Camelia Investment 1 Limited

Annual report and consolidated financial statements

Registered number 10969863

30 September 2020

Contents

Directors' Report and Strategic Report

The directors present their report and the audited consolidated financial statements for the year ended 30 September 2020.

Principal activities

The principal activities of the Group are the provision of business-critical software and digital solutions to public sector markets in the United Kingdom, Australasia, South-East Asia and North America.

Strategic Report

Business model

Civica provides a wide range of software and associated services which are used to sustain and enhance the delivery of public services around the world and to support accelerating digitisation and automation across the sector. The Group is recognised as a leading partner for customers across local and regional government, central government, health & care, social housing and education, underpinned by our specialist domain expertise, scale and focus and with an exceptional people-first culture.

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 to address rising expectations and complex challenges. Building on the foundation of our cloud software and applying local knowledge on a global scale, Civica delivers value to our customers through our business model which comprises:

1. Development, support and management of a broad range of software to deliver and improve core business activities and organisational efficiency. These comprise both sector-specific ('vertical') applications for individual markets and cross-sector ('horizontal') platforms for digital engagement, financial management, people management and governance, risk & compliance
2. Design, development and management of software solutions configured to the requirements of specific customers to modernise customer engagement through responsive digital services
3. Platform-based processing services around Civica software to help customers sustain delivery while reducing cost and risk and support business transformation.

Our business model is supported by Civica's strong and purpose-driven culture, and we continue to focus and invest in our people who are the key to delivering these capabilities. The Group combines deep domain expertise – with approximately one third of our team having direct experience of working in the public sector – with specialist technical capability including software design and implementation, digital technologies and data expertise.

Business review

While the extraordinary events of 2020 brought rapid upheaval and enormous challenges for all, the Group delivered a highly resilient performance across the year. This was driven by the nature of our software in delivering critical activities for the public sector and supported by our exceptional team, cloud technology and strong infrastructure. Having taken steps to ensure business continuity following the virus outbreak, we maintained Civica's track record of operational and financial performance, extending our history of strategy execution and continued growth.

Responding to COVID-19

An early signatory to the C-19 Business Pledge, we focused on safeguarding our people and the wider public health while working hard to support customers through business as usual. We moved quickly to enable our employees to work from home supported by established practices, and we diverted effort to provide innovative new software to support the tremendous effort by public and community services. These ranged from the COVIDCare NI app, a global first developed with the Northern Ireland Department of Health, to updated software to deliver new legislation, such as allowing local authorities to deliver £1.6 billion in new grants and supporting the first online voting for UK Members of Parliament.

Trading results

Following a strong first six months to March 2020, the Group maintained a resilient trading performance for the full year with progress across core markets and continued strategic development underpinned by balanced investment in our people, our products and our platform.

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Over the course of the year we grew to 5,000 colleagues globally with excellent employee satisfaction ratings, and expanded our team in Vadodara, India, to almost 600. With even greater focus on cloud software to support new ways of working we built on our position with increased cloud adoption including approximately 75 per cent of new customer sales, and launched our NorthStar innovation lab to accelerate the application of new ideas and technologies for customers. Albeit with a more cautious approach in view of COVID-19, we added further market breadth and depth through acquisition.

Notwithstanding the enormous and unpredictable turn of events for our customers, Group turnover during the year to 30 September 2020 was £424.9 million (year ended 30 September 2019: £425.6 million), underpinned by good order intake with the volume of major sales increased by 18 per cent. Operating profit before depreciation, amortisation and exceptional charges increased by 4.6 per cent to £93.1 million (year ended 30 September 2019: £89.1 million).

Our market-aligned growth strategy continues to focus on cloud migration, software innovation and digital transformation – alongside our sustained emphasis on investing in our people.

The Group's activities are focused on common vertical markets in the UK & Ireland, Asia Pacific and North America. UK and Ireland revenues were £327.6 million (2019: £327.3 million), led by increased contribution from health & care, democracy & engagement and social housing divisions. Revenues from Asia Pacific and North America made up approximately 23 per cent of Group turnover.

Following the move to home working, we maintained excellent customer interaction online including engagement during the second half of our fiscal year with over 5,400 contacts through our programme of virtual events and user groups. With a large and diverse customer base, cross selling of our products across markets and geographies remains a strategic focus and we saw continued momentum through a systematic approach including 5 key products identified and sold into the APAC market in 2020.

Executing cloud at pace

Already recognised as a foundation for digital transformation and innovation, cloud technology took on greater significance during 2020. With a change in the pace of more agile working and digital adoption, the experience during the pandemic demonstrated the speed with which innovative projects and services can be deployed.

During the year we continued to accelerate our cloud strategy and the adoption of software as a service ('SaaS') solutions, which is helping to deliver more efficient, flexible and secure services and a stronger foundation for the future. Civica grew the number of cloud customers to approximately 3,850, and we were delighted to be recognised with industry awards including Best Cloud Finance Solution at the 2020 Computing Cloud Excellence Awards.

Driving innovation

Through our proven product strategy framework, we continued to apply innovation throughout the business. Our NorthStar innovation lab is driving better outcomes for public services through the acceleration and application of new ideas and technologies. It provides enhanced focus with a more systematic exploration of new opportunities, building on our wide range of activity including our work with partners and academic bodies and with initiatives such as CodeIT and Fresh Thinking.

Innovation is key to helping the public sector to digitise and automate people-intensive operations to meet rising demand and to reduce costs. With a particular focus around automation, data and devices, NorthStar is driving a pipeline of new products such as Aurum, an AI-based analytics solution for the health sector which completed the equivalent of 13 years of analysis in 24 hours in a pilot with 6 NHS Trusts, finding £40 million of potential savings.

Complementary acquisitions

Civica has a highly successful record of acquiring and integrating complementary businesses which add market breadth and depth and expand the Group's market presence and scale of opportunity in line with our clear focus. With proven processes and a consistent strategy, the Group has completed more than 30 acquisitions in the last 10 years.

During 2020 we balanced the need for a prudent approach with continued exploration of opportunities to build for the future and to support the long-term strength of the Group. We completed two acquisitions in the UK, adding market-leading software assets and expertise aligned with our cloud strategy:

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Complementary acquisitions *(continued)*

- Healthcare specialist Chameleon Information Management Services Limited, trading as InfoFlex. Used by more than 130 NHS Trusts, InfoFlex software manages clinical workflow and treatment processes, adding to Civica's capability and presence in the NHS and advancing our strategy to support the increased need for more integrated care.
- Fretwell-Downing Hospitality Holdings Limited, which provides SaaS software for catering management and complements the Group's compliance capabilities in particular in the education sector, supporting a complete process from food standards compliance to cashless and online payments.

Acquisitions are rapidly integrated to deliver greater value via combined capability and expertise including product cross-selling. Following prior acquisitions, during the year the Group established a stronger position in workforce solutions to recruit, engage, develop and support employees, while the Democracy & Engagement division delivered a strong performance with large-scale programmes including support of the UK's General Election.

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

Continued investment in our platform

The Group's global operating platform underpins our activities and ensures a scalable growth foundation. During the year we made strong progress with our structured operational excellence programme, Centum, driving improvement initiatives across the business supported by an embedded programme office and a single set of internal systems.

Centum is designed to support the Group's strategic development and the way we operate. During 2020 we invested in a series of global excellence programmes, including development, service delivery, sales and commercial management initiatives, and also delivered refreshed brand and positioning on existing strong awareness and advocacy.

We grew our team in Vadodara, India, to almost 600 colleagues (from 60 in 2016) providing an outstanding resource to support all parts of the business globally through development productivity and greater efficiency, including back-office and Group functions.

Social value

Focused around employees, customers and communities, corporate responsibility is integral to our approach in order to contribute to an improved and sustainable environment and create social value. We continue to make progress across a number of areas, with increased awareness of our activities and further engagement with our people to help the business deliver on our commitments supported by ethical policies.

From employee wellbeing to sharing our expertise in support of communities, we aim to deliver wider social benefits underpinned by standards of integrity, professionalism and transparency. We also take an active role within a range of industry and sector associations including technology body techUK, working collaboratively to realise the benefits of technology for people, society and the economy.

Growth outlook

Civica has a highly resilient platform-based business model focused around core markets and capabilities. Notwithstanding a year of enormous upheaval and tremendous pressures for all involved in public services and more widely, we maintained momentum in 2020 based on clear focus, strong commercial relationships with our customers and the Group's ongoing strategic development.

While expanding the use of Civica software we have delivered strong progress in key areas including cloud, digital enablement, technology innovation and data. The experience of 2020 has accelerated the focus on cloud and digital adoption, showing the speed with which it is possible to harness innovation. With a leading market position, Civica is strongly placed to respond to accelerating public sector digitisation and we remain committed to the further execution and evolution of our successful strategy. Our aim is to support both the needs of our customers to sustain services and transform digitally and to achieve above-market growth for the Group.

We believe Civica is in a strong position to continue our momentum and, with the enhancements to our global platform, we expect to sustain our growth performance into 2021 and beyond.

Directors' Report and Strategic Report *(continued)*

Our people and our values

We are proud of Civica's exceptional people and culture and we continue to focus and invest in supporting and developing our team guided by the Civica Way framework. We look to attract bright, like-minded colleagues from all backgrounds who share our strong purpose and values, and we empower everyone to be their true self, supporting and celebrating each other across our diverse, global team.

Our core values are:

- Knowledge: With a 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

We work hard to ensure Civica remains a great place to work, with a leading brand to attract and retain diverse talent. Accredited to the Investors in People 'Gold' standard, we focus our investment in our people and company through sustained programmes for engagement, learning & development, leadership and support. Our commitment to inspiring and rewarding high performance underpins both our value to customers and our continued growth.

Civica's position as an employer of choice is supported by strong employee ratings, including an excellent Net Promoter score of +50. A Glassdoor Employees' Choice award winner and one of the top 75 companies in the Financial Times Diversity Leaders list, our strong focus on employee wellbeing, supporting diversity and effective leadership continues to be recognised.

Supporting through COVID-19

Our teams have done an amazing job in responding to extraordinary change with exceptional resilience and flexibility. Having taken very rapid steps to safeguard our people and enable employees to work from home, we have given our people the support and flexibility to balance home and work lives. This has been supported by our focus on positive health, including Employee Assistance and Mental Health Champions programmes.

The Group's regular Pulse surveys have helped us understand the needs of employees during the pandemic. We adapted our strategy to support health and wellbeing, with additional support to meet the needs of remote working from enhanced communications and tools to increase engagement and collaboration and to our wellbeing hub.

Where national circumstances allowed, colleagues were able to 'opt in' to a limited number of workspaces available in our hub offices, made possible by our workspace booking app and supported by attendance arrangements to protect the safety of colleagues.

Strong platform for growth

As we continue to grow, we welcomed new colleagues both directly and through acquisition supported by the Group's consistent approach to workforce planning and talent acquisition, including our First Impressions virtual on-boarding programme.

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 2020 this amounted to 200,000 hours, including new online formats to reach more people.

With a strong leadership team and track record of delivery, succession planning is an important and consistent area of focus across our business. Structured activity ranged from regular talent planning and the expansion of our Potential leadership training programme.

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.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

Strong platform for growth *(continued)*

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 India, 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.

An inclusive workplace

We encourage our people to bring their true selves to work. During the year we took further steps to improve inclusivity to ensure a supportive work environment for our diverse community, including regular virtual diversity and inclusion training.

A signatory to the TechTalent Charter since 2019, we're committed to inclusive recruitment and benchmarking our progress against industry best practice, and we were delighted to improve our ranking among the Financial Times Diversity Leaders.

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

	As at 31 December 2020		As at 31 December 2019	
	Female	**Male**	**Female**	**Male**
Number of employees	2,306	2,762	2,283	2,641
Of which managers	360	660	367	564
Of which senior managers	79	184	85	201
Of which Group directors	1	6	1	6

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 eight colleagues were shortlisted for the Computing Women in Tech Excellence Awards, winning the Outstanding Transformation category.

Investment in employee mental health is increasingly important. Civica now has 50 current Mental Health Champions trained to support colleagues in the workplace.

We work 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.

Maintaining engagement

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 comprehensive programme of continuous activity across multiple channels to keep employees informed and engaged.

Activities range from virtual First Impressions welcome days for new employees and Boomerang 'back-to-the-floor' initiatives run by our leadership team, together with opportunities for colleagues to challenge current processes and improve operations within our business.

A charitable workplace

Led 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.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

A charitable workplace *(continued)*

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 support for the Australian bush fires response alongside a global charitable effort to help communities affected by COVID-19. Civica is also now a White Ribbon Accredited workplace in Australia.

Rewarding our people

We recognise the great efforts of our colleagues and their contribution to our performance. Group-wide schemes including Praise and our Civica Special Thanks & Recognition (CSTAR) programme ensure individuals and managers can both share gratitude and give reward points for deserving colleagues. Our annual Employee Awards, designed to recognise and reward our people who are actively going above and beyond are hosted in the UK, Australia and India, with more than 2,100 nominations in 2020.

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.

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.

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 ended 30 September 2020, the year ended 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), and pro forma full year results for Civica Group for the year ended 30 September 2018 were:

		Year ended 30 September 2020	Year ended 30 September 2019	Period from 19 September 2017 to 30 September 2018	Pro forma Year ended 30 September 2018 (unaudited)
Turnover	£000	**424,942**	425,568	364,370	373,234
Gross profit	£000	**346,398**	345,136	313,057	320,563
%		**81.5%**	81.1%	85.9%	85.9%
Operating profit before amortisation and exceptional charges	£000	**85,612**	80,379	71,606	72,022
%		**20.1%**	18.9%	19.7%	19.3%
EBITDAE	£000	**93,126**	89,065	77,249	77,665
%		**21.9%**	20.9%	21.2%	20.8%
Operating cash flow	£000	**87,808**	77,929	68,011	68,333
Operating cash flow as a % of EBITDAE		**94.3%**	87.5%	88.0%	88.0%

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.

Directors' Report and Strategic Report *(continued)*

Environmental policy *(continued)*

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.

Streamlined Energy and Carbon Reporting (SECR)

In accordance with the Streamlined Energy and Carbon Reporting ("SECR") requirements outlined in the Companies Act (2006) for large quoted and unlisted companies, the Group is required to report on its Greenhouse Gas ("GHG") emissions.

This SECR report contains details on annual GHG emissions, total energy consumption for Civica UK Limited ("CUKL") and Civica Election Services Limited ("CES") covering our facilities, transport assets, and energy efficiency and environmental management actions implemented during the financial year. Subsidiaries within the Group which do not qualify as 'large' in their own right, under the definitions of the legislation, have been excluded from this disclosure. This report contains our SECR disclosure for the year ended 30 September 2020.

Methodology

Scope of analysis and data collection

During the year ended 30 September 2020 the Group collected primary data for offices and business travel activities including: electricity consumption (kWh), electricity transmission and distribution (kWh losses), gas consumption (kWh), company car mileage, and employee mileage claims ("Grey Fleet"). All primary data used within this report is from 1 October 2019 to 30 September 2020, covering our financial year. The scope of our GHG emissions calculation covers all of CUKL's and CES's operations.

Calculation Methodology

We have used the BEIS and Greenhouse Gas Protocol Corporate Reporting Standard (GHG Protocol) methodology for compiling this GHG data and have calculated our GHG emissions in accordance with the UK Government's reporting guidelines for Company Reporting. To ensure consistency we are reporting all GHG emissions in units of CO_2e (carbon dioxide equivalent), and have used 2020 GHG Conversion Factors for Company Reporting, published annually by Defra and BEIS.

Where incomplete electricity consumption, gas consumption or transport mileage datasets have had to be used, we have estimated consumption based on the pro-rated average of previous months energy consumption or utilised an equivalent 12-month data set.

GHG Emissions Scopes

The following reporting scopes (as outlined by the Greenhouse Gas Protocol) are included within this disclosure:

- **Scope 1 Emissions:** direct emissions from sources which CUKL and CES owns or controls. This includes natural gas consumption in our facilities.
- **Scope 2 Emissions:** indirect emissions relating solely to the generation of purchased electricity that is consumed by CUKL and CES.
- **Scope 3 Emissions:** indirect emissions relating to the transmission and distribution of purchased electricity and business travel by employee owned vehicles ("Grey Fleet").

Energy Consumption

The table below displays our annual energy consumption for electricity, natural gas and business travel for the year ended 30 September 2020. In line with SECR reporting requirements this is presented in kilowatt hours (kWh).

Emissions Source	**GHG Scope (GHG Protocol)**	**Reporting Units**	**Year ended 30 September 2020**
Electricity	Scopes 2 & 3	Kilowatt hour (kWh)	1,886,246
Company Cars	Scope 1	Kilowatt hour (kWh)	1,752,005
Natural Gas	Scope 1	Kilowatt Hour (kWh)	755,446
Grey Fleet	Scope 3	Kilowatt Hour (kWh)	428,957
Total Energy Consumption (kWh)			**4,822,654**

Directors' Report and Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting (SECR) *(continued)*

GHG Emissions Reporting

In accordance with the SECR Emissions Reporting requirements outlined in the Companies Act for large companies our GHG disclosure for the year ended 30 September 2020 is listed below. Results have been split by scope as outlined by the GHG Protocol calculation methodology.

GHG Emissions Scope	Result Units	Year ended 30 September 2020	Percentage of GHG Emissions
Scope 1	tonnes CO_2e	577.66	49.7%
Scope 2	tonnes CO_2e	439.76	37.9%
Scope 3	tonnes CO_2e	144.93	12.4%
Total GHG Emissions	**tonnes CO_2e**	**1,162.35**	**100%**
GHG Emissions Intensity 1	**tonnes CO_2e/£m turnover**	**3.77**	
GHG Emissions Intensity 2	**tonnes CO_2e/employee**	**0.41**	

Total GHG Emissions for Scope 1, Scope 2, and Scope 3 for the year ended 30 September 2020 are 1,162.35 tonnes CO_2e. Of the total GHG emissions, Scope 1 accounts for 49.7%, Scope 2 accounts for 37.9 %, and Scope 3 accounts for 12.4%. GHG Emissions CO_2e Intensity per £m turnover is 3.77 tonnes CO_2e, and per employee is 0.41 tonnes CO_2e. These results will act as our baseline GHG emissions which will be used as a benchmark for future performance to be compared against for SECR.

Energy Efficiency & Environmental Management

During the reporting year the Group has been focusing upon aligning our new acquisitions into Civica's wider environmental initiatives. Examples of these initiatives include the swapping of plastic milk bottles for glass, increasing the provision of refillable soaps within our facilities, and expanding the provision of appropriate recycling and waste management facilities.

Recently completed ESOS Phase 2 compliance audits have highlighted opportunities to increase energy efficiency within our facilities including: upgrading our existing office lighting to LED and implementing tighter controls on heating and hot water to increase energy efficiency. In addition, we are also reviewing the feasibility of installing solar PV across our estate and the availability of ultra-low emissions vehicles (hybrids) for use within our company car fleet.

Aside from our direct environmental impacts we are also looking at reducing our indirect environmental impacts, through the materials and equipment we procure. For example, where appropriate we purchase laptop devices which utilise re-purposed plastics (sourced from discarded plastics collected from the oceans). In addition, we are conducting a review of our corporate branded goods to identify opportunities to further reduce our environmental impact.

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 (5) directors.

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, 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), ISO 22301 (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 Civica, 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 associated 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 2020, leverage headroom was 48.6 per cent.

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, 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 per cent 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.

Post 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 a UK-headquartered business with operations in the UK, Australia, New Zealand, Singapore, India and North America, the Group is not reliant on labour or product supply from within the European Union. We benefit from a highly transferable skills base such that there is minimal impact on recruitment or resourcing. We continue to monitor the situation, to review regulatory developments and to implement appropriate action as the need arises. We 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 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 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.

Subsequent events

We continue to strengthen our capability and expand our addressable market through our successful M&A programme which is underpinned by established processes. Subsequent to the balance sheet date, the Group has acquired the entire share capital of:

Parago Software Limited, a company incorporated in the United Kingdom, and its subsidiary Parago Software Inc, a company incorporated in the United States of America. The business provides estate and asset management Software-as-a-Service (SaaS) to the education sector.

Agylia Group Limited and subsidiary Agylia Care Limited, companies incorporated in the United Kingdom. Agylia’s principal activity is the provision of learning management and eLearning Software-as-a-Service (SaaS) across multiple markets.

Equiniti HR Solutions Limited, a company incorporated in the United Kingdom, that provides HR and payroll solutions across a range of markets, including the NHS.

Ntropy Data, Inc, a company incorporated in the United States of America which provides an innovative software-as-a-service platform for community and stakeholder engagement.

Dividends

The directors do not recommend the payment of a dividend on ordinary shares. Dividends of £70,932,000 on preference shares were accrued during the year (*2019:* £64,478,000 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

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

Wayne is responsible for the strategic development and operation of the business around the globe. Before joining Civica in 2015, he was Group CEO for the technology-led business services and payments group Equiniti. He has extensive experience and a successful management record with growth businesses including Capita Group, TSB Group and PA Consulting, and in 2017 led the strategic private equity investment in Civica by Partners Group on behalf of its clients. He is passionate about the Group’s exceptional people and culture, and is our lead for diversity and inclusion. Wayne is also Board Chair at GatenbySanderson, the UK's leading public sector search and selection group. He holds an MBA and is an Associate of the Chartered Institute of Bankers.

Directors' Report and Strategic Report *(continued)*

Directors *(continued)*

Phillip Rowland – Chief Financial Officer

Phill is responsible for leading all aspects of our global financial and commercial operations, together with strategic and corporate development initiatives. Since joining in 2009, he has overseen high standards of financial and operational performance and growth underpinned by the Group's global operating platform. Phill has 25 years broad experience in public and private ownership and has been instrumental in Civica's private equity backed investment cycles. He started his career as a chartered accountant with Coopers & Lybrand (now PwC) and followed a variety of roles for British Aerospace (now BAE Systems) with leadership positions including at Capita Group and Equiniti Group. He is a Fellow of the Institute of Chartered Accountants in England & Wales.

Simon Downing – Non-Executive Chairman

Simon founded Civica in 2001, rapidly building the Group's position as a leading software partner for the public sector with a people-first culture. He subsequently drove sustained growth both organically and through M&A, including cross-sector and international expansion. He led the company's IPO in 2004 and subsequent private equity-backed buyouts in 2008 and 2013. Simon became Group chair in 2016, and in 2017 completed the agreement with global private markets investment manager Partners Group to acquire Civica on behalf of its clients. He has over 30 years of industry and leadership experience, and is a past winner of the EY Technology & IT Services UK Entrepreneur of the Year award. He is also currently chairman at Edenhouse, a board director at both AdvisorPlus and Datum, and non-executive director at Literacy Capital plc and Purplebricks Group plc.

Christian Unger – Partners Group representative

Christian is Head of the 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 and SPi Global. 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 Vermaat. She has been with Partners Group since 2013 and has 25 years of industry experience. Prior to joining Partners Group, she worked at Standard Bank, Warburg Pincus and Goldman Sachs. She holds an MBA from Harvard Business School, Massachusetts, USA and a bachelor's degree from the Wharton School at the University of Pennsylvania, 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. 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 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.

Directors' Report and Strategic Report *(continued)*

About Partners Group

Partners Group is a global private markets investment manager, serving around 900 institutional investors. They have USD 94 billion in assets under management and more than 1,500 professionals across 20 offices worldwide. They realise potential in private markets by financing and developing great companies, desirable real estate and essential infrastructure. They create value in their investments through active and long-term responsible ownership.

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.

Directors' duty to promote the success of the Group

The directors have had regard to the following matters set out in section 172(1) of The Companies Act 2006 when performing their duties:

1. the likely consequences of any decision in the long term,
2. the interests of the company's employees,
3. the need to foster the company's business relationships with suppliers, customers and others,
4. the impact of the company's operations on the community and the environment,
5. the desirability of the company maintaining a reputation for high standards of business conduct, and
6. the need to act fairly as between members of the company.

In promoting the success of Civica, the directors have regard to the Group's stakeholders, including customers, employees, communities, suppliers, shareholders and investors, with focus on our core values of Knowledge, Integrity and Action. The 'business review' and 'our people and our values' sections of this report on pages 1 to 6 set out how Civica engages with stakeholders to ensure business decisions result in long-term sustainable growth and support our strong and purpose-driven culture.

Our 'environmental policy' on pages 7 and 8 further highlights how the Group remains aware of the potential impact our operations may have, and the steps taken to enhance the environmental and social effects of the business.

The Group maintains high standards of business conduct through the effective corporate governance framework described on pages 9 and 10. This is underpinned by strong operational processes, policies and accreditations to drive consistent best practice across the Group.

Wates Principles

The Group complies with the corporate governance arrangements set out in the six Wates Principles as follows:

Purpose and leadership

The directors develop and promote the Group's purpose with a clear strategy, underpinned by the values and culture set out in the 'business model', 'business review' and 'our people and our values' sections of the strategic report on pages 1 to 6.

Board composition

The Group board comprises 2 executive and 5 non-executive directors, with an effective combination of skills and experience. This is further described under the 'corporate governance' section on page 9, and the composition of the board along with the background and experience of the directors is set out on pages 12 and 13.

Director responsibilities

To ensure effectiveness and accountability, the Group's governance structure includes various committees and an executive management board, each with clear purposes and responsibilities. These are detailed on pages 9 and 10.

Directors' Report and Strategic Report *(continued)*

Wates Principles *(continued)*

Opportunity and risk

Civica's success is built on sustainable long-term growth. The board promote this through identifying opportunities, such as those set out in the 'business review' on pages 1 to 3, whilst maintaining effective risk management controls described on pages 10 and 11.

Remuneration

The Remuneration Committee, chaired by the Group's non-executive chairman, is responsible for providing oversight of the terms and conditions and remuneration of senior employees, to ensure it is appropriate and aligned to the sustainable success of the Group.

Stakeholder relationships and engagement

Engagement with stakeholders is integral to Civica's approach. The 'business review' and 'our people and our values' sections of this report on pages 1 to 6 set out how Civica engages with stakeholders to ensure business decisions result in long-term sustainable growth and to and create social value.

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

11 February 2021

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the 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 the group's 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 2020 which comprise the Consolidated Profit and Loss Account, the Consolidated Other Comprehensive Income, the Consolidated and Company Balance Sheets, 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 2020 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.

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 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.

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.

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

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

12 February 2021

Consolidated Profit and Loss Account
for year ended 30 September 2020

	Note	**Year ended 30 September 2020 £000**	**Year ended 30 September 2019 £000**
Turnover	*1,3*	**424,942**	425,568
Cost of sales		**(78,544)**	(80,432)
Gross profit		**346,398**	345,136
Administrative expenses		**(354,271)**	(351,392)
Operating profit before amortisation and exceptional charges		**85,612**	80,379
Exceptional charges	*4*	**(9,038)**	(8,314)
Amortisation	*10*	**(84,447)**	(78,321)
Group operating loss		**(7,873)**	(6,256)
Interest receivable and similar income	*7*	**644**	130
Interest payable and similar expenses	*8*	**(113,168)**	(104,945)
Loss before taxation		**(120,397)**	(111,071)
Tax on loss on ordinary activities	*9*	**(5,130)**	3,282
Loss for the financial year		**(125,527)**	(107,789)

All turnover and results are derived from continuing activities.

The notes on pages 26 to 53 form part of the financial statements.

Consolidated Other Comprehensive Income
for the year ended 30 September 2020

	Note	**Year ended 30 September 2020 £000**	**Year ended 30 September 2019 £000**
Loss for the year		**(125,527)**	(107,789)
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		**(833)**	1,231
Remeasurement of the net defined benefit pension liability	*20*	**(974)**	(499)
Deferred tax on other comprehensive income	*9*	**166**	85
Other comprehensive income for the year, net of income tax		**(1,641)**	817
Total comprehensive income for the year		**(127,168)**	(106,972)

The notes on pages 26 to 53 form part of the financial statements.

Consolidated Balance Sheet
at 30 September 2020

	Note	**2020**		2019	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets					
Goodwill	*10*	**546,922**		556,714	
Other intangibles	*10*	**623,429**		654,362	
			1,170,351		1,211,076
Tangible assets	*11*		**20,519**		23,058
			1,190,870		1,234,134
Current assets					
Debtors (including £4,520,000 *(2019: £4,402,000)* due after more than one year)	*13*	**162,645**		153,554	
Cash at bank and in hand		**48,374**		37,792	
		211,019		191,346	
Creditors: amounts falling due within one year	*14*	**(159,033)**		(147,916)	
Net current assets			**51,986**		43,430
Total assets less current liabilities			**1,242,856**		1,277,564
Creditors: amounts falling due after more than one year	*15*		**(1,450,760)**		(1,358,346)
Provisions for liabilities					
Deferred tax liability	*18*	**(103,789)**		(103,747)	
Provisions	*19*	**(3,091)**		(3,949)	
Pensions and similar obligations	*20*	**(3,017)**		(2,155)	
			(109,897)		(109,851)
Net liabilities			**(317,801)**		(190,633)
Capital and reserves					
Called up share capital	*21*		**58**		58
Share premium account			**942**		942
Profit and loss account			**(318,801)**		(191,633)
Shareholders' deficit			**(317,801)**		(190,633)

The notes on pages 26 to 53 form part of the financial statements.

These financial statements were approved by the board of directors on 11 February 2021 and were signed on its behalf by:

Phillip Rowland
Director

Company registered number: 10969863

Company Balance Sheet
at 30 September 2020

	Note	**2020**		2019	
		£000	**£000**	£000	£000
Fixed assets					
Investments	*12*		**588,776**		588,776
Current assets					
Debtors	*13*	**10**		7	
		10		7	
Creditors: amounts falling due within one year	*14*	**(8)**		-	
Net current assets			**2**		7
Total assets less current liabilities			**588,778**		588,783
Creditors: amounts falling due after more than one year	*15*		**(780,295)**		(709,303)
Net liabilities			**(191,517)**		(120,520)
Capital and reserves					
Called up share capital	*21*		**58**		58
Share premium account			**942**		942
Profit and loss account			**(192,517)**		(121,520)
Shareholders' deficit			**(191,517)**		(120,520)

The notes on pages 26 to 53 form part of the financial statements.

These financial statements were approved by the board of directors on 11 February 2021 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**
Balance at 1 October 2018		**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)**

	Note	**Share capital £000**	**Share premium £000**	**Profit and loss £000**	**Total equity £000**
Balance at 1 October 2019	*21*	**58**	**942**	**(191,633)**	**(190,633)**
Total comprehensive income for the year					
Loss for the year		-	-	(125,527)	(125,527)
Other comprehensive income		-	-	(1,641)	(1,641)
Total comprehensive income for the year		-	-	(127,168)	(127,168)
Balance at 30 September 2020	*21*	**58**	**942**	**(318,801)**	**(317,801)**

The notes on pages 26 to 53 form part of the financial statements.

Company Statement of Changes in Equity

	Share capital £000	Share premium £000	Profit and loss £000	Total equity £000
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)**

	Share capital £000	Share premium £000	Profit and loss £000	Total equity £000
Balance at 1 October 2019	**58**	**942**	**(121,520)**	**(120,520)**
Total comprehensive income for the year				
Loss for the year	-	-	(70,997)	(70,997)
Total comprehensive income for the year	-	-	(70,997)	(70,997)
Balance at 30 September 2020	**58**	**942**	**(192,517)**	**(191,517)**

The notes on pages 26 to 53 form part of the financial statements.

Consolidated Cash Flow Statement
for the period ended 30 September 2020

	Note	**2020**	2019
		£000	£000
Cash flows from operating activities			
Loss for the year		**(125,527)**	(107,789)
Adjustments for:			
Depreciation and amortisation	*10,11*	**90,210**	83,502
Foreign exchange (gains)/losses	*7,8*	**(450)**	344
Interest receivable and similar income	*7*	**(194)**	(130)
Interest payable and similar charges	*8*	**113,168**	104,601
Taxation	*9*	**5,130**	(3,282)
		82,337	77,246
Increase in trade and other debtors		**(9,591)**	(21,629)
Increase in trade and other creditors		**4,273**	11,331
Decrease in provisions		**(985)**	(689)
Pension contributions in excess of service cost		**(143)**	(295)
		75,891	65,964
Tax paid		**(3,600)**	(9,538)
Net cash from operating activities		**72,291**	56,426
Cash flows from investing activities			
Interest received	*7*	**194**	130
Acquisition of subsidiaries	*2*	**(27,502)**	(84,356)
Purchase of tangible fixed assets	*11*	**(3,542)**	(6,770)
Proceeds from sale of tangible fixed assets		**664**	5
Purchase of software intangible assets	*10*	**(3,084)**	(1,715)
Capitalised development expenditure	*10*	**(7,627)**	(7,606)
Net cash from investing activities		**(40,897)**	(100,312)
Cash flows from financing activities			
Proceeds from the issue/(purchase) of ordinary share capital		**(3)**	31
Proceeds from the issue/(purchase) of preference share capital		**-**	(946)
Proceeds from new bank loans		**97,000**	82,150
Interest paid		**(40,040)**	(38,338)
Repayment of borrowings		**(77,000)**	-
Payment of facility fees		**(810)**	(284)
Net cash from financing activities		**(20,853)**	42,613
Net increase in cash and cash equivalents		**10,541**	(1,273)
Cash and cash equivalents at the beginning of the year		**37,792**	39,108
Effect of exchange rate fluctuations on cash held		**41**	(43)
Cash and cash equivalents at the end of the year		**48,374**	37,792

The notes on pages 26 to 53 form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

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

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

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

- The reconciliation of the number of shares outstanding from the beginning to the end of the 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 £125.5m in the year to 30 September 2020 (year ended 30 September 2019: £107.8m) and as at that date had net liabilities of £317.8m (2019: £190.6m), 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 £77m 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 2020, the Group had net current assets of £52.0m (2019: £43.4m) and the Group generated positive operating cash from operating activities of £72.3m for the year then ended (year ended 30 September 2019: £56.4m).

As disclosed in note 15, included in Creditors: amounts falling due after more than one year are preference shares and related accrued dividends of £780.2m (2019: £709.3m), 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 Creditors: amounts falling due after more than one year are external borrowings of £670.6m (2019: £649.1m) 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 2022. 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. Specifically, the forecasts also consider the impact of COVID-19 including the potential uncertainty of demand for the services provided by the Group; disruption in deliveries and supply chains; and delays in receiving cash from customers. The Group continues to take actions as necessary to reduce the impact and has instituted measures to reduce costs and preserve cash.

The Group forecasts have been stress-tested to consider the sensitivity to severe but plausible downside scenarios, including the following potential circumstances: decrease in expected revenue by 4%, which is assessed with reference to unsecured revenue and pipeline data, which would result in a total decrease of EBITDA by 15% ignoring any cost savings, decrease in cash conversion by 10%, and LIBOR increasing by 1%. In assessing this sensitivity on revenues, the Group has had regard to its order book and the amount of revenues in the forecast which are already subject to contract, but the forecasts are nonetheless contingent on the Group attracting new customers and retaining existing ones. The ability to do this has been demonstrated historically, including during the COVID-19 pandemic in the later part of the year, and continued post year end. The downside scenarios are considered before any potential costs mitigations which are in the Group's control.

The Group has significant liquidity available to cope with additional cash requirements related to potential impacts of COVID-19. The Group's forecasts indicate that even in the severe but plausible downside scenarios it would have sufficient funds to operate within the financial covenants on its loan facilities and to continue to meet its liabilities as they fall due for payment for the forecast period. This includes the availability of the revolving credit facility under existing banking agreements, of which £77.0m was available at year end.

Consequently, the directors have prepared the financial statements for the year ended 30 September 2020 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 2020. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Expenses

Operating lease

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

Finance lease

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

Interest receivable and Interest payable

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

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

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Foreign currency (continued)

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

1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Intangible assets and goodwill (continued)

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.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

1.12 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

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

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Employee benefits

Defined contribution pension plans

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

Defined benefit plans

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

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.

Notes *(continued)*

2 Acquisitions of businesses

Fretwell-Downing Hospitality Limited

On 25 March 2020, the Group acquired the entire share capital of Fretwell-Downing Hospitality Holdings Limited and its subsidiary Fretwell-Downing Hospitality Limited for consideration of £10,018,000 plus acquisition costs of £363,000. Fretwell-Downing provides cloud catering management software. The business contributed revenue of £2,218,000 and net profit of £318,000 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	167	-	**167**
Intangible assets	24	2,939	**2,963**
Trade and other debtors	1,409	-	**1,409**
Cash	2,798	-	**2,798**
Trade and other creditors	(2,468)	(69)	**(2,537)**
Deferred tax asset/(liability)	5	(476)	**(471)**
Provisions	-	(69)	**(69)**
Net identifiable assets and liabilities	1,935	2,325	**4,260**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**10,018**
Costs directly attributable to the business combination			**363**
Total consideration			**10,381**
Goodwill on acquisition			**6,121**

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)*

Chameleon Information Management Services Limited *and its subsidiary* ***Flex Software Limited***

On 30 July 2020, the Group acquired the entire share capital Chameleon Information Management Services Limited and its subsidiary Flex Software Limited (trading as 'Infoflex') for consideration of £24,100,000 plus acquisition costs of £451,000. Infoflex specialises in digital health software. The business contributed revenue of £844,000 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	130	3	**133**
Intangible assets	243	5,264	**5,507**
Trade and other debtors	699	-	**699**
Cash	5,655	-	**5,655**
Trade and other creditors	(2,943)	(40)	**(2,983)**
Deferred tax liabilities	-	(916)	**(916)**
Provisions	-	(59)	**(59)**
Net identifiable assets and liabilities	3,784	4,252	**8,036**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**24,100**
Costs directly attributable to the business combination			**451**
Total consideration			**24,551**
Goodwill on acquisition			**16,515**

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.

Araya Pictures Pty Ltd

In November 2019, Civica Pty Limited acquired certain trade from Araya Pictures Pty Ltd, including the rights to sell engagement solution software and services to the health sector in Australia and Asia, for consideration of £381,000. Goodwill of £381,000 was recognised, with an expected useful life of 10 years.

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Acquisitions in prior periods

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 Trac Systems Limited and Zedcore Systems Limited on 6 December 2018, Civica Election Services Limited (formerly known as Electoral Reform Services Limited) and its subsidiaries on 30 November 2018, TranSend Solutions Limited on 28 February 2019 and Warwick International Computing Systems Limited on 14 August 2019. Those businesses contributed revenue of £419,774,000 and net loss after tax of £69,736,000 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	**12**
Trade and other creditors	**(1,339)**
Deferred tax asset/(liability)	**62**
Net adjustment to identifiable assets and liabilities	**(1,265)**
Total cost of business combination:	
Adjustment to consideration	**-**
Adjustment to costs directly attributable to the business combinations	**192**
Total adjustment to consideration	**192**
Adjustment to goodwill on acquisition	**1,457**

Notes *(continued)*

3 Turnover

	Year ended 30 September 2020 £000	Year ended 30 September 2019 £000
Sale of goods	**88,397**	92,609
Rendering of services	**336,545**	332,959
Total turnover	**424,942**	425,568

	Year ended 30 September 2020 £000	Year ended 30 September 2019 £000
By activity:		
Owned software and related equipment	**62,734**	67,281
Third party software and services	**25,663**	25,328
Implementation and consulting services	**116,210**	117,717
Recurring support and managed services	**220,335**	215,242
Total turnover	**424,942**	425,568
By geographical market:		
United Kingdom	**327,552**	327,259
Australasia and Far East	**89,961**	91,821
North America	**7,429**	6,488
Total turnover	**424,942**	425,568

Notes *(continued)*

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2020	2019
	£000	£000
Depreciation of owned tangible fixed assets	**5,763**	5,181
Amortisation	**84,447**	78,321
Exceptional costs – included in administrative expenses	**9,038**	8,314
Project Centum 2 – included in administrative expenses	**1,751**	3,505

During the year the Group incurred exceptional costs of which £4,134,000 (2019: £3,074,000) related to the strategic reorganisation of its operations, £320,000 (2019: £nil) salary costs for furloughed employees, £184,000 (2019: £nil) of aborted acquisition costs, and £4,400,000 (2019: £4,402,000) related to fees payable to Partners Group. Civica Group also provided £nil (2019: £838,000) 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 2020 were £1,751,000 (2019: £3,505,000). 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:

	2020	2019
	£000	£000
Audit of these financial statements	**73**	52
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**385**	324
Taxation and other services	**81**	186
	539	562

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:

	2020	2019
Technical	**3,983**	3,939
Sales and marketing	**224**	215
Administration	**644**	556
	4,851	4,710

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	**178,281**	178,121
Social security costs	**15,282**	15,731
Contributions to defined contribution plans	**12,750**	12,131
	206,313	205,983

Notes *(continued)*

6 Directors' remuneration

	2020	2019
	£000	£000
Directors' remuneration	**1,476**	1,861

The aggregate of remuneration of the highest paid director was £572,000 (2019: £670,000).

Some of the directors (Partners Group representatives) are employees of Partners Group and are also directors of other Partners Group portfolio companies. These directors' services to Civica Group do not occupy a significant amount of their overall time and, as such, the directors do not consider that they have received any remuneration for their incidental services as directors to the company and the group during the years ended 30 September 2019 and 30 September 2020. Civica Group has not paid any remuneration to these directors.

Transactions with key management personnel are disclosed in note 24.

7 Interest receivable and similar income

	2020	2019
	£000	£000
Bank interest	**194**	130
Exchange differences on inter-company loans	**450**	-
Total interest receivable and similar income	**644**	130

8 Interest payable and similar expenses

	2020	2019
	£000	£000
Interest payable on financial liabilities	**42,205**	40,096
Net interest expense on net defined benefit liabilities	**31**	27
Exchange differences on inter-company loans	**-**	344
Accrued preference share dividends (see note 16)	**70,932**	64,478
Total interest payable and similar expenses	**113,168**	104,945

Notes *(continued)*

9 Taxation

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

	2020		2019	
	£000	**£000**	£000	£000
Current tax				
UK corporation tax on income for the year	**(3,443)**		(3,897)	
UK corporation tax adjustment in respect of prior periods	**1,144**		1,103	
Overseas tax on income for the year	**(3,727)**		(874)	
Total current tax		**(6,026)**		(3,668)
Deferred tax (see note 18)				
Origination and reversal of timing differences	**8,550**		7,500	
Adjustments in respect of previous periods	**1920**		(465)	
Effect of change in tax rate	**(9,408)**		-	
Total deferred tax		**1,062**		7,035
Total tax		**(4,964)**		3,367

	2020			2019		
	Current tax £000	**Deferred tax £000**	**Total tax £000**	Current tax £000	Deferred tax £000	Total tax £000
Recognised in Profit and loss account	**(6,026)**	**896**	**(5,130)**	(3,668)	6,950	3,282
Recognised in other comprehensive income	**-**	**166**	**166**	-	85	85
Total tax	**(6,026)**	**1,062**	**(4,964)**	(3,668)	7,035	3,367

Notes *(continued)*

9 **Taxation** *(continued)*

Analysis of current tax recognised in profit and loss

	2020	2019
	£000	£000
UK corporation tax	**(2,299)**	(2,794)
Foreign tax	**(3,727)**	(874)
Total current tax recognised in profit and loss	**(6,026)**	(3,668)

Reconciliation of effective tax rate

	2020	2019
	£000	£000
Loss for the year	**(125,527)**	(107,789)
Total tax (charge)/credit recognised in profit and loss	**(5,130)**	3,282
Loss excluding taxation	**(120,397)**	(111,071)
Tax using the UK corporation tax rate of 19%	**22,875**	21,103
Non-deductible expenses	**(13,490)**	(12,230)
Goodwill amortisation	**(6,397)**	(6,166)
Temporary differences on which no deferred tax assets were recognised	**-**	(234)
Recognition of previously unrecognised tax losses	**7**	126
Effect of corporation tax rates in foreign jurisdictions	**(1,372)**	136
Tax adjustment in respect of previous periods	**3,064**	638
Foreign exchange adjustments on overseas deferred tax	**14**	(14)
Difference between deferred tax rate and corporation tax rate	**(423)**	(77)
Deferred tax change of rate	**(9,408)**	-
Total tax expense included in profit or loss	**(5,130)**	3,282

The main rate of UK corporation tax for the year ended 30 September 2020 was 19%. In the Spring 2020 budget it was announced that the Corporation Tax rate would remain at 19% from 1 April 2020, rather than reducing to 17% as previously enacted. The rate of 19% was substantively enacted at the balance sheet date.

Notes *(continued)*

10 Intangible assets and goodwill

Group	Goodwill £000	Customer relationships £000	Software (own use) £000	Software development £000	Brands £000	Total £000
Cost						
At start of the year	617,428	557,688	6,037	111,012	63,477	1,355,642
Acquisitions through business combinations	24,474	8,420	50	-	-	32,944
Additions – internally developed	-	-	-	7,627	-	7,627
Additions – externally purchased	-	-	3,084	-	-	3,084
Effect of movements in foreign exchange	-	-	-	151	-	151
At end of the year	641,902	566,108	9,171	118,790	63,477	1,399,448
Amortisation and impairment						
At start of the year	60,714	54,313	3,647	19,544	6,348	144,566
Amortisation for the year	34,266	31,334	2,348	13,325	3,174	84,447
Effect of movements in foreign exchange	-	-	-	84	-	84
At end of the year	94,980	85,647	5,995	32,953	9,522	229,097
Net book value						
At 30 September 2020	**546,922**	**480,461**	**3,176**	**85,837**	**53,955**	**1,170,351**
At 30 September 2019	**556,714**	**503,375**	**2,390**	**91,468**	**57,129**	**1,211,076**

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	10,217	3,645	17,564	31,426
Acquisitions through business combinations	-	-	300	300
Additions	22	-	3,520	3,542
Transfers	590	(590)		-
Disposals	(821)	-	(72)	(893)
Effect of movements in foreign exchange	-	(3)	63	60
At end of the year	10,008	3,052	21,375	34,435
Depreciation and impairment				
At start of the year	568	1,215	6,585	8,368
Depreciation charge for the year	289	641	4,833	5,763
Disposals	(325)	-	(27)	(352)
Transfers	135	(135)	-	-
Effect of movements in foreign exchange	-	(4)	141	137
At end of the year	667	1,717	11,532	13,916
Net book value				
At 30 September 2020	**9,341**	**1,335**	**9,843**	**20,519**
At 30 September 2019	**9,649**	**2,430**	**10,979**	**23,058**

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. *	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%
Icon Global Solutions Pty Ltd *	Australia	Trading **	Ordinary 100%
IGS Assets Pty Ltd *	Australia	Trading **	Ordinary 100%
Civica Election Services Limited (formerly Electoral Reform Services Limited) *	United Kingdom	Trading **	Ordinary 100%
Shaw & Sons Limited *	United Kingdom	Trading **	Ordinary 100%
Asset Edge Pty Limited *	Australia	Trading **	Ordinary 100%
Chameleon Information Management Services Limited *	United Kingdom	Trading **	Ordinary 100%
Flex Software Limited *	United Kingdom	Trading **	Ordinary 100%
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 Financial Systems 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%

Notes *(continued)*

13 Fixed asset investments *(continued)*

Company	Country of incorporation	Principal activities	Class and % of shares held
Dormant companies (continued):			
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%
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%
England Consulting Pty Ltd *	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%
OneStep Solutions (Resources) Limited *	United Kingdom	Inactive	Ordinary 100%
OneStep Solutions LLP *	United Kingdom	Inactive	100%
Nationwide Retail Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Visionware Limited *	Scotland	Inactive	Ordinary 100%
iCasework Limited *	United Kingdom	Inactive	Ordinary 100%
Membership Engagement Services Limited *	United Kingdom	Inactive	Ordinary 100%
Xpress Software Solutions Limited *	United Kingdom	Inactive	Ordinary 100%
Modern Mindset Limited *	United Kingdom	Inactive	Ordinary 100%
Trac Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Zedcore Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Transend Solutions Limited *	United Kingdom	Inactive	Ordinary 100%
Warwick International Computing Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Fretwell-Downing Hospitality Holdings Limited *	United Kingdom	Inactive	Ordinary 100%
Fretwell-Downing Hospitality Limited *	United Kingdom	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: Notus Pride (1st Floor), Sarabhai Campus, Bhailal Amin Marg, Vadodara - 390007, India.

Notes *(continued)*

12 Fixed asset investments *(continued)*

Subsidiary audit exemptions

The following subsidiary companies took advantage of the exemption from audit of their individual financial statements under Section 479A of the Companies Act 2006. As a condition of that exemption, the Company has guaranteed the liabilities of these subsidiaries as at 30 September 2020, at which date all of these subsidiaries were inactive, with combined liabilities of £nil.

Company	Registered number	Company	Registered number
Trac Systems Limited	04028397	Warwick International Computing Systems Limited	02877208
Zedcore Systems Limited	05014105	Fretwell-Downing Hospitality Holdings Limited	09564908
Transend Solutions Limited	06349362	Fretwell-Downing Hospitality Limited	03152100

13 Debtors

	Group 2020 £000	**Company 2020 £000**	Group 2019 £000	Company 2019 £000
Trade debtors	**46,486**	**-**	46,423	-
Amounts recoverable on contracts	**94,644**	**-**	86,341	-
Prepayments and other debtors	**21,169**	**-**	18,484	-
Corporation tax	**346**	**10**	2,306	7
	162,645	**10**	153,554	7

Group prepayments and other debtors include £4,520,000 *(2019:* £4,402,000*)* due after more than one year.

14 Creditors: amounts falling due within one year

	Group 2020 £000	**Company 2020 £000**	Group 2019 £000	Company 2019 £000
Trade creditors	**14,073**	**-**	20,029	**-**
Taxation and social security	**13,418**	**-**	13,702	**-**
Accruals and other creditors	**38,601**	**8**	35,186	**-**
Deferred income	**92,941**	**-**	78,549	**-**
Contingent consideration	**-**	**-**	450	**-**
	159,033	**8**	147,916	**-**

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group 2020 £000	**Company 2020 £000**	Group 2019 £000	Company 2019 £000
Bank loans and overdrafts (see note 16)	**670,568**	**-**	649,085	-
Preference shares classified as liabilities	**587,776**	**587,776**	587,776	587,776
Accrued dividends on preference shares	**192,416**	**192,416**	121,485	121,485
Amounts owed to group undertakings	**-**	**103**	-	42
	1,450,760	**780,295**	1,358,346	709,303

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 2020 £000	**Company 2020 £000**	Group 2019 £000	Company 2019 £000
Creditors falling due after more than one year				
Secured bank loans	**670,568**	**-**	649,085	-
Preference shares classified as liabilities	**587,776**	**587,776**	587,776	587,776
Accrued dividends on preference shares	**192,416**	**192,416**	121,485	121,485
	1,450,760	**780,192**	1,358,346	709,261

Secured bank loans

Included as a deduction against bank loans are £7,934,000 *(2019: £8,918,000)* of costs attributable to the raising of bank loans. The costs are being amortised over the duration of the loans.

Secured bank loans falling due after more than one year include £20,000,000 *(2019: £81,350,000)* 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 £46,652,000 *(2019: £46,153,000)* 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 2019 £000	Cash flow £000	Non cash changes £000	**At 30 September 2020 £000**
Bank debt due after more than one year	(649,085)	(19,190)	(2,293)	**(670,568)**
Gross debt	(649,085)	(19,190)	(2,293)	**(670,568)**
Cash at bank and in hand	37,792	10,541	41	**48,374**
Net debt	(611,293)	(8,649)	(2,252)	**(622,194)**

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets**		**Liabilities**		**Net**	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Accelerated capital allowances	**2,455**	2,097	**-**	-	**2,455**	2,097
Arising on business combinations	**-**	-	**(120,568)**	(118,208)	**(120,568)**	(118,208)
Employee benefits	**573**	366	**-**	-	**573**	366
Other	**13,751**	11,998	**-**		**13,751**	11,998
Deferred tax assets / (liabilities)	**16,779**	14,461	**(120,568)**	(118,208)	**(103,789)**	(103,747)

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 £9,462,000, relating to the reversal of timing differences on intangible fixed assets.

Company

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

Notes *(continued)*

19 Provisions

Group	Property provisions £000
Balance at beginning of the year	**3,949**
Amounts arising from acquisitions	128
Utilised during the year	(865)
Released during the year	(139)
Effect of movements in foreign exchange	18
Balance at end of the year	**3,091**

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. The schemes are funded by the Group, based on the pension funds' actuarial measurement frameworks.

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 Group makes funding contributions to the scheme based on a separate actuarial valuation for funding purposes.

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.

The Group expects to pay £146,000 in contributions to these defined benefit plans in the year ending 30 September 2021.

Notes *(continued)*

20 Employee benefits *(continued)*

Net pension liability

	2020	2019
	£000	£000
Defined benefit obligation	**(28,909)**	(28,763)
Plan assets	**25,892**	26,608
Net pension liability	**(3,017)**	(2,155)

Movements in present value of defined benefit obligation

	2020	2019
	£000	£000
At 1 October 2019	**(28,763)**	(25,550)
Service cost	**-**	(838)
Interest expense	**(520)**	(708)
Remeasurement: actuarial gains/(losses)	**(841)**	(2,837)
Benefits paid	**1,215**	1,170
At 30 September 2020	**(28,909)**	(28,763)

Movements in fair value of plan assets

	2020	2019
	£000	£000
At 1 October 2019	**26,608**	24,464
Interest income	**489**	681
Remeasurement: return on plan assets less interest income	**(133)**	2,338
Administrative expenses	**(28)**	(15)
Contributions by employer	**171**	310
Benefits paid	**(1,215)**	(1,170)
At 30 September 2020	**25,892**	26,608

Expense recognised in the profit and loss account

	2020	2019
	£000	£000
Past service cost - GMP equalisation	**-**	(838)
Net interest on net defined benefit liability	**(31)**	(27)
Administrative expenses	**(28)**	(15)
Total expense recognised in profit or loss	**(59)**	(880)

The total recognised in the statement of other comprehensive income are remeasurement losses of £974,000 (2019: £499,000).

Notes *(continued)*

20 Employee benefits *(continued)*

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

	2020 Fair value £000	2019 Fair value £000
Equities	**8,255**	11,488
Fixed income bonds	**9,008**	7,698
Group pension contract	**2,031**	2,473
Cash	**160**	190
Guaranteed annuity rates	**5,179**	4,790
Other	**1,259**	(31)
	25,892	26,608
Actual return on plan assets	**(133)**	2,338

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

	2020 %	2019 %
Discount rate	**1.6 – 1.8**	1.8 – 2.0
Inflation rate (RPI)	**3.0 – 3.2**	3.2 – 3.4
Future pension increases	**2.5 – 5.0**	2.4 – 5.0

In valuing the liabilities of the pension funds at 30 September 2020, 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: 21.4 to 22.2 years (male), 23.4 to 24.3 years (female).
- Future retiree upon reaching 65: 22.4 to 23.3 years (male), 24.6 to 25.2 years (female).

GMP equalisation

On 26 October 2018, the High Court issued a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement 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 provided £838,000 in the year ended 30 September 2019 for the potential additional liabilities relating to the Group's schemes.

On 20 November 2020, the High Court handed down a further judgement on the Guaranteed Minimum Pension (GMP) equalisation case in relation to the Lloyds banking group pension schemes. This latest judgement confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The schemes have experienced a small number of historical transfers out which will be subject to adjustment as a result of this second ruling. At this stage the trustees are not yet in a position to obtain a reliable estimate of the impact of the backdated benefits and related interest. Therefore no provision has been made within these financial statements. A provision will be recognised as a past service cost within the financial statements when a reliable estimate is able to be produced.

Notes *(continued)*

20 Employee benefits *(continued)*

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 £12,750,000 (2019 period £12,131,000).

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**

		2020	2019
		£	£
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.

Notes *(continued)*

22 Financial instruments

Carrying amount of financial instruments

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

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2020 £000	**Company 2020 £000**	Group 2019 £000	Company 2019 £000
Less than one year	**7,236**	**-**	6,301	-
Between one and five years	**18,849**	**-**	16,339	-
More than five years	**15,272**	**-**	13,406	-
	41,357	**-**	36,046	-

During the year £8,847,000 (2019 period £8,342,000) 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 £1,476,000 (2019: £1,861,000). At 30 September 2020, management personnel own 6.62% (2019: 6.62%) of the issued share capital of the Company.

During the year, preference share dividends of £2,315,000 (2019: £2,105,000) payable to key management personnel were accrued. The balance outstanding at the year-end was £6,259,000 (2019: £3,944,000).

Other related party transactions

At 30 September 2020, 93.38% (2019: 93.38%) 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 £66,262,000 (2019: £60,233,000) payable to Partners Group were accrued. The balance outstanding at the year-end was £179,769,000 (2019: £113,507,000).

Fees of £4,400,000 (2019: £4,402,000) 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 £2,315,000 (2019: £2,105,000) payable to key management personnel were accrued. The balance outstanding at the year-end was £6,259,000 (2019: £3,944,000).

Other related party transactions

During the year, preference share dividends of £66,262,000 (2019: £60,233,000) payable to Partners Group were accrued. The balance outstanding at the year-end was £179,769,000 (2019: £113,507,000).

Notes *(continued)*

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:

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 Subsequent events

We continue to strengthen our capability and expand our addressable market through our successful M&A programme which is underpinned by established processes. Subsequent to the balance sheet date, the Group has acquired the entire share capital of:

Parago Software Limited, a company incorporated in the United Kingdom, and its subsidiary Parago Software Inc, a company incorporated in the United States of America. The business provides estate and asset management Software-as-a-Service (SaaS) to the education sector.

Agylia Group Limited and subsidiary Agylia Care Limited, companies incorporated in the United Kingdom. Agylia’s principal activity is the provision of learning management and eLearning Software-as-a-Service (SaaS) across multiple markets.

Equiniti HR Solutions Limited, a company incorporated in the United Kingdom, that provides HR and payroll solutions across a range of markets, including the NHS.

Ntropy Data, Inc, a company incorporated in the United States of America which provides an innovative software-as-a-service platform for community and stakeholder engagement.