Chambertin (Holdings) Limited

Annual report and consolidated financial statements

Registered number 08515929

30 September 2017

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Directors' Report and Strategic Report

The directors present their report and the audited consolidated financial statements for the year ended 30 September 2017.

Principal activities

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

Strategic Report

Business model

The Civica vision is to help organisations achieve better outcomes through more connected ways of working enabled by the use of digital technology and automation. This vision is delivered through a business model which has three core capabilities to deliver value to our customers:

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

Business review

During the year to 30 September 2017, turnover grew 21.3% to £324.726 million *(year ended 30 September 2016: £267.693 million)* and operating profit before depreciation, amortisation and exceptional charges increased by 24.6% to £68.690 million *(year ended 30 September 2016: £55.109 million)*.

Our performance continues to be driven and sustained by a clear and consistent strategy, aligned to customer needs to improve service delivery and efficiency through automation, which is focused on:

- Maximising the penetration of specialist IPR software;
- Growing the scope and scale of digital solutions for our customers;
- Expanding managed services in areas of domain expertise; and
- Complementary acquisitions to strengthen capability and build scale.

During the year we made good progress across all dimensions of our strategy, increasing our scale of activity. We have also continued to put in place the building blocks for our future growth, with particular focus on a scalable operating platform for product development, sales & marketing and operations globally.

We continue to be regarded as a strong and stable partner by our customers, critical to which is sustained investment in employee development and our culture which continues to be a key differentiator for Civica. The business has also benefitted from a 'One Civica' focus, from building out our hub office strategy to increased collaboration globally.

Our ability to out-perform the market and our competitors demonstrates the resilience of our business model and the value we add to our customers. Together with improved visibility of earnings through long-term recurring revenues which accounted for 46.9 per cent of overall turnover in the year, the Group strengthened its financial position which is also an important determinant for customers as they seek resilient partners as their requirements continue to evolve. Notes 16 and 17 provide further information on the Group's financial position.

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

We made further investments in the year to strengthen capability, resources and management, which also supported significant new contract awards in the UK, Australia and the USA including major software systems, cloud-based services and platform-based managed services.

The Group increased revenues in each of our geographies during 2017, with revenues from the UK increasing by 14 per cent to £247.2 million, driven by a strong performance in local government, social housing and health & care, together with expansion in digital solutions following the Group's acquisitions in 2016 and the launch of Civica Digital in January 2017.

Revenues from Australia and the Far East increased by 59 per cent to £70.9m, following significant software and managed services contract wins.

With a strong order book, a solid financial foundation and an ambitious management team, Civica remains in a very good position to sustain our growth performance as we move into 2018, and we anticipate further market opportunities as customers seek to respond to rapid and significant changes especially in the public sector.

Our people and our values

At Civica we are proud to have an inclusive culture which sets us apart and where our people feel that they can be their true selves. We believe that diversity makes us a stronger company and is achieved by recognising the value of each individual, helping us to not only attract, but retain the best people, enabling greater innovation, boosting our performance and allowing us to accelerate our vision and strategy. At Civica we ensure that our people feel empowered, supported and, above all, treated fairly.

We encourage everyone to develop their full potential by continually investing in our popular Learning Academy and innovative leadership, to ensure that we maintain a knowledgeable, flexible and well-regarded team who are constantly building on their sector expertise and remain committed to delivering a first class service to both their internal and external customers around the globe. As we continue to grow, our core values of knowledge, integrity and action remain at the very heart of everything we do and we actively look to recruit and retain a diverse team of people with these values and the 'can do' attitude to succeed for their customers.

Over the last year we have continued to establish our reputation as an employer of choice, attracting a varied and highly skilled team of personable and professional people who are respected by their customers and colleagues alike. Since 2016, via our 'YourVoice' survey, our global Employee Net Promoter Score has continued to significantly increase, with our employees recognising Civica as a great place to work. The strength of our inclusive culture has also been recognised with our Glassdoor rating increasing to 4.2, with a 97% CEO approval rating. We were extremely proud to be recognised as a Glassdoor Top 20 UK Company and, later, be confirmed as one of the top 50 Employers to Work for in Glassdoor's 2018 Employees Choice Award, which included more than 500,000 employers. We believe that the strength of our employee brand and being regarded as an employer of choice is down to our unique culture which encourages and proactively supports individuality, as well as personal development and growth, with everyone having the support and autonomy they need to put their ideas into action and transform the way we, and our customers work.

The Group's Learning Academy provides a consistent programme of training, development and talent management to support our people throughout their careers and help them reach their full potential. In August 2017 we were proud to re-secure our Investors in People Gold accreditation, following a three-year re-evaluation, reinforcing that our training and development are closely and appropriately aligned to our overall company strategy. In the year we also launched our 'Inspirational Leadership' programme to all of our leaders to underpin our high performing culture; and our junior leadership programme 'Potential', was extended to equip more of our people with the skills necessary to succeed in a people management role. Our Learning Academy programmes have continued to evolve to support our people and strategy, with more than 220 managers attending the courses in just over 12 months. We have also continued to develop our 'Horizons' programme, Civica's graduate, apprentice and placement programme, to support our commitment to The 5% Club. 'Top Gear', our business development programme, also continues to go from strength to strength and support our teams in effectively understanding and responding to the challenges faced by our customers.

Directors' Report and Strategic Report *(continued)*

Our people and values *(continued)*

Over the year, the Group has continued to grow, adding more than 200 employees across all areas of the business. Notably, these include the call centre transfer in Hull, and the acquisitions of Abritas Limited and Carval Computing Limited. Our proven and comprehensive integration and communications programme has ensured a smooth and successful transition for all those involved, with us having received some fantastic feedback. We continued to attract new colleagues via external recruitment during the year, ensuring that we add to our existing knowledgeable, skilled and experienced team of talent. Continuing to build an even stronger and diverse global team remains a priority for Civica and we continue to develop programmes that encourage inclusivity across the business, from recruitment to induction, to business as usual.

At Civica we constantly review our leadership structure to ensure that as we continue to grow we remain effective, efficient and agile, so our teams have the autonomy and support that they need to respond to the ever changing needs of our business and to create opportunities which continually expand our people's knowledge and experience. We recognise the importance of employee engagement and our Group Communications Team play an important role in ensuring that our people understand our vision, values and strategy and the role that they play in their delivery, and also have access to a full, and constantly evolving programme of two way communications which ensure they have the knowledge and tools to remain engaged and collaborate, and innovate across the Group. Our two way communications range from regular business news, briefings and leadership events, to global calls including monthly CEO and CFO 'Cascade' calls, as well as 'Lime' innovation updates. A high level of feedback is always encouraged from our people, including regular listening boards, employee surveys and workshops.

The Group provides a competitive benefits package, including flexible elements that employees can tailor to their personal and diverse needs, including additional holiday, life insurance and critical illness cover. Our people also have access to an employee discounts scheme and we have continued to develop a full programme of health and wellness activities to improve our employees' mental health and physical wellbeing, with trained counsellors, managers and dedicated members of our People Team on hand to provide support whenever and wherever it is needed. We recognise that a happy, healthy and motivated workforce will lead to higher performance and stronger growth, and as in any modern business where people are striving to achieve great things, we aim to promote a culture where employees are able to balance the pressures of work with their varying personal commitments, resulting in a healthy mind-set and physical state. Our health and wellbeing services include occupational health, a full on-site health and wellbeing assessment, advice on financial issues, specialist counselling and support services and flexible working, to name just a few; all of which are now integral to the Civica culture and to our long-term development as a business.

We also offer our employees many options to get involved with charitable work via the Civica Foundation which provides a focal point for all of our charitable fundraising and community support; which has been proven to help foster a sense of belonging, reduce isolation and stress; and help others. The Civica Foundation also provides individuals with a one-off donation to stimulate charitable initiatives. Nominated charities for the Group include the Prince's Trust, Action for Children, Shelter and Water for Kids. Along with our 'Donate a day' programme where employees have a free day each year to volunteer their time to a worthwhile cause, we also run our annual Tour De Civica running and cycling event and take part in Byte Night in support of Action for Children at multiple locations throughout the country - amongst other activities. We also have expanded our Give As You Earn ('GAYE') programme, enabling all employees to contribute to any UK charity with support from the Civica Foundation.

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

Directors’ Report and Strategic Report (continued)

Acquisitions

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

During the year the Group acquired the following businesses:

Abritas Limited, provider of web-based application software and related services to the UK social housing sector. Based in Reading, its software-as-a-service solutions are used by more than 170 local authorities and housing associations to provide social housing needs, options and lettings services for tenants, including an online mutual exchange tool to help tenants swap homes (www.swapandmove.co.uk). The acquisition strengthens the Group’s capability to support improved and more efficient tenant services and help address homelessness.

HR and payroll software provider **Carval Computing Limited**. Based in Plymouth and Newport Pagnell with offices in Harlow, Carval provides integrated HR and payroll systems and related payroll processing services. Its software applications are used in more than 300 installations, ranging from organisations with less than 100 employees to those with more than 10,000. Customers span both public and private sectors, such as Middlesbrough Council, Staffordshire Housing Association, multi-academy trust E-ACT, the Royal Mint and National Express.

Carval's flexible HR systems include cloud-based solutions, employee self-service technology and mobile apps, providing an efficient modern platform for people, workforce and payroll management.

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

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

Subsequent event

On 12 October 2017, Partners Group acquired Chambertin (Holdings) Limited and its subsidiaries (the ‘Civica Group’) from OMERS Private Equity. There is no change to the business focus of the Group as a result of the transaction.

Directors' Report and Strategic Report *(continued)*

Key performance indicators

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

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

These KPIs for the year ended 30 September 2017 and for the previous 2 financial years were:

		Year ended 30 September 2017	Year ended 30 September 2016	Year ended 30 September 2015
Turnover	£000	**324,726**	267,693	234,052
Gross profit	£000	**280,688**	221,843	181,928
%		**86.4%**	82.9%	77.7%
Operating profit before amortisation and exceptional charges	£000	**64,102**	49,754	41,735
%		**19.7%**	18.6%	17.8%
EBITDAE	£000	**68,690**	55,109	46,821
%		**21.2%**	20.6%	20.0%
Operating cash flow	£000	**64,575**	50,202	41,837
Operating cash flow as a % of EBITDAE		**94.0%**	91.1%	89.4%

Principal risks and uncertainties

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

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

Directors' Report and Strategic Report *(continued)*

Future developments

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

Dividends

The directors do not recommend the payment of a dividend *(2016: £nil)*.

Directors

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

Executive directors:

Simon Downing	Chairman
Wayne Story	Chief Executive Officer
Phillip Rowland	Chief Financial Officer
Michael Stoddard	Company Secretary

Non-executive directors:

Michael Jeffries	Independent non-executive director (resigned 6 December 2017)
Martin Le Huray	OMERS Private Equity Inc representative (resigned 12 October 2017)
Isabelle Pagnotta	OMERS Private Equity Inc representative (resigned 12 October 2017)

The non-executive directors resigned subsequent to the balance sheet date following the acquisition of the Group by Partners Group from OMERS Private Equity.

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

Disclosure of information to auditor

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

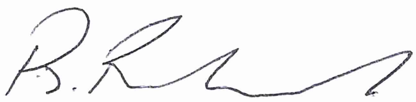
Other information

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

Auditor

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

By order of the board



Phillip Rowland
Director

2 Burston Road
Putney
London
SW15 6AR

13 February 2018

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG LLP
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LS1 4DA
United Kingdom

Independent auditor's report to the members of Chambertin (Holdings) Limited

Opinion

We have audited the financial statements of Chambertin (Holdings) Limited ("the company") for the year ended 30 September 2017 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and cash flow statement 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 2017 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

Independent auditor's report to the members of Chambertin (Holdings) Limited *(continued)*

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Mike Barradell (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

22 February 2018

Consolidated Profit and Loss Account
for year ended 30 September 2017

	Note	**Year ended 30 September 2017 £000**	Year ended 30 September 2016 £000
Turnover	*1,3*	**324,726**	267,693
Cost of sales		**(44,038)**	(45,850)
Gross profit		**280,688**	221,843
Administrative expenses		**(262,497)**	(211,837)
Operating profit before amortisation and exceptional charges		**64,102**	49,754
Exceptional charges	*4*	**(1,552)**	(2,378)
Amortisation	*10*	**(44,359)**	(37,370)
Group operating profit		**18,191**	10,006
Interest receivable and similar income	*7*	**2,182**	189
Interest payable and similar charges	*8*	**(49,251)**	(46,871)
Loss on ordinary activities before taxation		**(28,878)**	(36,676)
Tax on loss on ordinary activities	*9*	**(3,765)**	270
Loss for the financial year		**(32,643)**	(36,406)

All turnover and results are derived from continuing activities.

The notes on pages 17 to 42 form part of the financial statements.

Consolidated Other Comprehensive Income
for the year ended 30 September 2017

	Note	**Year ended 30 September 2017 £000**	Year ended 30 September 2016 £000
Loss for the year		**(32,643)**	(36,406)
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		**(774)**	4,805
Remeasurement of the net defined benefit liability	*20*	**1,385**	(851)
Deferred tax on other comprehensive income		**(235)**	50
Other comprehensive income for the year, net of income tax		**376**	4,004
Total comprehensive income for the year		**(32,267)**	(32,402)

The notes on pages 17 to 42 form part of the financial statements.

Consolidated Balance Sheet
at 30 September 2017

	Note	**2017**		2016	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets					
Goodwill	*10*	**396,025**		417,227	
Other intangibles	*10*	**51,810**		51,780	
			447,835		469,007
Tangible assets	*11*		**13,451**		12,374
			461,286		481,381
Current assets					
Debtors	*13*	**110,511**		92,085	
Cash at bank and in hand		**42,352**		49,932	
		152,863		142,017	
Creditors: amounts falling due within one year	*14*	**(123,259)**		(119,951)	
Net current assets			**29,604**		22,066
Total assets less current liabilities			**490,890**		503,447
Creditors: amounts falling due after more than one year	*15*		**(626,889)**		(603,727)
Provisions for liabilities					
Provisions	*19*	**(2,073)**		(3,822)	
Pensions and similar obligations	*20*	**(2,275)**		(3,978)	
			(4,348)		(7,800)
Net liabilities			**(140,347)**		(108,080)
Capital and reserves					
Called up share capital	*21*		**2**		2
Share premium account			**999**		999
Profit and loss account			**(141,348)**		(109,081)
Shareholders' deficit			**(140,347)**		(108,080)

The notes on pages 17 to 42 form part of the financial statements.

These financial statements were approved by the board of directors on 13 February 2018 and were signed on its behalf by:

Phillip Rowland
Director

Company registered number: 8515929

Company Balance Sheet
at 30 September 2017

	Note	**2017**		2016	
		£000	**£000**	£000	£000
Fixed assets					
Investments	*12*		**805**		805
Current assets					
Debtors (including £4,922,000 *(2016: £4,902,000)* due after more than one year)	*13*	**18,123**		4,902	
		18,123		4,902	
Creditors: amounts falling due within one year	*14*	**(13,142)**		(2)	
Net current assets			**4,981**		4,900
Total assets less current liabilities			**5,786**		5,705
Creditors: amounts falling due after more than one year	*15*		**(7,096)**		(6,450)
Net liabilities			**(1,310)**		(745)
Capital and reserves					
Called up share capital	*21*		**2**		2
Share premium account			**999**		999
Profit and loss account			**(2,311)**		(1,746)
Shareholders' deficit			**(1,310)**		(745)

The notes on pages 17 to 42 form part of the financial statements.

These financial statements were approved by the board of directors on 13 February 2018 and were signed on its behalf by:

Phillip Rowland
Director

Company registered number: 8515929

Consolidated Statement of Changes in Equity

	Note	**Share capital £000**	**Share premium £000**	**Profit and loss £000**	**Total equity £000**
Balance at 1 October 2015		2	982	(76,679)	(75,695)
Total comprehensive income for the period					
Loss for the year		-	-	(36,406)	(36,406)
Other comprehensive income		-	-	4,004	4,004
Total comprehensive income for the period		-	-	(32,402)	(32,402)
Transactions with owners, recorded directly in equity					
Issue of shares		-	17	-	17
Total contributions by and distributions to owners		-	17	-	17
Balance at 30 September 2016	*21*	**2**	**999**	**(109,081)**	**(108,080)**

	Note	**Share capital £000**	**Share premium £000**	**Profit and loss £000**	**Total equity £000**
Balance at 1 October 2016		2	999	(109,081)	(108,080)
Total comprehensive income for the period					
Loss for the year		-	-	(32,643)	(32,643)
Other comprehensive income		-	-	376	376
Total comprehensive income for the period		-	-	(32,267)	(32,267)
Balance at 30 September 2017	*21*	**2**	**999**	**(141,348)**	**(140,347)**

The notes on pages 17 to 42 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 2015	2	982	(1,176)	(192)
Total comprehensive income for the period				
Loss for the year	-	-	(570)	(570)
Total comprehensive income for the period	-	-	(570)	(570)
Transactions with owners, recorded directly in equity				
Issue of shares	-	17	-	17
Total contributions by and distributions to owners	-	17	-	17
Balance at 30 September 2016	**2**	**999**	**(1,746)**	**(745)**

	Share capital £000	Share premium £000	Profit and loss £000	Total equity £000
Balance at 1 October 2016	2	999	(1,746)	(745)
Total comprehensive income for the period				
Loss for the year	-	-	(565)	(565)
Total comprehensive income for the period	-	-	(565)	(565)
Balance at 30 September 2017	**2**	**999**	**(2,311)**	**(1,310)**

The notes on pages 17 to 42 form part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 30 September 2017

	Note	**2017**	2016
		£000	£000
Cash flows from operating activities			
Loss for the year		**(32,643)**	(36,406)
Adjustments for:			
Depreciation and amortisation		**47,863**	40,335
Foreign exchange losses	*7,8*	**(1,936)**	859
Interest receivable and similar income	*7*	**(246)**	(189)
Interest payable and similar charges	*8*	**49,251**	46,012
Taxation	*9*	**3,765**	(270)
		66,054	50,341
(Increase)/decrease in trade and other debtors		**(16,015)**	6,111
(Decrease)/increase in trade and other creditors		**11,900**	(11,018)
(Decrease)/increase in provisions		**(1,819)**	1,287
Pension contributions in excess of service cost		**(407)**	(406)
		59,713	46,315
Tax received/(paid)		**(1,837)**	337
Net cash from operating activities		**57,876**	46,652
Cash flows from investing activities			
Interest received		**246**	297
Acquisition of subsidiaries		**(12,256)**	(40,210)
Purchase of tangible fixed assets	*11*	**(4,471)**	(2,865)
Proceeds from sale of tangible fixed assets		**40**	30
Purchase of software intangible assets	*10*	**(2,209)**	(1,358)
Capitalised development expenditure	*10*	**(5,976)**	(7,387)
Net cash from investing activities		**(24,626)**	(51,493)
Cash flows from financing activities			
Proceeds from the issue/(purchase) of share capital		**-**	40
Proceeds from new bank loans		**-**	72,700
Proceeds from new loan notes		**-**	16,800
Interest paid		**(15,118)**	(15,765)
Repayment of borrowings		**(25,600)**	(56,821)
Payment of finance lease liabilities		**-**	(156)
Payment of facility fees		**-**	(510)
Net cash from financing activities		**(40,718)**	16,288
Net increase/(decrease) in cash and cash equivalents		**(7,468)**	11,447
Cash and cash equivalents at the beginning of the year		**49,932**	36,559
Effect of exchange rate fluctuations on cash held		**(112)**	1,926
Cash and cash equivalents at the end of the year		**42,352**	49,932

Notes
(forming part of the financial statements)

1 Accounting policies

Chambertin (Holdings) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

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

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

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

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

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Financial Reporting Council (FRC) issued *"Going Concern and Liquidity Risk: Guidance for Directors of UK Companies"* in 2009, and the directors have considered this when preparing these financial statements.

The Group has made a loss of £32.6m in the year to 30 September 2017 and as at that date had net liabilities of £140.3m and net current assets of £29.6m. It is noted that net current assets include a non-cash item of £42.9m in respect of deferred income primarily representing recurring maintenance and support income received in advance. After making allowance for this non-cash liability on an adjusted basis the Group has net current assets of £72.5m. It is also noted that significant factors in the year-end result were non-cash interest charges of £31.0m and that the Group continues to be cash generative.

The directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows to 31 March 2019.

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

On the basis of these forecasts and these considerations, the directors have assessed future covenant compliance and headroom to 31 March 2019 and have concluded that it is appropriate for the financial statements for the period ended 30 September 2017 to be prepared on a going concern basis.

The Company has made a loss of £0.6m in the year to 30 September 2017 and as at that date had net liabilities of £1.3m. The company holds investments in subsidiaries that are forecast to remain cash generative with financial headroom. Having assessed these facts the directors are satisfied that the company would be able to access sufficient liquid resources to meet any obligations that fall due up to at least 31 March 2019. The company financial statements have been prepared on a going concern basis accordingly.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2017. 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, hosting, maintenance and training services, consulting contracts, 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 training and consultancy services is recognised when the services have been performed. Hardware sales are recognised on delivery. Hardware maintenance revenues are recognised evenly over the period to which they relate. Revenue from the delivery of managed services contracts is recognised over the life of the contract on a long term contract accounting basis.

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

1.5 Expenses

Operating lease

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

Finance lease

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

Interest receivable and Interest payable

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Taxation

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

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

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

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

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

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

1.7 Foreign currency

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

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

1.8 Business combinations

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

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

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition. FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Group elected not to restate business combinations that took place prior to 30 September 2014. In respect of acquisitions prior to that date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Intangible assets and goodwill

Goodwill

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

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

Research and development

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

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

Other intangible assets

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

Amortisation

Amortisation is charged to the profit or loss over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are 3 years for capitalised development costs and 10 years for customer relationships.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 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 Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Tangible fixed assets

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

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

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

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

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

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

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

1.11 Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

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

Cash and cash equivalents

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

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

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Employee benefits

Defined contribution pension plans

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

Defined benefit plans

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

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

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

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

1.14 Provisions

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

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

Notes *(continued)*

2 Acquisitions of businesses

Acquisitions in the current period

On 15 December 2016, the Group acquired the entire share capital of Abritas Limited for consideration of £9,953,000 plus acquisition costs of £216,000. The company provides web-based application software and related services for the UK social housing sector. The business contributed revenue of £4,125,000 and net profit of £1,338,000 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 assets at the acquisition date:			
Tangible fixed assets	159	-	**159**
Intangible assets	49	5,675	**5,724**
Trade and other debtors	922	33	**955**
Cash	3,157	-	**3,157**
Trade and other creditors	(2,299)	(290)	**(2,589)**
Deferred tax liabilities	(33)	(918)	**(951)**
Provisions	-	(20)	**(20)**
Net identifiable assets and liabilities	1,955	4,480	**6,435**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**9,953**
Costs directly attributable to the business combination			**216**
Total consideration			**10,169**
Goodwill on acquisition			**3,734**

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

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

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

***Acquisitions in the current period** (continued)*

On 13 July 2017, the Group acquired the entire share capital of Carval Computing Limited for consideration of £5,400,000 plus acquisition costs of £158,000. Carval provides integrated HR and payroll systems and related payroll processing services. The business contributed revenue of £913,000 and net profit of £148,000 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	49	-	**49**
Intangible assets	-	2,846	**2,846**
Trade and other debtors	606	(90)	**516**
Cash	822	-	**822**
Trade and other creditors	(531)	(254)	**(785)**
Deferred tax liabilities	(8)	(431)	**(439)**
Provisions	-	(50)	**(50)**
Net identifiable assets and liabilities	938	2,021	**2,959**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**5,400**
Costs directly attributable to the business combination			**158**
Total consideration			**5,558**
Goodwill on acquisition			**2,599**

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

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

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Acquisitions in the prior period

The Group acquired IPL Group Limited on 28 April 2016 and SFW Limited on 21 July 2016. Those businesses contributed revenue of £16,241,000 and net profit after tax of £2,728,000 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 adjustments £000
Deferred tax	**79**
Trade and other creditors	**(432)**
Provisions	**(35)**
Net adjustment to identifiable assets and liabilities	**(388)**
Total cost of business combination:	
Adjustment to consideration	**107**
Adjustment to goodwill on acquisition	**495**

Notes *(continued)*

3 Turnover

	2017	2016
	£000	£000
Sale of goods	**79,519**	68,208
Rendering of services	**245,207**	199,485
Total turnover	**324,726**	267,693

	2017	2016
	£000	£000
By activity:		
Owned software and related equipment	**58,197**	44,092
Third party software and services	**21,322**	24,116
Implementation and consulting services	**92,808**	66,884
Recurring support and managed services	**152,399**	132,601
Total turnover	**324,726**	267,693
By geographical market:		
United Kingdom	**247,229**	217,588
Australasia and Far East	**70,882**	44,700
North America	**6,615**	5,405
Total turnover	**324,726**	267,693

Notes *(continued)*

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2017 **£000**	*2016* £000
Depreciation of tangible fixed assets:		
Owned assets	**3,504**	2,965
Amortisation	**44,359**	37,370
Exceptional costs – included in administrative expenses	**1,552**	2,378
Project Centum – included in administrative expenses	**1,084**	2,390

During the year the group incurred £1,552,000 *(2016: £2,378,000)* of costs relating to the strategic reorganisation of its operations, which related to redundancy, location closure costs and aborted acquisition costs.

Following the acquisition of the Civica Group in 2013, the Group commenced Project Centum to build a stronger platform for growth. Costs incurred during 2017 were £1,084,000 *(2016: £2,390,000)*. 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:

	2017 **£000**	2016 £000
Audit of these financial statements	**35**	42
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**201**	220
Taxation and other services	**30**	26

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:

	Number of employees	
	2017	2016
Technical	**2,827**	2,339
Sales and marketing	**199**	185
Finance and administration	**390**	388
	3,416	2,912

The aggregate payroll costs of these persons were as follows:

	2017 **£000**	2016 £000
Wages and salaries	**139,039**	110,355
Social security costs	**12,738**	10,364
Contributions to defined contribution plans	**8,697**	7,365
	160,474	128,084

Notes *(continued)*

6 Directors' remuneration

	2017	2016
	£000	£000
Directors' remuneration	**2,280**	1,636
Company contributions to money purchase pension plans	**-**	38

The aggregate of remuneration of the highest paid director was £831,000 *(2016: £698,000)*, and company pension contributions of £nil *(2016: £20,000)* were made to a money purchase scheme on their behalf.

	Number of directors	
	2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	-	2

Transactions with key management personnel are disclosed in note 24.

7 Interest receivable and similar income

	2017	2016
	£000	£000
Bank interest	**246**	189
Exchange differences on inter-company loans	**1,936**	-
Total interest receivable and similar income	**2,182**	189

8 Interest payable and similar charges

	2017	*2016*
	£000	£000
Interest payable on financial liabilities	**49,162**	45,887
Exchange differences on inter-company loans	**-**	859
Net interest expense on net defined benefit liabilities	**89**	125
Total interest payable and similar charges	**49,251**	46,871

Notes *(continued)*

9 Taxation

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

	2017		2016	
	£000	**£000**	£000	£000
Current tax				
UK corporation tax on income for the period	**(3,573)**		-	
UK corporation tax adjustment in respect of prior periods	**52**		66	
Overseas tax on income for the period	**(3,134)**		(1,399)	
Overseas tax adjustment in respect of prior periods	**-**		523	
Total current tax		**(6,655)**		(810)
Deferred tax (see note 18)				
Origination and reversal of timing differences	**1,405**		1,068	
Change in tax rate	**-**		880	
Adjustments in respect of previous periods	**1,250**		(818)	
Total deferred tax		**2,655**		1,130
Total tax		**(4,000)**		320

	2017			2016		
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
	£000	**£000**	**£000**	£000	£000	£000
Recognised in Profit and loss account	**(6,655)**	**2,890**	**(3,765)**	(810)	1,080	270
Recognised in other comprehensive income	**-**	**(235)**	**(235)**	-	50	50
Total tax	**(6,655)**	**2,655**	**(4,000)**	(810)	1,130	320

Notes *(continued)*

9 Taxation *(continued)*

Analysis of current tax recognised in profit and loss

	2017 £000	2016 £000
UK corporation tax	**(3,521)**	66
Foreign tax	**(3,134)**	(876)
Total current tax recognised in profit and loss	**(6,655)**	(810)

Reconciliation of effective tax rate

	2016 £000	2015 £000
Loss for the year	**(32,643)**	(36,406)
Total tax credit/(expense) recognised in profit and loss	**(3,765)**	270
Loss excluding taxation	**(28,878)**	(36,676)
Tax using the UK corporation tax rate of 19.5% *(2016: 20%)*	**5,631**	7,335
Non-deductible expenses	**(3,022)**	(3,177)
Goodwill amortisation	**(5,782)**	(4,834)
Deductions for items not in the P&L account	**-**	341
Tax losses arising in the year not recognised	**(1,551)**	(374)
Recognition of previously unrecognised tax losses	**374**	51
Effect of corporation tax rates in foreign jurisdictions	**(557)**	157
Corporation tax adjustment in respect of previous periods	**52**	590
Deferred tax adjustment in respect of previous periods	**1,250**	(818)
Deferred tax change of rate adjustment	**-**	999
Difference between deferred tax rate and corporation tax rate	**(160)**	-
Total tax credit/(expense) included in profit or loss	**(3,765)**	270

The main rate of UK corporation tax reduced from 20% to 19% on 1 April 2017, therefore the average corporation tax rate for the year ended 30 September 2017 was 19.5% *(2016: 20%)*. Finance Act 2016 has set the Corporation Tax rate from 1 April 2020 at 17%, which was substantively enacted at the balance sheet date.

Notes *(continued)*

10 Intangible assets and goodwill

Group	Goodwill £000	Customer relationships £000	Software £000	Development costs £000	Total £000
Cost					
At beginning of the year *(restated)*	493,941	44,518	4,866	32,340	575,665
Acquisitions through business combinations	6,497	8,521	49	-	15,067
Additions – internally developed	-	-	-	5,611	5,611
Additions – externally purchased	-	-	2,209	366	2,575
Disposals	-	-	(28)	-	(28)
Effect of movements in foreign exchange	-	-	-	(179)	(179)
At end of the year	500,438	53,039	7,096	38,138	598,711
Amortisation and impairment					
At beginning of the year	76,714	5,283	3,311	21,350	106,658
Amortisation for the year	27,699	8,128	1,436	7,096	44,359
Disposals	-	-	(2)	-	(2)
Effect of movements in foreign exchange	-	-	-	(139)	(139)
At end of the year	104,413	13,411	4,745	28,307	150,876
Net book value					
At 30 September 2016 *(restated)*	417,227	39,235	1,555	10,990	469,007
At 30 September 2017	**396,025**	**39,628**	**2,351**	**9,831**	**447,835**

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 beginning of the year	6,503	2,623	13,851	22,977
Acquisitions through business combinations	-	-	208	208
Additions	-	401	4,070	4,471
Disposals	-	-	(196)	(196)
Transfers	80	-	(80)	-
Effect of movements in foreign exchange	-	(2)	(157)	(159)
At end of the year	6,583	3,022	17,696	27,301
Depreciation and impairment				
At beginning of the year	250	872	9,481	10,603
Depreciation charge for the year	159	571	2,774	3,504
Disposals	-	-	(138)	(138)
Effect of movements in foreign exchange	-	(2)	(117)	(119)
At end of the year	409	1,441	12,000	13,850
Net book value				
At 30 September 2016	6,253	1,751	4,370	12,374
At 30 September 2017	**6,174**	**1,581**	**5,696**	**13,451**

12 Fixed asset investments

Company	**Shares in subsidiary undertakings £000**
Cost and net book value	
At 30 September 2016 and 30 September 2017	805

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:			
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 Services 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%

Notes *(continued)*

12 Fixed asset investments *(continued)*

Company	Country of incorporation	Principal activities	Class and % of shares held
Active companies (continued):			
Civica Pte Limited *	Singapore	Trading **	Ordinary 100%
Creative Microsystems Limited *	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%
WTG Technologies Group Limited *	United Kingdom	Holding company	Ordinary 100%
WTG Technologies Limited *	United Kingdom	Trading **	Ordinary 100%
IPL Group Limited *	United Kingdom	Holding company	Ordinary 100%
IPL Information Processing Limited *	United Kingdom	Trading **	Ordinary 100%
SFW Limited *	United Kingdom	Trading **	Ordinary 100%
Civica Resource Private Limited *	India	Trading **	Ordinary 100%
Abritas Limited *	United Kingdom	Trading **	Ordinary 100%
Carval Computing Limited *	United Kingdom	Trading **	Ordinary 100%
Dormant companies:			
Alahar Limited *	United Kingdom	Inactive	Ordinary 100%
Norwel Computer Services Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Resource Limited *	United Kingdom	Inactive	Ordinary 100%
Coldharbour Systems Limited *	United Kingdom	Inactive	Ordinary 100%
CCS IT Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Financial Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Gateway Computing Limited *	United Kingdom	Inactive	Ordinary 100%
Public Sector Costing Associates Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Trustees Limited *	United Kingdom	Inactive	Ordinary 100%
Sudiar Limited *	United Kingdom	Inactive	Ordinary 100%
Radius Pension Trustees Limited *	United Kingdom	Inactive	Ordinary 100%
Asidua (GB) Limited *	Northern Ireland	Inactive	Ordinary 100%
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%
Cornwall Australia Pty Ltd *	Australia	Inactive	Ordinary 100%
WHICS Product Pty Ltd *	Australia	Inactive	Ordinary 100%
Karmet Pty Ltd *	Australia	Inactive	Ordinary 100%
England Consulting Pty Ltd *	Australia	Inactive	Ordinary 100%
Genasys Systems Pty Limited *	Australia	Inactive	Ordinary 100%

* Interests held indirectly

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

Registered office addresses

United Kingdom (except Carval Computing Limited): 2 Burston Road, Putney, London, SW15 6AR.
Carval Computing Limited: Innovation & Technology Transfer Centre, Tamar Science Park, Plymouth, Devon, PL6 8BX.
Northern Ireland: 10 Weavers Court, Belfast, BT12 5GH.
Republic of Ireland: 18-19 College Green, Dublin 2.
Australia: Level 10, 163-175 O'Riordan Street, Mascot NSW 2020, Australia.
Singapore: 6 Harper Road, Leong Huat Building, 04-08, Singapore 369674.
USA: 52 Hillside Court, Englewood, Ohio 45322, USA.
India: Ozone Building, Vikram Sarabhai Road, Sarabhai Campus, Vadodara - 390007, India.

Notes *(continued)*

13 Debtors

	Group 2017 £000	Group *Restated* 2016 £000	Company 2017 £000	Company 2016 £000
Trade debtors	**35,415**	36,419	**-**	-
Amounts owed by group undertakings	**-**	-	**4,922**	4,902
Amounts recoverable on contracts	**48,570**	44,721	**-**	-
Prepayments and other debtors	**25,001**	10,566	**13,142**	-
Deferred tax assets (see note 18)	**1,525**	360	**-**	-
Corporation tax	**-**	19	**59**	-
	110,511	92,085	**18,123**	4,902
Due within one year	**110,511**	92,085	**13,201**	-
Due after more than one year	**-**	-	**4,922**	4,902
	110,511	92,085	**18,123**	4,902

Debtors include amounts owed by group undertakings to the Company of £4,922,000 *(2016: £4,902,000)* due after more than one year. Recoverability of this debtor is reviewed annually and the intention of the Company not to recall it within less than one year is communicated to the relevant group undertaking. No interest is accrued, and the fair value is not materially different to the book value.

14 Creditors: amounts falling due within one year

	Group 2017 £000	Group *Restated* 2016 £000	Company 2017 £000	Company 2016 £000
Bank loans and overdrafts (see note 16)	**7,852**	22,652	**-**	-
Trade creditors	**11,261**	14,159	**-**	-
Taxation and social security	**11,567**	10,583	**-**	-
Accruals and other creditors	**44,751**	30,311	**13,142**	-
Deferred income	**42,905**	42,246	**-**	-
Corporation tax	**4,923**	-	**-**	2
	123,259	119,951	**13,142**	2

15 Creditors: amounts falling after more than one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank loans and overdrafts (see note 16)	**285,727**	293,579	**-**	-
Shareholder loan notes	**229,751**	229,751	**4,773**	4,773
Accrued interest on shareholders' loan notes	**111,411**	80,397	**2,320**	1,676
Amounts owed to group undertakings	**-**	-	**3**	1
	626,889	603,727	**7,096**	6,450

Notes *(continued)*

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		**Company**	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Creditors falling due more than one year				
Secured bank loans	**285,727**	293,579	**-**	-
Shareholder loan notes	**229,751**	229,751	**4,773**	4,773
Accrued interest on shareholders' loan notes	**111,411**	80,397	**2,320**	1,676
	626,889	603,727	**7,093**	6,449
Creditors falling due within less than one year				
Secured bank loans	**7,852**	22,652	**-**	-
	7,852	22,652	**-**	-

The Group's bank loans and revolving credit facility are secured by way of a fixed and floating charge over the assets of the Group. Bank loans attract interest rates at LIBOR plus margins of between 3.0% and 4.75% and are denominated in Sterling. £22,500,000 *(2016: £30,600,000)* is repayable by regular instalments, and the remaining is repayable at maturity.

Shareholder loan notes are subordinated to the Group's bank facilities and are denominated in Sterling. They attract interest at rates of 10% which is accrued and rolled up. The loan notes and accrued interest are due for repayment in 2062.

17 Analysis of changes in net debt

Group

	At 1 October 2016	Cash flow	Non cash changes	**At 30 September 2017**
	£000	£000	£000	**£000**
Bank debt due within one year	(22,652)	25,600	(10,800)	**(7,852)**
Bank debt due after more than one year	(293,579)		7,852	**(285,727)**
Shareholder loan notes due after more than one year	(229,751)	-	-	**(229,751)**
Accrued shareholder loan note interest	(80,397)	-	(31,014)	**(111,411)**
Gross debt	(626,379)	25,600	(33,962)	**(634,741)**
Cash at bank and in hand	49,932	(7,468)	(112)	**42,352**
Net debt	(576,447)	18,132	(34,074)	**(592,389)**

Notes *(continued)*

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
		Restated				*Restated*
	2017	2016	**2017**	2016	**2017**	2016
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**2,390**	1,487	**(6)**	-	**2,384**	1,487
Arising on business combinations	**-**	-	**(6,294)**	(6,670)	**(6,294)**	(6,670)
Employee benefits	**387**	676	**-**	-	**387**	676
Other	**5,048**	4,867	**-**	-	**5,048**	4,867
Deferred tax assets / (liabilities)	**7,825**	7,030	**(6,300)**	(6,670)	**1,525**	360

The group has tax losses arising in the UK of £45,801,000 *(2016: £46,376,000)* 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 £1,444,000 *(2016: £1,516,000)*, relating to the reversal of timing differences on intangible fixed assets, and a net reversal of deferred tax assets of £133,000 *(2016: £89,000 increase)* relating to the reversal of timing differences on tangible fixed assets and pension liabilities.

Company

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

19 Provisions

Group	Other provisions £000	Property provisions £000	Total £000
Balance at beginning of the year *(restated)*	1,000	2,822	3,822
Provisions utilised during the year	-	(606)	(606)
Provisions released during the year	-	(237)	(237)
Amounts arising from acquisitions	-	70	70
Balance sheet reclassification during the year	(1,000)	-	(1,000)
Created during the year	-	28	28
Effect of movements in foreign exchange	-	(4)	(4)
Balance at end of the year	-	2,073	2,073

Property provisions relate to dilapidation provisions. These are utilised as costs are incurred. Other provisions related to potential liabilities.

Notes *(continued)*

20 Employee benefits

Defined benefit plans

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

Radius Scheme

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

The latest actuarial valuation was at 5 April 2015.

Group Scheme and Systems Scheme

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

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

The latest actuarial valuation of the Group Scheme was at 1 April 2014, and the Systems Scheme was at 1 November 2014.

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

Net pension (liability)/asset

	2017
	£000
Defined benefit obligation	**(26,437)**
Plan assets	**24,162**
Net pension (liability)/asset	**(2,275)**

Movements in present value of defined benefit obligation

	2017
	£000
At 30 September 2016	**(28,906)**
Interest expense	**(702)**
Remeasurement: actuarial gains/(losses)	**1,428**
Benefits paid	**1,743**
At 30 September 2017	**(26,437)**

Notes *(continued)*

20 Employee benefits *(continued)*

Movements in fair value of plan assets

	2017
	£000
At 30 September 2016	**24,928**
Interest income	**613**
Remeasurement: return on plan assets less interest income	**(43)**
Administrative expenses	**(16)**
Contributions by employer	**423**
Benefits paid	**(1,743)**
At 30 September 2017	**24,162**

Expense recognised in the profit and loss account

	2017	*2016*
	£000	£000
Net interest on net defined benefit liability	**(89)**	(125)
Administrative expenses	**(16)**	-
Total expense recognised in profit or loss	**(105)**	(125)

The total recognised in the statement of other comprehensive income are remeasurement gains/(losses) of (£1,385,000) *(2016: (£851,000))*.

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

	2017	2016
	Fair value	Fair value
	£000	£000
Equities	**9,021**	10,703
Fixed income bonds	**7,797**	6,464
Group pension contract	**2,584**	2,778
Property	**275**	-
Cash	**521**	576
Guaranteed annuity rates	**3,964**	4,407
	24,162	24,928
Actual return on plan assets	**(43)**	3,357

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

	2017	2016
	%	%
Discount rate	**2.7 – 3.0**	2.3 – 2.9
Inflation rate (RPI)	**2.8 – 3.5**	2.5 – 3.2
Future pension increases	**2.7 – 5.0**	2.4 – 5.0

Notes *(continued)*

20 Employee benefits *(continued)*

In valuing the liabilities of the pension funds at 30 September 2017, 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: 21.9 to 22.6 years (male), 23.7 to 24.7 years (female).
- Future retiree upon reaching 65: 23.0 to 23.7 years (male), 25.0 to 25.9 years (female).

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £8,697,000 *(2016: £7,365,000).*

21 Capital and reserves

Share capital

In thousands of shares	**Ordinary shares 2017**
On issue at beginning and end of the year – fully paid	**1,750**

		2017 £	2016 £
Allotted, called up and fully paid			
719,412	A ordinary shares of £0.001 each	**719**	719
750,000	B ordinary shares of £0.000000013 each	**-**	-
30,588	C ordinary shares of £0.001 each	**31**	31
249,996	D ordinary shares of £0.001 each	**250**	250
4	E ordinary shares of £200 each	**800**	800
Total (classified in shareholders' funds)		**1,800**	1,800

The holders of A, C, D and E ordinary shares are entitled to receive dividends as declared from time to time and holders of B, D and E ordinary shares are entitled to one vote per share at meetings of the Company.

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		**Company**	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Less than one year	**4,300**	4,221	-	-
Between one and five years	**9,740**	9,607	-	-
More than five years	**8,238**	8,998	-	-
	22,278	22,826	-	-

During the year £6,217,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2016: £5,130,000).*

24 Related parties

Group

Transactions with key management personnel

Total compensation of key management personnel (the directors) in the year amounted to £2,280,000 *(2016: £1,674,000)*. At 30 September 2017, management personnel own 28.12% of the issued share capital of the Company.

Key management personnel subscribed for loan notes totalling £nil *(2016: £200,000)* issued by the Group during the year. The balance outstanding at the year-end was £8,209,000 *(2016: £8,209,000)*. These loan notes accrued interest of £1,115,000 during the year *(2016: £1,005,000)*, and the accrued interest balance at the year-end was £4,051,000 *(2016: £2,937,000)*.

Other related party transactions

At 30 September 2017, 71.88% of the issued share capital of the Company is held by a company incorporated in Canada, OPE Chambertin Investment Limited, which is a subsidiary of OMERS Administration Corporation (OAC) which is a non-share capital corporation company continued pursuant to the Ontario Municipal Employees Retirement System Act 2006.

OAC subscribed for loan notes totalling £nil *(2016: £16,600,000)* issued by the Group during the year. The balance outstanding at the year-end was £221,542,000 *(2016: £221,542,000)*. The interest charged on OAC's loan notes during the year was £29,900,000 *(2016: £26,363,000)*, and the accrued interest at the year-end was £107,360,000 *(2016: £77,460,000)*. Subsequent to the balance sheet date, the loan notes and accrued interest were repaid in full on Partners Group's acquisition of the Group.

Monitoring fees and expenses of £355,000 *(2016: £368,000)* were paid to OMERS Private Equity Inc during the year.

Company

Transactions with key management personnel

Key management personnel subscribed for loan notes totalling £nil *(2016: £200,000)* issued by the Company during the year. The balance outstanding at the year-end was £4,773,000 *(2016: £4,773,000)*. These loan notes accrued interest of £645,000 during the year *(2016: £577,000)*, and the accrued interest balance at the year-end was £2,320,000 *(2016: £1,676,000)*.

Notes *(continued)*

25 Subsequent event

On 12 October 2017, Partners Group acquired Chambertin (Holdings) Limited and its subsidiaries (the 'Civica Group') from OMERS Private Equity. There is no change to the business focus of the Group as a result of the transaction.

26 Accounting estimates and judgements

Key sources of estimation uncertainty

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

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

Pension assumptions

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

Revenue recognition

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

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

Fair values

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

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