amortisation	**(6,166)**	(5,514)
Temporary differences on which no deferred tax assets were recognised	**(234)**	472
Recognition of previously unrecognised tax losses	**126**	223
Effect of corporation tax rates in foreign jurisdictions	**136**	67
Tax adjustment in respect of previous periods	**638**	124
Foreign exchange adjustments on overseas deferred tax	**(14)**	(73)
Difference between deferred tax rate and corporation tax rate	**(77)**	152
Total tax expense included in profit or loss	**3,282**	1,209

The main rate of UK corporation tax for the year ended 30 September 2019 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.

Comparative financial information has been restated (see note 1.16).

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						
At start of the year	579,211	510,847	4,322	101,488	63,477	1,259,345
Acquisitions through business combinations	38,219	46,852	-	1,479	-	86,550
Additions – internally developed	-	-	-	7,056	-	7,056
Additions – externally purchased	-	-	1,715	550	-	2,265
Effect of movements in foreign exchange	(2)	(11)	-	439	-	426
At end of the year	617,428	557,688	6,037	111,012	63,477	1,355,642
Amortisation and impairment						
At start of the year	28,462	24,373	1,718	8,046	3,174	65,773
Amortisation for the year	32,252	29,942	1,929	11,024	3,174	78,321
Effect of movements in foreign exchange	-	(2)	-	474	-	472
At end of the year	60,714	54,313	3,647	19,544	6,348	144,566
Net book value						
At 30 September 2019	**556,714**	**503,375**	**2,390**	**91,468**	**57,129**	**1,211,076**
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.

Notes *(continued)*

11 Tangible fixed assets

Group	Freehold land and buildings £000	Leasehold property £000	Computer equipment, fixtures and fittings £000	Total £000
Cost				
At start of the year	6,464	2,862	9,962	19,288
Acquisitions through business combinations	3,750	26	1,583	5,359
Additions	3	751	6,016	6,770
Disposals	-	-	(24)	(24)
Effect of movements in foreign exchange	-	6	27	33
At end of the year	10,217	3,645	17,564	31,426
Depreciation and impairment				
At start of the year	344	496	2,359	3,199
Depreciation charge for the year	224	713	4,244	5,181
Disposals	-	-	(17)	(17)
Effect of movements in foreign exchange	-	6	(1)	5
At end of the year	568	1,215	6,585	8,368
Net book value				
At 30 September 2019	**9,649**	**2,430**	**10,979**	**23,058**
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	
At start of year and end of year	**588,776**

Shares in subsidiary undertakings (which are included in these Group accounts) at the year-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%
Civica North America Inc * (formerly 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%
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 Solutions Pty Ltd *	Australia	Trading **	Ordinary 100%
IGS Assets Pty Ltd *	Australia	Trading **	Ordinary 100%
iCasework Limited *	United Kingdom	Trading **	Ordinary 100%
Electoral Reform Services Limited *	United Kingdom	Trading **	Ordinary 100%
Shaw & Sons Limited *	United Kingdom	Trading **	Ordinary 100%
Membership Engagement Services Limited *	United Kingdom	Trading **	Ordinary 100%
Xpress Software Solutions Limited *	United Kingdom	Trading **	Ordinary 100%
Modern Mindset Limited *	United Kingdom	Trading **	Ordinary 100%
Trac Systems Limited *	United Kingdom	Trading **	Ordinary 100%
Zedcore Systems Limited *	United Kingdom	Trading **	Ordinary 100%
Transend Solutions Limited *	United Kingdom	Trading **	Ordinary 100%
Warwick International Computing Systems Limited *	United Kingdom	Trading **	Ordinary 100%
Asset Edge Pty Limited *	Australia	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%
iCasework Holding Limited *	United Kingdom	Inactive	Ordinary 100%
Carval Computing Limited *	United Kingdom	Inactive	Ordinary 100%
Shaw & Sons (Holdings) Limited *	United Kingdom	Inactive	Ordinary 100%
Shaw & Sons Group Limited *	United Kingdom	Inactive	Ordinary 100%
Electoral Services Limited *	United Kingdom	Inactive	Ordinary 100%
Electoral Reform (Market Research) Limited *	United Kingdom	Inactive	Ordinary 100%
The Election Centre Limited *	United Kingdom	Inactive	Ordinary 100%
Warwick IC Systems Limited *	United Kingdom	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%
Icon Global Group Pty Ltd *	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 business-critical software and digital solutions, primarily to the public sector and regulated markets in the United Kingdom, Australasia, South-East Asia and North America.

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	**Company**	Group *Restated*	Company
	2019	**2019**	2018	2018
	£000	**£000**	£000	£000
Trade debtors	**46,423**	**-**	35,030	
Amounts recoverable on contracts	**86,341**	**-**	81,664	-
Prepayments and other debtors	**18,484**	**-**	16,981	-
Corporation tax	**2,306**	**7**	-	2
	153,554	**7**	133,675	2

Group prepayments and other debtors include £4,402,000 *(2018: £5,068,000)* due after more than one year.

Group comparative financial information has been restated, see note 1.15.

14 Creditors: amounts falling due within one year

	Group	**Company**	Group *Restated*	Company
	2019	**2019**	2018	2018
	£000	**£000**	£000	£000
Bank loans and overdrafts (see note 16)	**-**	**-**	(1,648)	-
Trade creditors	**20,029**	**-**	15,192	-
Taxation and social security	**13,702**	**-**	11,581	-
Accruals and other creditors	**35,186**	**-**	42,106	-
Deferred income	**78,549**	**-**	67,911	-
Contingent consideration	**450**	**-**	5,692	-
Corporation tax	**-**	**-**	4,503	-
	147,916	**-**	145,337	-

Group comparative financial information has been restated, see note 1.15.

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group 2019 £000	**Company 2019 £000**	Group 2018 £000	Company 2018 £000
Bank loans and overdrafts (see note 16)	**649,085**	**-**	567,706	-
Preference shares classified as liabilities	**587,776**	**587,776**	587,776	587,776
Accrued dividends on preference shares	**121,485**	**121,485**	57,006	57,006
Amounts owed to group undertakings	**-**	**42**	-	8
	1,358,346	**709,303**	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 2019 £000	**Company 2019 £000**	Group 2018 £000	Company 2018 £000
Creditors falling due after more than one year				
Secured bank loans	**649,085**	**-**	567,706	-
Preference shares classified as liabilities	**587,776**	**587,776**	587,776	587,776
Accrued dividends on preference shares	**121,485**	**121,485**	57,006	57,006
	1,358,346	**709,261**	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 £8,918,000 *(2018: £10,299,000)* of costs attributable to the raising of bank loans. £nil *(2018: £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 £81,350,000 *(2018: £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.

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 £46,153,000 *(2018: £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 year 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 by the Company (with the consent of directors representing the majority shareholder), and have no voting rights.

Notes *(continued)*

17 Analysis of changes in net debt

Group

	At 30 September 2018 £000	Cash flow £000	Non cash changes £000	**At 30 September 2019 £000**
Bank debt due within one year	1,648	-	(1,648)	**-**
Bank debt due after more than one year	(567,706)	(81,866)	487	**(649,085)**
Gross debt	(566,058)	(81,866)	(1,161)	**(649,085)**
Cash at bank and in hand	39,108	(1,273)	(43)	**37,792**
Net debt	(526,950)	(83,139)	(1,204)	**(611,293)**

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets**		**Liabilities**		**Net**	
		Restated				*Restated*
	2019 £000	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000
Accelerated capital allowances	**2,097**	2,526	**-**	-	**2,097**	2,526
Arising on business combinations	**-**	-	**(118,208)**	(117,018)	**(118,208)**	(117,018)
Employee benefits	**366**	185	**-**	-	**366**	185
Other	**11,998**	11,221		-	**11,998**	11,221
Deferred tax assets / (liabilities)	**14,461**	13,932	**(118,208)**	(117,018)	**(103,747)**	(103,086)

The group has tax losses arising in the UK of £53,846,000 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 £6,732,000, relating to the reversal of timing differences on intangible fixed assets.

Group comparative financial information has been restated, see note 1.16.

Company

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

Notes *(continued)*

19 Provisions

Group	Property provisions £000	Total £000
Balance at beginning of the year	**4,108**	**4,108**
Amounts arising from acquisitions	530	530
Provisions utilised during the year	(974)	(974)
Created during the year	288	288
Effect of movements in foreign exchange	(3)	(3)
Balance at end of the year	**3,949**	**3,949**

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 2018.

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 year 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

	2019 £000	2018 £000
Defined benefit obligation	**(28,763)**	(25,550)
Plan assets	**26,608**	24,464
Net pension liability	**(2,155)**	(1,086)

Movements in present value of defined benefit obligation

	2019 £000	2018 £000
At 1 October 2018	**(25,550)**	(26,437)
Service cost	**(838)**	-
Interest expense	**(708)**	(731)
Remeasurement: actuarial gains/(losses)	**(2,837)**	610
Benefits paid	**1,170**	1,008
At 30 September 2019	**(28,763)**	(25,550)

Movements in fair value of plan assets

	2019 £000	2018 £000
At 1 October 2018	**24,464**	24,162
Interest income	**681**	672
Remeasurement: return on plan assets less interest income	**2,338**	230
Administrative expenses	**(15)**	(17)
Contributions by employer	**310**	425
Benefits paid	**(1,170)**	(1,008)
At 30 September 2019	**26,608**	24,464

Expense recognised in the profit and loss account

	2019 £000	2018 £000
Past service cost - GMP equalisation (exceptional cost)	**(838)**	-
Net interest on net defined benefit liability	**(27)**	(59)
Administrative expenses	**(15)**	(17)
Total expense recognised in profit or loss	**(880)**	(76)

The total recognised in the statement of other comprehensive income are remeasurement losses of £499,000 (2018 gain £840,000).

Notes *(continued)*

20 Employee benefits *(continued)*

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

	2019 Fair value £000	2018 Fair value £000
Equities	**11,488**	9,626
Fixed income bonds	**7,698**	7,671
Group pension contract	**2,473**	2,682
Property	**-**	29
Cash	**190**	239
Guaranteed annuity rates	**4,790**	4,079
Other	**(31)**	138
	26,608	24,464
Actual return on plan assets	**2,338**	230

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

	2019 %	2018 %
Discount rate	**1.8 – 2.0**	2.7 – 3.0
Inflation rate (RPI)	**3.2 – 3.4**	3.0 – 3.5
Future pension increases	**2.4 – 5.0**	2.5 – 5.0

In valuing the liabilities of the pension funds at 30 September 2019, 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: 21.3 to 22.1 years (male), 23.2 to 24.1 years (female).
- Future retiree upon reaching 65: 22.3 to 23.1 years (male), 24.4 to 25.3 years (female).

GMP equalisation

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. The Group has provided £838,000 for the potential additional liabilities relating to the Group's schemes.

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £12,131,000 (2018 period £10,465,000).

Notes *(continued)*

21 Capital and reserves

Share capital

In thousands of shares	Ordinary shares	Preference shares	Total
On issue at start and end of the year – fully paid	**1,000**	**58,777,648**	**58,778,648**

		2019 £	2018 £
Allotted, called up and fully paid			
705,573	A ordinary shares of £0.01 each	**7,056**	**7,056**
49,427	B ordinary shares of £0.01 each	**494**	**494**
175,800	C ordinary shares of £0.01 each	**1,758**	**1,758**
69,200	D ordinary shares of £0.70 each	**48,440**	**48,440**
Total classified in shareholders' funds		**57,748**	**57,748**
58,777,647,545	Preference shares of £0.0000001 each	**5,878**	**5,878**
Total classified in creditors: amounts falling due after more than one year		**5,878**	**5,878**
Total allotted, called up and fully paid share capital		**63,626**	**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 by the Company (with the consent of directors representing the majority shareholder).

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.

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.

Notes *(continued)*

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2019 £000	Company 2019 £000	Group 2018 £000	Company 2018 £000
Less than one year	**6,301**	**-**	6,338	-
Between one and five years	**16,339**	**-**	17,506	-
More than five years	**13,406**	**-**	17,757	-
	36,046	**-**	41,601	-

During the year £8,342,000 (2018 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 year amounted to £1,861,000 (2018 period £2,274,000). At 30 September 2019, management personnel own 6.62% (2018 - 6.55%) of the issued share capital of the Company.

During the year, preference share dividends of £2,105,000 (2018 period £1,840,000) payable to key management personnel were accrued. The balance outstanding at the year-end was £3,944,000 (2018 period £1,840,000).

Other related party transactions

At 30 September 2019, 93.38% (2018 93.45%) of the issued share capital of the Company is held by 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 year, preference share dividends of £60,233,000 (2018 period £53,274,000) payable to Partners Group were accrued. The balance outstanding at the year-end was £113,507,000 (2018 period £53,274,000).

Fees of £4,402,000 (2018 period £4,327,000) were paid to Partners Group AG, a subsidiary of Partners Group Holding AG, during the year.

Company

Transactions with key management personnel

During the year, preference share dividends of £2,105,000 (2018 period £1,840,000) payable to key management personnel were accrued. The balance outstanding at the year-end was £3,944,000 (2018 period £1,840,000).

Other related party transactions

During the year, preference share dividends of £60,233,000 (2018 period £53,274,000) payable to Partners Group were accrued. The balance outstanding at the year-end was £113,507,000 (2018 period £53,274,000).

25 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:

Notes *(continued)*

25 Accounting estimates and judgements *(continued)*

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.

26 Alternative performance measure – Year ended 30 September 2018 (pro forma unaudited)

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. As the Civica Group was acquired on 12 October 2017, the consolidated profit and loss account for the period from 19 September 2017 to 30 September 2018 (restated) includes the trading results of Civica Group subsequent to the acquisition date. Pro forma full year results for Civica Group for the year ended 30 September 2018 (unaudited) are presented below to include Civica Group trading results from 1 to 11 October 2017. The adjustments to turnover, cost of sales and administrative expenses for the period 1 to 11 October 2017 have been calculated pro rata based on the month of October 2017's results. Exceptional charges and amortisation related only to the period 12 October 2017 to 30 September 2018, so no adjustments have been made for the period 1 to 11 October 2017.

These results are disclosed to provide a year on year comparison of the Civica Group trading results.

	Period from 19 September 2017 to 30 September 2018 **£000**	**Trading results from 1 to 11 October 2017** ***(unaudited)*** **£000**	**Year ended 30 September 2018** ***(pro forma unaudited)*** **£000**
Turnover	364,370	8,864	373,234
Cost of sales	(51,313)	(1,358)	(52,671)
Gross profit	313,057	7,506	320,563
Administrative expenses	(313,678)	(7,090)	(320,768)
Operating profit before amortisation and exceptional charges	71,606	416	72,022
Exceptional charges	(5,972)	-	(5,972)
Amortisation	(66,255)	-	(66,255)
Group operating loss	(621)	416	(205)