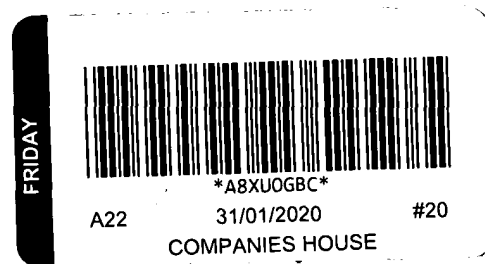


IRIS Debtco Limited *(formerly known as JANUS Debtco Limited)*

Annual Report and Financial Statements

For the period from 17 May 2018 to 30 April 2019



Company Registration: 11368604

Annual Report and Financial Statements
For the period ended 30 April 2019

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Company Information
For the period ended 30 April 2019

Directors

K Dady (*appointed 26 July 2019*)
E Mortimer-Zhika (*appointed 26 July 2019*)
M Cox (*appointed 26 July 2019*)
M Biehl (*appointed 31 July 2018*)
N Humphries (*appointed 17 May 2018*)
A Jessop (*appointed 17 May 2018 and resigned 6 September 2018*)
E Grasso (*appointed 17 May 2018 and resigned 31 July 2018*)

Registered Office

4th Floor Heathrow Approach
470 London Road
Slough
England
SL3 8QY

Registered Number

11368604

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Strategic Report

The Directors present their strategic report of IRIS Debtco Limited (*formerly known as JANUS Debtco Limited*) ("the Company") and the Company's group of companies (together "the Group") for the period from incorporation on 17 May 2018 to 30 April 2019.

Strategic review

JANUS transaction

The IRIS Software Group is one of the largest privately held software companies in the UK and one of the most trusted providers of business-critical software and services to small and medium-sized businesses.

On 6 September 2018 the Group was acquired by a joint investment of Hg Capital's Saturn Fund and Intermediate Capital Group. A new parent company structure was put in place under the sale, including a new shareholder capital structure, and the new ultimate parent company changed to Perennial Newco 2 Limited (formerly IRIS Group Topco Limited and JANUS Topco Limited). The Company was incorporated in the UK as a company limited by shares on 17 May 2018 and the first period of account covers the period to 30 April 2019.

The transaction on 6 September 2018 which at the time represented the UK's largest ever and Europe's third largest ever private equity led software buyout for an Enterprise Value of around £1.3bn.

Customers & Products

As one of the UK's largest privately held software companies, the IRIS mission is to be the most trusted provider of mission-critical software and services. Using our applications, critical operational tasks are done right first time, every time, so organisations can look forward and thrive with confidence.

With 40 years' experience and a predominantly UK focus, the business offers the greatest range of specialist accountancy, financial, human resources, parent engagement, payroll and bookkeeping solutions – managed under the leading brands of IRIS, Cascade, PS Financials, Earnie, FMP Global, Star, ParentMail, Kashflow, Results Squared, BioStore, Contact Group, Hosted Accountants, Keytime, PTP, School Asset Manager and Taxfiler product brands. Over 650,000 SMEs and 21,000 UK accountancy firms use IRIS applications. Four million parents and guardians use IRIS apps to connect with their child's school. 780,000 UK employees are managed by IRIS HR solutions and 2.3 million UK employees are paid by IRIS payroll solutions.

The benefits delivered by our products are frequently recognised through independent awards. IRIS was the winner of 'Practice Software of the Year' at The British Accountancy Awards in 2015, 2013, 2012 and runner up in 2016, as well as a Finalist at the Pay and Benefits Awards 2015. In 2019 Taxfiler was a finalist in the Accountancy Software Excellence Awards and the IRIS Managed Payroll shortlisted for Financial Provider of the Year in the General Practice Awards.

IRIS continues to be a technology leader. Customers consume IRIS products as traditional on-premise software and as cloud-based Software as a Service (SaaS) applications. IRIS continues to develop a comprehensive range of cloud applications using the latest computing technology to drive improved productivity and efficiency for our customers representing 24% of IRIS overall revenue.

More than 15 million payment transactions a month are made using IRIS solutions and 21,000 accountancy firms use IRIS applications. Accountancy customers value the integration of IRIS' products, which drives productivity savings, as well as supporting collaboration with their clients, allowing them to build deeper, more relevant and more valuable enduring client relationships. Research has shown that IRIS Accountancy customers save an average of 22 hours per employee per month and many do much better than this.

Customers use IRIS products to submit over 3.5 million tax returns to HMRC and over 1.4 million online statutory documents to Companies House, representing over 40% of all third party submissions. We

IRIS Debtco Limited (formerly known as JANUS Debtco Limited)
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Strategic Report

estimate that over 5 million tax payers are touched by IRIS accountancy solutions. Meeting all the compliance and regulatory requirements of our market remains a major focus. The government's Making Tax Digital (MTD) strategy has driven the adoption of online record keeping for small business and accountants alike ahead of the first mandatory deadline in April 2019 for quarterly digital tax filing to HMRC for VAT.

In the tax year 2018/2019 we submitted over 7 million RTI submissions for our customers and since the launch of the IRIS AE Suite for pensions auto enrolment in 2013, nearly 1.2 million employees have been assessed annually for Automatic Pensions Enrolment. Today, nearly 780,000 customer employees are managed using an IRIS HR solution.

IRIS Software infrastructure is used by 11,000 UK education organisations, providing essential software infrastructure to Academies and large multi-academy Trusts. IRIS connects schools with over four million parents and guardians and sends over 100 million messages each year from schools to parents and guardians helping to keep them informed and process payments for dinner money and other school items.

Management reorganisation

Subsequent to the transaction on 6 September 2018 there were significant changes in the management structure of the business. Previously there had been three divisions with their own leadership teams for Accountancy, Human Capital Management and Education. The Group is now organised functionally with an Executive Committee made up of key leaders across Sales, Marketing, Revenue, Operations, Finance, Legal and M&A in order to drive better alignment and acceleration of performance across all areas of the business.

Acquisitions made during the period

During December 2018, the Group acquired BioStore Limited, a principal provider of identity management and cashless catering solutions to UK schools and businesses. BioStore's identity management and cashless catering solutions are used by over 3,000 UK schools and sixth form colleges to improve and streamline access control and delivery of catering services. The acquisition extends the IRIS education portfolio, providing solutions to manage all aspects of school management, including finance, assets and communication. Its ability to deliver a step-change in school efficiency and achieve value for money in the use of resources fulfils a prime objective of many Academy and Academy Trusts.

In March 2019, the Group acquired Practice Engine Group Limited, a provider of browser-based practice management software for professional service firms of all sizes in the UK and US. Practice Engine is an excellent fit within IRIS's Accountancy portfolio, offering a complementary service for our existing customer base as well as enabling expansion into the US market.

In March 2019, the Group acquired Indigo Marketing Limited (and its subsidiary Hosted Accountants Limited), a provider of hosted desktop, telephony and other cloud-based technologies to UK accountancy firms. The acquisition further consolidates IRIS' position as the leading provider of accountancy software. Hosted Accountants extends the IRIS portfolio through the provision of hosted services and other value-added IT support, including telephony and core IT services.

Principal risks and uncertainties

The Directors continue to identify and evaluate operational and other risks faced by the Group, implementing changes where necessary to reduce risk to manageable levels. The quality of earnings is underpinned by strong legal and financial governance, coupled with a focus on improving customer service and increasing the lifetime value of our customers.

The Group's business operations rely on the efficient and uninterrupted operation of its information technology systems and networks. To support the business, detailed business continuity plans are in

Strategic Report (continued)

place for all major locations backed up by third party contracts to provide dedicated alternate facilities and systems in the event of disaster.

The Group also pays attention to scalability of infrastructure to ensure all systems remain appropriate for the needs of the business as it continues to grow.

The software market in which the Group operates is characterised by evolving technology, market practices and industry standards. The Group has a strong commitment to Research and Development, which allows for identification of, and adaptation to, technological, compliance and market changes, thereby ensuring demands of customers are met and products are delivered on the latest technology platforms.

The Group operates in a competitive environment where the quality of products is paramount. We employ quality assurance teams to reduce risk associated with new product releases and to improve both the quality and the timeliness of releases. The Group attaches enormous importance to providing the highest levels of customer service in order to differentiate itself in the market.

Acquisition integration is planned and monitored closely to ensure the investment objectives for each acquired business are met.

The Directors acknowledge that the economic environment can affect the overall performance of the Group's businesses in terms of both revenues and costs. Through continued development of products and services, the Group endeavours to ensure that it delivers good value to its customers.

All technology companies are vulnerable to disruptive market entrants. IRIS has a market leading position and reputation for quality which means it is well positioned. IRIS also has the largest and the most integrated suite of accountancy products in the market. The combination of IRIS's market standing and value its solutions deliver, results in customers renewing their subscription from year to year.

The Group relies on intellectual property laws including laws on copyright, trade secrets and trademarks to protect its products. In spite of such laws and regulations being in place, unauthorised copying of software may still occur. To mitigate this risk the Group endeavours to police the unauthorised use of its products, uses secure storage of its source code and engages the services of specialists to enforce and protect the Group's intellectual property rights.

Post Balance Sheet Events

On 13 September 2019 the Group acquired the share capital of FMP Global, from Tenzing, the UK lower mid-market investor. FMP is a leading provider of payroll and HR services to international and UK based Small and Medium sized Enterprises.

As the largest acquisition by IRIS to date, FMP Global is closely aligned with the Group's mission to be the most trusted provider of mission critical software and services. In the UK, US and internationally, FMP supports over 1,750 businesses in 135 countries, providing international HR consultancy, outsourced global payroll services, and international money transfers. The Group raised additional financing of £145m primarily in order to fund this transaction.

On 29 August 2019 the Group completed on the acquisition of the share capital of Innervision Management Limited. Innervision provides Lease Accounting Software and will be a complementary product to the existing portfolio of Accountancy offerings, particularly given the requirements to adopt IFRS16 in the coming year.

Effective 1 September, the Group announced the appointment of Elona Mortimer-Zhika to the position of Chief Executive Officer. She succeeds Kevin Dady who has been promoted to the role of Executive Chairman. Elona joined IRIS in 2016 as Chief Financial Officer and was promoted to Chief

IRIS Debtco Limited (formerly known as JANUS Debtco Limited)
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Strategic Report (continued)

Operating Officer in 2018, responsible for a wide range of functions including all revenue generation, Customer Service, IT, Facilities, Group Transformation, M&A integration, Legal and HR.

Financial Performance

Management consider the Key Performance Indicators of the Group to be Revenue, Management EBITDA and Operating Cashflow. The Group achieved Revenue of £91.5m; Management EBITDA of £54.5m and Operating Cashflow of £45m in the period to 30 April 2019.

Pro Forma Financial performance

Pro forma data is given below in order to provide year on year comparability of growth in the consolidated group.

The Group had another year of strong growth, with revenue up by 16% from £140m to 162m, and operating cashflow remaining strong. Including the pre-acquisition result for entities acquired during the year, the Group achieved pro forma revenue of £162.2m and EBITDA of £78.5m.

Management results are summarised as:

£'m	2019	2018	2017	CAGR %
Revenue	162.2	139.9	113.1	20%
Management EBITDA	78.5	65.8	52.7	22%
Operating Cashflow	76.9	67.2	49.0	25%
Cash Conversion	98%	102%	93%	

Note: Pro Forma results in the table above are from 1 May to 30 April for all applicable financial years, as a Group consolidated position in order to provide comparability for the users of the accounts and include financial results for acquired entities, from the date of acquisition. These Pro Forma results do not include any pre-acquisition results for entities acquired by the Group during the period.

Management EBITDA is a non GAAP measure used to monitor the performance of the business and is defined as operating profit before depreciation, amortisation, transaction related costs and management exceptional items. Management exceptional items include sale related costs, acquisition related costs, reorganisation costs and other non-recurring items. Operating Cashflow refers to cash generated from underlying operations before taxation and Cash Conversion is the percentage of Operating Cashflow generated from Management EBITDA.

At 30 April 2019, the Group had cash balances of £37m and borrowings (excluding preference shares) of £431m.

As part of the refinancing alongside the sale on 6 September 2018, the Group repaid its existing Senior & Second Lien, PIK and Shareholder facilities in full, and new facilities were put in place incorporating a new Senior loan of £440m, PIK loan of £260m and undrawn and available Acquisition and Revolving Credit Facilities of £75m and £40m respectively. The new facilities have a bullet repayment and term of between 6.5 and 8 years from completion. The expanded undrawn Acquisition and Revolving Credit facilities will assist the Group to achieve its growth ambitions both organically and by further acquisitions.

IRIS Debtco Limited *(formerly known as JANUS Debtco Limited)*
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Strategic Report (continued)

Future Outlook

Looking ahead, the Directors believe that there are substantial opportunities for further growth, both organic and from acquisitions. Key management strategies to take advantage of the positioning of the Group and market opportunity include a focus on M&A to strengthen core product portfolios, diversify into new markets as well as taking advantage of significant cross-sell opportunity and operational synergies within the new functional management structure. The Directors are confident in the Group's prospects going forward.

The Directors would like to thank IRIS employees for their excellent contribution to our results and our customers for continuing to choose IRIS to help them run their businesses.

On behalf of the Board,



Elona Mortimer-Zhika
CEO

25 September 2019

IRIS Debtco Limited (formerly known as JANUS Debtco Limited)
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30 April 2019

Directors' Report

The Directors present their report and the audited consolidated financial statements of IRIS Debtco Limited (formerly known as JANUS Debtco Limited) ("the Company"), and the Company's group of companies (together "the Group") for the period ended 30 April 2019.

Principal activities

With 40 years' experience and a predominantly UK focus, the business offers the greatest range of specialist accountancy, financial, human resources, parent engagement, payroll and bookkeeping solutions – managed under the leading brands of IRIS, Cascade, PS Financials, Earnie, FMP Global, Star, ParentMail, Kashflow, Results Squared, BioStore, Contact Group, Hosted Accountants, Keytime, PTP, School Asset Manager and Taxfiler product brands. Over 650,000 SMEs and 21,000 UK accountancy firms use IRIS applications. Four million parents and guardians use IRIS apps to connect with their child's school. 780,000 UK employees are managed by IRIS HR solutions and 2.3 million UK employees are paid by IRIS payroll solutions.

The Group predominantly operates in the UK, with a small operation in the US as a result of the acquisition of Practice Engine made in March 2019.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, interest rate risk, cash flow and liquidity risk.

Cash flow and liquidity risk

The Group manages its day-to-day cash flow requirements through free cash reserves and the use of an available revolving credit facility of up to £40m. At year end the balance drawn on this facility was £nil.

The Group's debt facilities specify a number of financial and non-financial covenants. These are monitored at Board level on a monthly basis.

In September 2018, as part of the refinancing alongside the sale of the Group, the Group repaid its existing Senior & Second Lien facilities in full, and new facilities were put in place incorporating a new Senior loan of £440m and undrawn and available Acquisition and Revolving Credit Facilities of £75m and £40m respectively. The new facilities have a bullet repayment and term of between 6.5 and 8 years from completion. The expanded undrawn Acquisition and Revolving Credit facilities will assist the Group to achieve its growth ambitions both organically and by further acquisitions.

Interest rate risk

The Group holds its borrowings through long-term variable rate facilities. Interest rate risk is managed through the use of interest rate derivative contracts.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. We have assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.

IRIS Debtco Limited (formerly known as JANUS Debtco Limited)
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Directors' Report

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. For continuing operations in the period ended 30 April 2019, no income derived from a single customer exceeded 1% of the Group's revenue.

Going concern

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further information is included in Note 2.

Dividends

During the period, the Company did not pay a dividend.

The Directors do not recommend the payment of a final dividend for the period.

Directors

The Directors who served throughout the period, and up to the date of signing, were as follows:

K Dady
E Mortimer-Zhika
M Cox
M Biehl
N Humphries

Director roles on the Board are as follows:

Kevin Dady was appointed to the Board on 26 July 2019 and served as Chief Executive Officer during the period and has subsequently been promoted to the position of Executive Chairman as at 1 September 2019.

Elona Mortimer-Zhika was appointed to the Board on 26 July and served as Chief Financial Officer and Chief Operating Officer during the period and has subsequently been promoted to the position of Chief Executive Officer as at 1 September 2019.

Michael Cox was appointed to the Board on 26 July 2019 and promoted to the position of Chief Financial Officer during the period.

Michael Biehl and Nick Humphries serve as Non-Executive Directors appointed by HG Capital.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of certain of its Directors and these remain in force at the date of this report.

Corporate governance

The Board of the Company discharges its responsibilities by providing effective leadership to the Group within a framework of prudent and manageable controls, which enables risk to be assessed at an early stage and proactively managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its business commitments and regularly monitors management's performance.

The IRIS Debtco Limited Board has adopted a schedule of matters, which are specifically reserved for its decision. Such matters include, but are not limited to, the final approval of the annual budget and strategic plan, major acquisitions and disposals, material contracts and any changes to the Group's

Directors' Report (continued)

financing arrangements. It has also adopted a framework of delegated commercial and operational authorities which define the scope of the executive officers' powers and those of subsidiary management.

The IRIS Debtco Limited *(formerly known as JANUS Debtco Limited)* Board of Directors' intention is to convene at least six times a year at formal Board meetings.

The Group's overriding objective is to maximise long-term shareholder value whilst exceeding the needs of customers and employees. The Board has overall responsibility for the Group's approach to assessing risk and the systems of internal control and for monitoring their effectiveness in providing its ultimate stakeholders with a return that is consistent with a responsible assessment and mitigation of risks. This includes reviewing financial, operational and compliance controls and risk management procedures. The role of Executive Management is to implement the Board's policies on risk and control and present assurance on compliance with these policies. All employees are accountable for operating within these policies.

The Group has an Audit Committee, which consists of members of the Group Board, including a Non-Executive Chairman. The Audit Committee meets regularly with the Auditors to review audit planning, and the results of the Group audit and financial statements prior to finalisation. The Audit Committee approves the appointment of the Auditors.

Employees and reward

IRIS employees are the Group's most valuable asset and the priority is to encourage and recognise every success with an emphasis on team work, individual contribution, inclusion and diversity. The Group core mission values spell IMPACT and stand for Innovation, Making it happen, Passion, Accountability, Customer focus and Team work.

The Group has a committed and skilled workforce and the Group's reward strategy aims to reinforce the link between employee performance and business performance. In addition to a competitive basic salary, total reward may include variable pay elements such as bonuses, commission, recognition awards and employee share schemes. IRIS have continued to enhance flexible benefit schemes which gives employees the opportunity to choose appropriate benefits to suit their lifestyles while ensuring a core benefit package that supports IRIS' duty of care to employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings including monthly site meetings, the Group's intranet and a monthly newsletter.

Learning and development

The education and development of the Group's employees remain a priority. With the intent of attracting, recruiting, developing and retaining key employees, the Group maintains a number of policies and procedures, such as an Equal Opportunities Policy.

Employee development is encouraged through appropriate training and a newly established, dedicated Learning and Development function. Regular and open communication between management and employees is viewed as essential for motivating a highly educated workforce. Briefings are held regularly to provide business updates and give opportunities for questions and feedback. The Group maintains both a website, which is freely accessible, and an intranet site accessible to all employees.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of employees becoming disabled, every effort is made

Directors' Report (continued)

to ensure their employment with the Group continues and appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

Corporate social responsibility

IRIS continues to be strongly aware of its responsibility for its actions and encourages a positive impact on the environment and communities it serves. Along with ensuring we are compliant and actively engaged in sustainability, IRIS enables employees to 'give back' to the community and raise money for charity by allowing them to have three days per year to support local communities by raising money or volunteering for a number of charitable causes. Over 700 days were given back to the community by IRIS employees in 2019. The Group made charitable donations during the year of £10.5k.

The Group made no political donations in the year.

Health and safety

The Company has well-developed health and safety policies and procedures, safeguarding employees, contractors and visitors in compliance with applicable registration and practice.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Company, and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

IRIS Debtco Limited (formerly known as JANUS Debtco Limited)
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Directors' Report (continued)

Directors' confirmations

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Approved by the Board and signed on its behalf by:



Michael Cox
CFO
25 September 2019

Independent auditors' report to the members of IRIS Debtco Limited (formerly known as JANUS Debtco Limited)

Report on the audit of the financial statements

Opinion

In our opinion, IRIS Debtco Limited's Group financial statements and Parent Company financial statements (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 April 2019 and of the Group's loss and the Group's and the Parent Company's cash flows for the 8 month period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Parent Company statements of financial position as at 30 April 2019; the Consolidated income statement and statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Parent Company statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 April 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also 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.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 September 2019

**Consolidated Income Statement
for the Period Ended 30 April 2019**

	Note	2019 £'000
Revenue	4	91,545
Cost of sales		(8,105)
Gross profit		83,440
Administrative expenses		(94,085)
Operating loss	6	(10,645)
Finance income	7	203
Finance costs	8	(87,317)
Loss before tax		(97,759)
Income tax charge	9	6,699
Loss for the period		(91,060)
Attributable to:		
Equity holders of the parent		(91,305)
Non-controlling interests	33	245
		(91,060)
		2019 £'000
Management EBITDA	35	54,482

**Consolidated Statement of Comprehensive Income
for the Period Ended 30 April 2019**

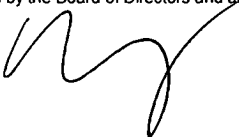
	Note	2019 £'000
Loss for the period		(91,060)
Transactions with owners recorded directly in equity		
Contributions and distributions to owners		
Share based payments		2,565
Transactions with owners recorded directly in equity		2,565
Other comprehensive income		
Items that will be reclassified to profit or loss:		
Exchange differences on translation of foreign operations		25
Items that will be reclassified to profit or loss:		25
Total other comprehensive income		25
Total comprehensive expense for the period		(88,470)
Attributable to:		
Equity holders of the parent		(88,726)
Non-controlling interests	33	256
		(88,470)

Consolidated Balance Sheet
As at 30 April 2019

	Note	Group 2019 £'000
Assets		
Non-current assets		
Intangible assets	10	1,397,467
Property, plant and equipment	11	6,329
Contract assets	4	2,230
Right-of-use assets	12	9,483
Deferred tax asset	18	541
		<u>1,416,050</u>
Current assets		
Inventories		139
Trade and other receivables	15	33,724
Available for sale financial assets	14	2,572
Contract assets	4	621
Cash and short-term deposits	16	36,850
		<u>73,906</u>
Total assets		<u><u>1,489,956</u></u>
Current liabilities		
Trade and other payables	17	973,291
Lease liabilities	19.4	1,174
Contract liabilities	4	62,674
Accruals	23	12,905
Provisions	20	145
		<u>1,050,189</u>
Non-current liabilities		
Borrowings	21	431,115
Derivative financial liabilities	17	302
Lease liabilities	19.4	8,612
Deferred tax	18	86,454
		<u>526,483</u>
Total liabilities		<u>1,576,672</u>
Net liabilities		<u><u>(86,716)</u></u>
Equity		
Called up share capital	24	9
Share premium	24	938
Accumulated losses		<u>(88,726)</u>
Equity attributable to equity holders of the parent		<u>(87,779)</u>
Non-controlling interests	33	1,063
Total equity		<u><u>(86,716)</u></u>

The consolidated financial statements on pages 15 to 42 of IRIS Debtco Limited (formerly known as JANUS Debtco Limited) (registered number 11368604) were approved by the Board of Directors and authorised for issue on 25 September 2019. They were signed on its behalf by:

M Cox
Director

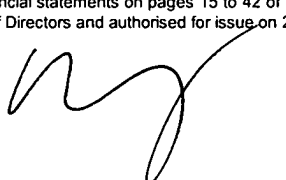


Parent Company Balance Sheet
As at 30 April 2019

	Note	Company 2019 £'000
Assets		
Non-current assets		
Investments	13	<u>947</u>
		<u>947</u>
Current assets		
Trade and other receivables	15	<u>962,150</u>
		<u>962,150</u>
Total assets		<u><u>963,097</u></u>
Current liabilities		
Trade and other payables	17	<u>962,150</u>
		<u>962,150</u>
Total liabilities		<u><u>962,150</u></u>
Net assets		<u><u>947</u></u>
Equity		
Called up share capital	24	9
Share premium	24	938
Retained earnings	28	-
Total equity		<u><u>947</u></u>

The financial statements on pages 15 to 42 of IRIS Debtco Limited (formerly known as JANUS Debtco Limited) (registered number 11368604) were approved by the Board of Directors and authorised for issue on 25 September 2019. They were signed on its behalf by:

M Cox
Director



**Consolidated Cash Flow Statement
for the Period Ended 30 April 2019**

	Note	2019 £'000
Operating activities		
Loss before tax		(97,759)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and loss on disposal of property, plant and equipment		1,219
Depreciation and loss on Right of use assets		714
Amortisation of acquired intangibles	10	27,652
Amortisation and impairment of other intangible assets	10	7,286
Share based payments	27	2,565
Finance income	7	(203)
Finance costs	8	87,317
Working capital adjustments:		
Increase in stocks		(51)
Decrease in trade and other receivables		(5,353)
Increase in accruals and deferred income		22,758
Increase in trade and other payables		1,265
Cash generated from underlying operations		47,410
Income tax paid		(2,429)
Net cash flows generated from operating activities		44,981
Investing activities		
Purchase of property, plant and equipment	11	(3,354)
Development expenditure	10	(2,250)
Acquisition of subsidiaries, net of cash acquired	25	(1,309,974)
Deferred consideration		(174)
Interest received		203
Net cash flows used in investing activities		(1,315,549)
Financing activities		
Issue of shares		947
Interest paid		(15,365)
Net proceeds from borrowings		430,311
Net proceeds from parent undertaking		892,600
Net proceeds from subsidiary undertakings		(302)
Repayment of lease liabilities		(773)
Net cash flows generated from / (used in) financing activities		1,307,418
Net increase in cash and cash equivalents		36,850
Cash and cash equivalents at beginning of period	16	-
Cash and cash equivalents at end of period		36,850

Changes in liabilities arising from Financing activities

	At 17 May 2018	Cash flow	Non cash flow	At 30 April 2019
Bank loans	-	440,000		440,000
Borrowing costs	-	(9,689)	804	(8,885)
Interest accrual	-	(15,365)	16,051	686
Derivative valuation	-	-	302	302
Amounts owed to / due from Parent undertakings	-	892,600	69,550	962,150
Amounts owed to / due from subsidiary undertakings	-	(302)	-	(302)
Repayment of lease liabilities	-	(773)	10,559	9,786
	-	1,306,471	97,266	1,403,737

**Consolidated statement of changes in equity
for the Period Ended 30 April 2019**

	Called up Share capital	Share Premium	Accumulated losses	Total Equity attributable to equity holders of the Company	Non- Controlling Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 17 May 2018	-	-	-	-	-	-
Issue of share capital	9	938	-	947	-	947
Acquisition of subsidiary	-	-	-	-	807	807
Retained loss for the period	-	-	(91,305)	(91,305)	245	(91,060)
Share based payments	-	-	2,565	2,565	-	2,565
Exchange differences on translation of foreign operations	-	-	14	14	11	25
At 30 April 2019	9	938	(88,726)	(87,779)	1,063	(86,716)

**Parent Company statement of changes in equity
for the Period Ended 30 April 2019**

	Called up share capital	Share Premium	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 17 May 2018	-	-	-	-
Issue of share capital	9	938	-	947
Loss for the period	-	-	-	-
At 30 April 2019	9	938	-	947

**Notes to the Financial Statements
for the Period Ended 30 April 2019**

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU") and The Companies Act 2006 as applicable to companies using IFRS.

The consolidated financial statements for the period ended 30 April 2019 (including comparatives) were approved and authorised for issue by the Board of Directors on 26 September 2019. Perennial Newco 2 Limited is the Group's ultimate Parent Company.

The Company is a private limited company, incorporated and domiciled in the UK. The address of its registered office and its principal place of business is 4th Floor Heathrow Approach, 470 London Road, Slough, Berkshire SL3 8QY.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using accounting policies specified by IFRS that are in effect for the reporting period ended 30 April 2019, or which have been adopted early (see note 2.3). Accounting policies have been applied consistently, other than where new policies have been adopted as per note 2.3.

2.1 Basis of preparation

The consolidated and Company financial statements of IRIS Debtco Limited (formerly known as JANUS Debtco Limited) have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The consolidated financial statements have been prepared under the historical cost convention, except where adopted IFRS require an alternative treatment. The principal variations from the historical cost convention relate to derivative financial instruments which are measured at fair value through profit or loss.

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the period. The company reported a loss for the period ended 30 April 2019 of £Nil.

An individual Company cash flow statement has not been prepared as there are no specific allocated cash flows.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each period. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The results of subsidiaries acquired during the period are included in the consolidated income statement from the date the Company gains control unless this date is within sufficient proximity to the period end to result in an immaterial impact to the financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. An applicable share of total comprehensive income is attributed to non-controlling interests.

2.3 Adoption of accounting standards

The Group has adopted the following standards:

- IFRS 9, 'Financial Instruments'
- IFRS 15, 'Revenue from contracts with customers'
- IFRS 16, 'Leases' (early adoption)

The Directors considered the impact on the Group of other new and revised accounting standards, interpretations or amendments and do not note any revised or new accounting standards, which will have an impact on the Group financial statements outside of those adopted for this period.

2.4 Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the consolidated financial statements have been prepared on the going concern basis and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

In May 2018 it was announced that the Group was to be acquired by a joint investment of Hg Capital's Saturn Fund and Intermediate Capital Group. This acquisition completed on 6 September 2018, alongside a refinancing of the Group's debt facilities. As part of the refinancing alongside the sale, the Group repaid its existing Senior & Second Lien facilities in full, and new facilities were put in place incorporating a new Senior loan of £440m, and undrawn and available Acquisition and Revolving Credit Facilities of £75m and £40m respectively. The new facilities have a bullet repayment and term of between 6.5 and 8 years from completion. The expanded undrawn Acquisition and Revolving Credit facilities will assist the Group to achieve its growth ambitions both organically and by further acquisitions.

On 13 September 2019 the Group took out additional financing of £145m primarily to fund the acquisition of share capital of FMP Global Ltd.

The Group conducts annual impairment tests on the carrying value of goodwill, the recoverable amount is determined from a combination of value-in-use calculations and observable relevant market transactions. The key assumptions in the value-in-use calculations are the discount rate applied, the long-term operating margin (EBITDA) and the long-term growth rate of net operating cash flows. In all cases, the approved budget for the following financial year formed the basis for the cash flow projections. The approved cash flow projections in the three financial years following the budget year reflected management's expectations of the medium-term operating performance of the business and growth prospects in the market.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to Other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Deferred consideration

Deferred consideration arises when settlement of all or part of the cost of a business combination falls due after the date the acquisition was completed.

Where the payment of deferred consideration is not contingent upon continuing employment of the vendors by the Group, deferred consideration is stated at the fair value of the total consideration outstanding. In these cases all deferred consideration has been treated as part of the cost of investment. At each balance sheet date deferred consideration comprises the fair value of the remaining deferred consideration valued at acquisition.

Where the payment of deferred consideration is contingent upon the continuing employment of vendors by the Group, it is treated as a remuneration expense and accounted for as an employment benefit under IAS 19. A charge is made through the Consolidated Income Statement as a cost of employment. The cost associated with each payment is accrued over the period it is earned. At each balance sheet date the contingent deferred consideration balance comprises the accrual for unsettled remuneration which has been expensed to the balance sheet date.

2.7 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.8 Fair value measurement

The Group measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 19.2.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

2.8 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per its accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Group's review includes a discussion of the major assumptions used in the valuations. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.9 IFRS 9 Expected Credit Loss

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. We have assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.

2.10 IFRS 15 Revenue from Contracts with Customers

In recognising revenue under IFRS 15, Management have followed the five step model and considered identification of the contract with a customer; identification of performance obligations of each contract; transaction price; allocation of transaction price to performance obligation and recognition of revenue at the point the performance obligation has been satisfied.

2.11 Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue represents invoiced software licence fee income, support and maintenance income and services income.

Perpetual software licence fee income is recognised in full on delivery of the licence and the issue of authorisation codes to activate the software. Support and maintenance income is deferred at the date of invoicing and released to the profit and loss account over the duration of the maintenance contract. The balance of maintenance income not released to the profit and loss account is carried in the balance sheet within deferred revenue.

Services income is recognised in the month the services are performed.

Transactional and Payment revenue is recognised on fulfilment of the service.

Training and implementation revenue is recognised when delivered, or by reference to the stage of completion of the transaction at the end of the reporting period. This assessment is made by comparing the proportion of contract costs incurred to date to the total expected costs to completion.

Subscription and cloud based Software as a Service (SaaS) income is recognised in the month the service is provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.12 Taxes**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

2.12 Taxes (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.13 Foreign currencies**Functional and presentation currency**

The consolidated financial statements are presented in Sterling, which is the functional currency of the parent company.

Transactions and balances

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency monetary items are translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in Other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in Other comprehensive income.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at the average rates of exchange during the period. The exchange differences arising on translation for consolidation are recognised in Other comprehensive income. On disposal of a foreign operation, the component of Other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.14 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by (for final dividends) or paid to (for interim dividends) the Company's shareholders.

2.15 Intangible assets

Intangible assets arising on business combinations are stated at fair value less accumulated amortisation and impairment losses. Amortisation is charged to the Income statement on a straight-line basis over their estimated useful lives as follows:

Enterprise application software	5 years
Brand	10 years
Development expenditure	5 years
Intellectual property rights	10 to 12 years
Customer relationships	9 to 21 years

Research & development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development, and
- The ability to use the intangible asset generated

Where the Directors are satisfied as to the technical, commercial and financial viability of individual projects, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. Amortisation relates to the period in which future cash flows are expected to arise which is expected to be five years.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

2.16 Property, plant and equipment

Property, plant and equipment is stated at cost net of depreciation and any provision for impairment. Depreciation is provided on a straight line basis at the following annual rates in order to write off the cost less residual value of each category of asset over its estimated useful life as follows:

Freehold land	Nil
Freehold buildings	2.7%
Leasehold improvements	the lower of 20% and the period of the leasehold
Computer equipment	10% to 33%
Fixtures and fittings	10% to 20%

2.17 The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

2.18 Investments

Fixed asset investments are stated at cost less provision for impairment.

2.19 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Income Statement.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

2.20 Inventories

Inventories are valued at the lower of cost and net realisable value after making allowances for slow moving or obsolete items.

Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost is calculated using the first-in-first-out method.

2.21 Available for sale financial assets

Available for sale financial assets represents a long leasehold property which is being marketed for immediate sale. The Directors review the valuation of these assets on an annual basis and recognise any impairment through the profit and loss. There have been no impairments in the period.

2.22 Financial instruments

Financial assets and liabilities are recognised in the Consolidated Balance Sheet when the Group becomes a party to the contractual provision of the instrument.

Financial assets are unrecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is unrecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional less provision for impairment.

Because of their short term nature the carrying amount of trade receivables approximates to their fair value.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. We have assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.

Cash and cash equivalents

For the purpose of preparation of the Consolidated Cash Flow Statement and the Consolidated Balance Sheet, cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of a subsidiary's cash management are included in cash and cash equivalents where they have a legal right of set-off and there is an intention to settle net, against positive cash balances, otherwise bank overdrafts are classified as borrowings.

Trade payables

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of borrowing on an effective interest basis.

Derivative financial instruments

All derivatives are initially recognised at fair value, and are subsequently remeasured at fair value, through the Income Statement. The Group does not hold or issue derivative financial instruments for trading purposes.

Where deemed significant, fair values are adjusted to reflect the impact of our credit risk for the derivatives that are in a liability position and counterparty credit risk for the derivatives that are in an asset position.

2.23 Borrowing costs

Where borrowing costs are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale they are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.24 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions for dilapidations

Provisions for dilapidations in respect of property leases are recognised when the property lease contracts are entered into. Initial recognition is based on the obligations within the contracts to return the properties to their original state on conclusion of the lease terms. The initial estimate of dilapidation costs is revised annually.

**Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019**

2.25 Post-employment benefits

The Group operates a personal defined contribution pension scheme which is open to all employees. The assets of the scheme are held separately from those of the Group in independently administered funds. Contributions payable to the scheme in respect of the period are recognised as an operating cost in the income statement.

2.26 Exceptional items

Management exceptional items reflect items which individually or, if of a similar type, in aggregate, are disclosed separately due to their size or incidence in order to obtain clear and consistent presentation of the Group's performance.

2.27 Share based payments

During the period, the group gave senior management the opportunity to acquire shares in Perennial Newco 2 Limited at market value. These shares cannot be traded and must be sold back to the Group when employment ceases. The shares are only redeemed on sale of the Group. The fair value of the shares is measured at the issue date and spread as a cost over the expected period before sale of the Group.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Critical judgements in applying the Group's accounting policies

Capitalisation of development cost

The Group capitalises internal costs of software development, where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. Judgement is required in determining whether a project is suitable for capitalisation and in determining the useful economic life (note 10).

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Assets relating to contracts with customers

Assets relating to contracts with customers represent commissions paid to employees which are deferred over a 5 year period. The 5 year period represents the expected length of time that the customer relationship will be retained and as such the cost is recognised over that time period.

Where legislative updates are required to software in order to remain functional, the Group recognises Revenue from that software over the period of the license.

Critical Accounting Estimates and Assumptions

Acquisition accounting

Accounting for acquisitions requires a fair value exercise to assess the assets and liabilities acquired, including any separately identifiable intangible assets. The process of determining fair values may require management to make estimates which are subjective in nature.

Impairment - goodwill and other intangibles

The Group determines whether goodwill and other intangible assets are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash generating unit to which the assets are allocated (note 10).

The Group has performed sensitivity analysis based on the growth assumptions used to support the carrying value of Goodwill at the balance sheet date and note that an impairment to carrying value would only be required should there be a reduction of greater than 7% in the growth forecast for the Group.

Estimating the value-in-use requires the Group to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Trade and other receivables

There is uncertainty regarding customers who may not be able to pay as their invoices fall due. In estimating the appropriateness of the provisions in respect of recoverability of trade receivables, consideration has been given to the economic climate in the respective markets, the ageing of the debt and the potential likelihood of default (note 15).

Uncertain tax provisions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions of tax liability, based on reasonable estimates and judgement (note 18).

Contingent Consideration

Any deferred contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, are recognised either in the profit and loss account or in other comprehensive income, in accordance with IAS 39.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments (note 19).

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue and profit before taxation in respect of continuing operations arise from the principal activity of the Group. This represents a single class of business: the provision of software and services to accountants, schools and businesses in the UK. No material part of continuing operations is undertaken outside the United Kingdom.

4.1 Assets and liabilities relating to contracts with customers

Assets relating to contracts with customers represent commissions paid to employees which are costed over a 5 year period.

	Period to 30 April 2019 £'000
Non-current assets relating to contracts	2,230
Current assets relating to contracts	621
	<u>2,851</u>

Contract liabilities represent revenue received up front for contracts which are recognised over 12 months.

	Period to 30 April 2019 £'000
Deferred revenue	62,674
	<u>62,674</u>

5 STAFF COSTS

Employee costs (including Directors) during the period were:

	Period to 30 April 2019 £'000
Wages and salaries	34,260
Social security costs	3,873
Pension costs	847
	<u>38,980</u>

Employee numbers and costs have been included within the Group from 6 September 2018 from the point of acquisition of Perennial Newco Ltd. Included in the amounts above are employee cost capitalised in respect of development of software assets in the period of £2,250,000.

The Company had no employees.

The average monthly number of employees (including Directors) of the Group during the period was as follows:

	Period to 30 April 2019 Number
Technical	438
Sales	180
Administration	137
	<u>755</u>

Directors' emoluments

	Period to 30 April 2019 £'000
Aggregate emoluments	58
Pension contributions	-
	<u>58</u>

Number of Directors (including Non-Executive Directors)

3

Three Directors accrued benefits under the Group's defined contribution pension scheme.

The highest paid Director in the period received total emoluments of £29,167.

Key management remuneration

	Period to 30 April 2019 £'000
Aggregate emoluments	2,142
Pension contributions	16
	<u>2,158</u>

Number of key management

2

Key management include the Chief Executive Officer and their direct reports during the period.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019**6 OPERATING LOSS**Total Group
Period to
30 April 2019
£'000

The operating loss is stated after charging:

Staff costs	38,980
Research and development expenditure	6,607
Amortisation of intangible assets	29,771
Other transaction related costs	11,699
Depreciation of property, plant and equipment	1,219
Depreciation of right-of-use-assets	714
Share based payments	2,565

Fees payable to the Group's Auditors comprise the following:

Period to
30 April 2019
£'000

Tax services	55
Corporate finance services	1,130
Total non-audit fees	1,185
Audit fees - for the audit of parent Company and consolidated financial statements	199
Audit fees - for the audit of subsidiary companies	146
Total fees	1,530

7 FINANCE INCOMEPeriod to
30 April 2019
£'000

Deposit account interest	203
Total finance income	203

8 FINANCE COSTSPeriod to
30 April 2019
£'000

Bank loan interest	14,964
Amortisation of loan issue costs	804
Unwinding of discount	67
Bank facility fees	1,368
Net loss on financial instruments at fair value through profit or loss (note 19.3)	302
Interest expense on lease liabilities	262
Interest payable on amounts due to parent undertakings	69,550
Total finance costs	87,317

The unwinding of discount is in relation to deferred consideration on the acquisition of a subsidiary undertaking.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

9 INCOME TAX CHARGE

Period to
30 April 2019
£'000

The major components of income tax expense for the period ended 30 April 2019 are:

Current income tax:

UK income tax at 19.00% for period	1,578
Impact of overseas income tax	323
Prior year adjustments	-
	<u>1,901</u>

Deferred tax:

Relating to origination and reversal of temporary differences	(8,600)
Relating to effect of change in tax rates	-
Prior year adjustments	-
	<u>(8,600)</u>

Income tax charge reported in the income statement**(6,699)**Period to
30 April 2019
£'000

Loss before tax

(97,759)

The tax for the period is lower than the standard rate of corporation tax in the UK of 19.00%. The differences are explained below.

Period to
30 April 2019
£'000
(18,574)

Loss before tax multiplied by standard rate of corporation tax in the UK of 19.00%.

Effects of:

Expenses non-deductible for tax purposes	11,875
Total tax charge reported in the income statement	<u>(6,699)</u>

10 INTANGIBLE ASSETS

GROUP

	Enterprise Application Software £'000	Development Expenditure £'000	Brand £'000	Intellectual Property £'000	Customer Relation- ships £'000	Goodwill £'000	Total £'000
COST							
At 17 May 2018	-	-	-	-	-	-	-
Arising on acquisition	7,382	11,074	14,500	178,172	335,678	889,508	1,436,314
Additions	-	2,250	-	-	-	-	2,250
At 30 April 2019	<u>7,382</u>	<u>13,324</u>	<u>14,500</u>	<u>178,172</u>	<u>335,678</u>	<u>889,508</u>	<u>1,438,564</u>
ACCUMULATED AMORTISATION / IMPAIRMENT							
At 17 May 2018	-	-	-	-	-	-	-
Arising on acquisitions	1,251	4,908	-	-	-	-	6,159
Amortisation for the period	964	1,155	942	10,409	16,301	-	29,771
Impairment for the period	5,167	-	-	-	-	-	5,167
At 30 April 2019	<u>7,382</u>	<u>6,063</u>	<u>942</u>	<u>10,409</u>	<u>16,301</u>	<u>-</u>	<u>41,097</u>
NET BOOK VALUE							
At 30 April 2019	<u>-</u>	<u>7,261</u>	<u>13,558</u>	<u>167,763</u>	<u>319,377</u>	<u>889,508</u>	<u>1,397,467</u>
At 17 May 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group tests development expenditure, intellectual property rights and customer relationships annually for impairment, or more frequently if there are indications that such intangible assets might be impaired. During the year the Directors were of the opinion that the Enterprise Application Software should be fully impaired. As at 30 April 2019, the Directors are of the opinion that no further impairment is required.

All amortisation charges relating to continuing operations in the period have been charged through administrative expenses.

Details of acquisitions in the period are shown in note 25. During the period, goodwill was reviewed for impairment in accordance with IAS 36 "Impairment of Assets". For the purposes of this impairment review, goodwill for continuing operations has been valued on the basis of discounted future cash flows.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

10 INTANGIBLE ASSETS (continued)

The Group is managed and marketed as one range of offerings, with many customers using a number of products. The carrying value of goodwill at the end of the reporting period is shown below:

	2019
	£'000
IRIS Debtco Limited(formerly known as JANUS Debtco Limited)	889,508
	<u>889,508</u>

The Group conducts annual impairment tests on the carrying value of goodwill, the recoverable amount is determined from a combination of value-in-use calculations and observable relevant market transactions. The key assumptions in the value-in-use calculations are the discount rate applied, the long-term operating margin (EBITDA) and the long-term growth rate of net operating cash flows. In all cases, the approved budget for the following financial year formed the basis for the cash flow projections. The approved cash flow projections in the three financial years following the budget year reflected management's expectations of the medium-term operating performance of the business and growth prospects in the market.

The discount rate applied represents a pre-tax rate that reflects the market assessment of the time value of money at the end of the reporting period and the risks specific to the business. The discount rate applied was 11.6% . If the discount rate were to increase to 12.5% then there would be an impairment to Goodwill.

The long-term adjusted EBITDA margin assumed for the operations is primarily based on past performance. The long-term adjusted EBITDA margin applied to the CGU was in the range of 45% to 49%.

Long-term growth rates of net operating cash flows that have been used in the annual impairment test are 2.5%. If the long term growth rate reduced to 0% or below there would be an impairment to Goodwill.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

The Group has performed sensitivity analysis based on the growth assumptions used to support the carrying value of Goodwill at the balance sheet date and note that an impairment to carrying value would only be required should there be a reduction of greater than 7% in the growth forecast for the Group.

It is the opinion of the Directors that at 30 April 2019 there was no impairment of goodwill.

During the period, the Group impaired the net book value of its Enterprise Application Software intangible asset of £5.2m. The asset was IP capitalised as a result of the work previously performed on a strategic programme to replace its legacy Customer Resource Management ("CRM") and Enterprise Resource Planning ("ERP") systems. This programme was abandoned prior to the end of the period and a new program launched in May 2019 following the functional management restructure in order to support future growth.

11 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Leasehold Improve- ments	Computer Equipment	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000	£'000
GROUP					
COST					
At 17 May 2018	-	-	-	-	-
Arising on acquisition	3,760	406	7,292	2,756	14,214
Additions	-	13	1,444	1,897	3,354
Reclassification as Available for sale financial asset	(2,619)	-	-	-	(2,619)
Disposals	-	-	-	-	-
At 30 April 2019	<u>1,141</u>	<u>419</u>	<u>8,736</u>	<u>4,653</u>	<u>14,949</u>
ACCUMULATED DEPRECIATION					
At 17 May 2018	-	-	-	-	-
Arising on acquisition	751	149	4,765	1,783	7,448
Charge for the period	35	17	885	282	1,219
Reclassification as Available for sale financial asset	(47)	-	-	-	(47)
Disposals	-	-	-	-	-
At 30 April 2019	<u>739</u>	<u>166</u>	<u>5,650</u>	<u>2,065</u>	<u>8,620</u>
NET BOOK VALUE					
At 30 April 2019	<u>402</u>	<u>253</u>	<u>3,086</u>	<u>2,588</u>	<u>6,329</u>
At 17 May 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Freehold land at a cost of £100,000 is included within Land and buildings and is not depreciated.

Depreciation expenses from continuing operations of £1,219,000 have been charged through administrative expenses (note 6).

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

12 RIGHT-OF-USE-ASSETS

GROUP	Property leases £'000	Total £'000
COST		
At 17 May 2018	-	-
Arising on acquisition	4,333	4,333
Additions	6,120	6,120
At 30 April 2019	10,453	10,453
ACCUMULATED DEPRECIATION		
At 17 May 2018	-	-
Arising on acquisition	256	256
Charge for the period	714	714
At 30 April 2019	970	970
NET BOOK VALUE		
At 30 April 2019	9,483	9,483
At 17 May 2018	-	-

Right-of-use assets relate to property leases held by the Group. The interest charge on right-of-use assets has been included in Finance Costs within Note 8 and the charge for amortisation included in the table above. The amortisation charge in the period is included within Administrative Expenses.

13 INVESTMENTS

GROUP	£'000
COST	
At 17 May 2018 and at 30 April 2019	-
COMPANY	
	Investment in subsidiary undertakings £'000
COST	
At 17 May 2018	-
Additions	947
At 30 April 2019	947

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

13 INVESTMENTS (continued)

The Group's subsidiary undertakings and joint ventures are shown below.

Undertaking	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held	
			Group	Company
123Comms Limited*	England & Wales	Software development	100%	0%
Beaumont Solutions Limited*	England & Wales	Software development	100%	0%
Biostore Limited*	England & Wales	Software development	100%	0%
Blayhall Payroll Limited*	England & Wales	Holding company	100%	0%
Cascade Human Resources Limited*	England & Wales	Software development	100%	0%
Fastrak Limited*	England & Wales	Software development	100%	0%
Galaxy Payroll Limited*	England & Wales	Software development	100%	0%
Homecontact Limited*	England & Wales	Software development	100%	0%
Hosted Accountants Limited*	England & Wales	Software development	100%	0%
Indigo Marketing Limited*	England & Wales	Software development	100%	0%
Intex (Radiographic) Limited*	England & Wales	Holding company	100%	0%
IRIS Bidco Limited*	England & Wales	Holding company	100%	100%
IRIS Business Software Limited*	England & Wales	Software development	100%	0%
IRIS Capital Limited*	England & Wales	Holding company	100%	0%
IRIS Group Limited*	England & Wales	Software development	100%	0%
IRIS Holdings Limited*	England & Wales	Holding company	100%	0%
IRIS KPO Resourcing (India) Private Limited***	India	Outsourcing services	56%	0%
IRIS Payroll Software Limited*	England & Wales	Software development	100%	0%
IRIS Payroll Solutions Limited*	England & Wales	Software development	100%	0%
IRIS Resourcing Limited*	England & Wales	Holding company	100%	0%
IRIS Software Group Limited*	England & Wales	Holding company	100%	0%
IRIS Software Limited*	England & Wales	Software development	100%	0%
Kashflow Software Limited*	England & Wales	Software development	100%	0%
Perennial Newco Limited****	Guernsey	Holding company	100%	0%
Perennial BidCo A Limited****	Guernsey	Holding company	100%	0%
Phroot Limited****	Guernsey	Software development	100%	0%
Practice Engine Systems Inc.*****	USA	Software development	100%	0%
PS Financials Limited*	England & Wales	Software development	100%	0%
PTP Software Limited*	England & Wales	Software development	100%	0%
Results Squared Limited*	England & Wales	Software development	100%	0%
Software (Holdco 2) Limited*	England & Wales	Holding company	100%	0%
Software (Holdco 4) Limited*	England & Wales	Holding company	100%	0%
Software (Holdco 5) Limited*	England & Wales	Holding company	100%	0%
Taxfiller Limited*	England & Wales	Software development	100%	0%
The Practice Engine Company Limited*	England & Wales	Software development	100%	0%
The Practice Engine Group Limited*	England & Wales	Software development	100%	0%
Truancy Call Limited*	England & Wales	Software development	100%	0%
Truancy Call Limited**	Republic of Ireland	Software development	100%	0%

* Subsidiary registered address: 4th Floor, Heathrow Approach, 470 London Road, Slough, England SL3 8QY

** Subsidiary registered address: 9 Trinity Street, Dublin 2, Republic of Ireland

*** Subsidiary registered address: Pottipati Plaza 77, Nungambakkam High Road, Chennai-600 034

**** Subsidiary registered address: PO Box 186, 1 Le Marchant Street, St Peter Port, Guernsey, GY1 4HP

***** Subsidiary registered address: 100 Colony Square, 1175 Peachtree Street NE, 10th Floor, Atlanta, GA 30361, USA

14 AVAILABLE FOR SALE FINANCIAL ASSETS

	2019	
	Group £'000	Company £'000
At 17 May 2018	-	-
Reclassification of fixed asset freehold property	2,572	-
At 30 April 2019	<u>2,572</u>	<u>-</u>

The Available for sale financial asset represents a freehold property which is being actively marketed by the Group.

15 TRADE AND OTHER RECEIVABLES

	2019	
	Group £'000	Company £'000
Current		
Trade receivables	29,583	-
Less: provision for impairment of receivables	(594)	-
Trade receivables - net	28,989	-
Other receivables	688	-
Prepayments	3,094	-
Corporation tax	777	-
Amounts owed by Group undertakings	302	962,150
	<u>33,850</u>	<u>962,150</u>
	<u>33,850</u>	<u>962,150</u>

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

As at 30 April 2019, trade receivables of an initial value of £594,000 were impaired and fully provided for.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

15 TRADE AND OTHER RECEIVABLES (continued)

Movements on the Group provision for impairment of trade receivables were as follows:

	2019 £'000
At 17 May 2018	-
Acquired provision	627
Utilised	(274)
Charged /(credited) to the Income Statement	241
At 30 April 2019	<u>594</u>

In determining the recoverability of a trade receivable, the Group considers the ageing of each receivable and any change in the circumstances of the individual receivables. The Directors believe that there is no further provision required in excess of the allowance for doubtful debts.

The creation and release of provision for impaired receivables have been included in administrative expenses in the income statement. Amounts charged to the allowance account are generally written-off when there is no expectation of recovering additional cash.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. We have assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.

The maximum exposure to credit risk at the end of the reporting period is the fair value of each class of receivables mentioned above. The Group held no collateral as security. The Directors estimate that the carrying value of trade receivables approximated to their fair value.

Interest is charged on balances with group undertakings at 12%.

16 CASH AND SHORT TERM DEPOSITS

	2019 £'000
Cash at banks and on hand	36,850
	<u>36,850</u>

The Company had no short term deposits during the current period. Cash at banks earns interest at floating rates based on daily bank deposit rates. The Group held no short-term deposits at the period end. The Group's credit risk on cash and cash equivalents is limited because the counterparties are well established banks with high credit ratings.

17 TRADE AND OTHER PAYABLES

	Group £'000	2019 Company £'000
Current		
Trade payables	2,927	-
Amounts owed to parent undertakings	962,150	962,150
Social security and other taxes	1,500	-
VAT	5,941	-
Other creditors	773	-
	<u>973,291</u>	<u>962,150</u>
Non-current		
Derivative financial liabilities	302	-
	<u>302</u>	<u>-</u>
	<u>973,593</u>	<u>962,150</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

The fair values of trade and other payables are not materially different to those disclosed above. There is no material effect on pre-tax profit if the instruments are accounted for at fair value or amortised cost.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 20.

Balances with parent undertakings are unsecured and bear interest at 12%.

18 DEFERRED TAX**Deferred tax liability**

	Acquired Intangible assets £'000	Other Intangible assets £'000	Depreciation in excess of capital allowances £'000	Derivatives £'000	Other timing differences £'000	Total £'000
At 17 May 2018	-	-	-	-	-	-
Acquisition of subsidiaries	91,388	3,595	(156)	-	(188)	94,639
Charged/(credited) to the income statement	(5,269)	(3,134)	(145)	(58)	6	(8,600)
At 30 April 2019	<u>86,119</u>	<u>461</u>	<u>(301)</u>	<u>(58)</u>	<u>(182)</u>	<u>86,039</u>
Deferred Liability	86,119	461	-	-	-	86,580
Deferred Asset	-	-	(301)	(58)	(182)	(541)
	<u>86,119</u>	<u>461</u>	<u>(301)</u>	<u>(58)</u>	<u>(182)</u>	<u>86,039</u>

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

18 DEFERRED TAX continued)

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 19% to 17% effective from 1 April 2020, was substantively enacted on 15 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The closing deferred tax liability as at 30 April 2019 has been calculated at 17.3% reflecting the tax rate at which the deferred tax liability is expected to be reversed in future periods.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has total tax losses of £3.0m that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of £3.0m of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

At 30 April 2019, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associate. The Group has determined that undistributed profits of its subsidiaries or associate will not be distributed in the foreseeable future. The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The company does not foresee such a consent being given at the reporting date.

19 FINANCIAL ASSETS AND LIABILITIES**19.1 Principal financial assets and liabilities**

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash and short term deposits
- Trade and other receivables
- Trade and other payables
- Accruals
- Contract Assets and Liabilities
- Provisions
- Lease liabilities
- Loans and borrowings
- Derivative financial instruments

Financial assets and liabilities by category

	Financial assets at fair value through profit or loss 2019 £000	Financial assets at amortised cost 2019 £000
Cash and short term deposits	-	36,850
Trade and other receivables	-	29,979
Total financial assets	-	66,829

	Financial liabilities at fair value through profit or loss 2019 £000	Financial liabilities at amortised cost 2019 £000
Trade and other payables	-	4,002
Accruals	-	9,253
Accrued interest	-	686
Provisions	-	145
Lease liabilities	-	8,612
Loans and borrowings	-	431,115
Derivative financial instruments	302	-
Total financial liabilities	302	453,813

The comparatives have been updated to include a full analysis of trade and other payables.

19.2 Financial assets and liabilities not measured at fair value

Financial assets and liabilities not measured at fair value includes cash and short term deposits, and deferred revenue.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates to their fair value.

Loans and borrowings are carried at amortised cost which approximates to their fair value.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

19 FINANCIAL ASSETS AND LIABILITIES (continued)**19.3 Financial instruments at fair value**

The table below analyses financial instruments carried at fair value by valuation method. Accounting standards require us to disclose them into different levels as follows:

Level 1 - Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Fair values measured using inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly (from prices) or indirectly (derived from prices)

Level 3 - Fair values measured using inputs for the asset or liability that are not based on observable market data

	At 30 April 2019		
	Level 1	Level 2	Level 3
	£000	£000	£000
	Total		
	£000		
Financial assets measured at fair value:			
Interest rate instruments	-	-	-
Total financial assets at fair value	-	-	-
Financial liabilities measured at fair value:			
Interest rate instruments	-	302	-
Total financial liabilities at fair value	-	302	302

There were no transfers between levels during the period. For a reconciliation of movements in level 2 instruments (see note below).

	Interest rate	Total
	swaps	£000
	£000	£000
Reconciliation - liabilities		
A reconciliation of the financial liabilities is as follows:		
At 17 May 2018	-	-
Changes in fair value to profit or loss	302	-
At 1 May 2019	302	-

Under interest rate swap contracts, the Group agreed to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date. The counterparties to the swaps are major global banks.

On 26 February 2019 the Group entered a series of fixed LIBOR interest rate swaps for a total notional amount of £220,000,000. The effective dates were 25 February 2019 and termination date are 23 November 2021. The fixed rates are 0.983%.

These instruments were valued in total as a liability of £302,000 as at 30 April 2019.

There has been no reclassification of financial instruments.

19.4 Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, provisions, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group enters into derivative transactions but its policy is that no trading in derivatives for speculative purposes may be undertaken.

The Group has exposure to the following risks from its use of financial instruments:

- (i) credit risk
- (ii) liquidity risk
- (iii) interest rate risk
- (iv) foreign currency risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from clients. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. No single customer represents more than 1% of revenue.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Balance Sheet.

for the Period Ended 30 April 2019

19 FINANCIAL ASSETS AND LIABILITIES (continued)**19.4 Financial risk management (continued)****Trade receivables**

The Group's credit risk on trade and other receivables is primarily attributable to trade receivables. The Group considers the credit quality of trade and other receivables collectively and believes that the carrying value of the trade and other receivables that is disclosed in the financial statements gives a fair presentation of the credit quality of the assets. The Directors estimate that the carrying value of financial assets within trade and other receivables approximated to their fair value.

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored for collectability. The Directors believe there is a low risk of default due to the high number of recurring customers and credit control policies; thus the carrying value is expected to be the final value received. The Group has no significant concentrations of credit risk since the risk is spread over a large number of unrelated counterparties.

Total trade receivables (net of allowances) held by the Group at 30 April 2019 amounted to £28,989,000.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively using the expected credit loss model. The calculation is based on actual incurred historical data.

The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

Liquidity risk

The Group manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives through both short and long-term cash flow forecasts. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other borrowings. The Group's treasury function has a policy of optimising the level of cash in the businesses in order to minimise external borrowings.

The maturity profile of the undiscounted contractual amount of the Group's financial liabilities at 30 April was as follows:

	Lease Liabilities	Provisions	Borrowings	Trade and other payables	Other financial liabilities	Total
	£000	£000	£000	£000	£000	£000
In less than one year	1,174	145	-	3,700	121	5,140
In more than one year but not more than two years	1,812	-	-	-	181	1,993
In more than two years but not more than five years	4,644	-	-	-	-	4,644
In more than five years	4,615	-	431,115	302	-	436,032
	12,245	145	431,115	4,002	302	447,809

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group has fixed a portion of this interest rate using a swap instrument, mitigating the cash flow risk of interest rate movements.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries.

Sensitivity analysis

Financial instruments affected by interest rate and foreign currency risks include borrowings and derivative financial instruments.

The following analysis is intended to illustrate the sensitivity to changes in market variables, being sterling interest rates and sterling/Indian Rupee exchange rates.

The sensitivity analysis assumes reasonable movements in foreign exchange and interest rates before the effect of tax. The Group considers a reasonable interest rate movement in LIBOR to be 0.25%, based on interest rate history. Similarly, sensitivity to movements in sterling/Indian Rupee of 10% are shown reflecting changes of reasonable proportion in the context of movement in that currency pair over the last year.

Using the above assumptions, the following table shows the illustrative effect on the Consolidated income statement and equity.

	2019 Income (losses)/ gains £000	Equity (losses)/ gains £000
0.25% increase in market interest rates	(688)	(688)
0.25% decrease in market interest rates	688	688
10% strengthening of sterling versus the Indian Rupee	(65)	(123)
10% weakening of sterling versus the Indian Rupee	80	150

Capital Management

The group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the Group's capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or amend its debt arrangements.

The Group's share capital is disclosed in note 24, and its debt structure is detailed in note 21.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

20 PROVISIONS FOR LIABILITIES AND CHARGES

	Group	
	Dilapidations £'000	Total £'000
At 17 May 2018	-	-
Acquired on acquisitions	145	145
Charged to the profit and loss account	30	30
Utilised	(30)	(30)
At 30 April 2019	<u>145</u>	<u>145</u>

The provision for dilapidations is in respect of property leases that contain requirements for the premises to be returned to their original state on the conclusion of the lease terms.

These provisions are estimates because the actual costs and timing of future cash flows are dependent on future events. The property leases have expiry dates within five years after the reporting date. Any difference between expectations and the actual future liability will be accounted for when such determination is made.

21 BORROWINGS

On 6 September 2018, the Group put in place a Senior loan of £440m, PIK loan of £260m, which were drawn down in full, and undrawn and available Acquisition and Revolving Credit Facilities of £75m and £40m respectively. The new facilities have a bullet repayment and term of between 6.5 and 8 years from completion. The undrawn Acquisition and Revolving Credit facilities will assist the Group to achieve its growth ambitions both organically and by further acquisitions.

	2019 £'000
Current Borrowings	-
Non-current Borrowings	431,115
	<u>431,115</u>

	Effective interest rate	Maturity	Group 2019 Facility Utilised £'000
Senior bank loan			
Facility B	LIBOR +4.00% to +4.50% margin	Sep 2026	440,000
Acquisition Facility	LIBOR +4.00% to +4.50% margin	Sep 2026	-
Revolving Credit Facility	LIBOR +3.00% to +4.00% margin	Mar 2026	-
			<u>440,000</u>

An analysis of the maturity of the loans is set out below:

		Group 2019	
		Senior £'000	Total £'000
Borrowings			
Amounts falling due between two and five years		-	-
Amounts falling due in more than five years	Senior	440,000	440,000
		<u>440,000</u>	<u>440,000</u>
Unamortised borrowing costs		(8,885)	(8,885)
Amounts falling due after more than one year		431,115	431,115
Amounts falling due within less than one year		-	-
		<u>431,115</u>	<u>431,115</u>

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

21 BORROWINGS (continued)

Security for the Senior and Second Lien Liabilities takes the form of debentures giving fixed and floating charges over the assets of certain Group undertakings which have acceded to a cross-guarantee structure. All other loans are unsecured.

During the period the Group has incurred issue costs amounting to £9,689,000 in respect of these facilities. These costs are allocated to the income statement over the term of the facility using the straight line method.

The Senior Facility Agreement also makes available to the Group an additional £75,000,000 on the Acquisition Facility and £40,000,000 on the Revolving Facility which was unutilised at 30 April 2019.

22 COMMITMENTS**22.1 Lease commitments**

Future minimum rentals payable under non-cancellable operating leases as at 30 April are as follows:

Operating leases expiring:

	2019
	Land and buildings
	£'000
Within one year	1,174
After one year but not more than five years	6,456
After more than five years	4,615
	<u>12,245</u>

The Group has entered into a number of commercial property leases for sites at which it conducts its business. These leases have a life of between five and ten years, with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

The leases taken by the Group contain property leases which have a life between 1 and 10 years.

There were no subleases or contingent rents.

The Group had no obligations under finance leases.

22.2 Other capital commitments

The Group had no other capital commitments.

23 ACCRUALS AND DEFERRED INCOME

	Group
	£'000
Accruals	9,253
Accrued interest	686
Deferred consideration	2,966
	<u>12,905</u>

24 CALLED UP SHARE CAPITAL
Group and company:

Number	Class	Nominal value	2019
947,213	Ordinary	£0.01	£'000
			<u>9</u>
			9
Share premium			<u>938</u>
			<u>947</u>

On 17 May 2018, the company was incorporated with the issue of 1 ordinary £1 shares for £1.

On 6 September 2018, the company subdivided the 1 Ordinary share into 100 shares of £0.01 each and issued a further issued 947,112 Ordinary shares for £947,112.

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

25 ACQUISITIONS

25.1 Perennial NewCo Limited

On 6 September 2018, the Group acquired 100 per cent of the issued share capital of Perennial NewCo Limited and its subsidiary companies. The fair value of the total consideration net of cash and borrowings acquired was £1,292,732,000. The acquisition was accounted for under the acquisition method.

The Group was acquired by a joint investment of Hg Capital's Satum Fund and Intermediate Capital Group. A new parent company structure was put in place under the sale, including a new shareholder capital structure, and the new ultimate parent company changed to Perennial Newco 2 Limited (formerly known as IRIS Group Topco Limited and JANUS Topco Limited). The first period of account covers the period from 6 September 2018 to 30 April 2019.

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair values to the Group:

	Book value	Revaluation	Fair value to Group
	£'000	£'000	£'000
Assets			
Intangible assets	12,297	522,158	534,455
Property, plant and equipment	6,306	-	6,306
Right of use assets	4,036	-	4,036
Trade receivables	25,582	-	25,582
Other receivables	14,246	(10,800)	3,446
Stock	88	-	88
Total assets	62,555	511,358	573,913
Liabilities			
Trade payables	(904)	-	(904)
Accruals	(10,110)	-	(10,110)
Lease liabilities	(4,136)	-	(4,136)
Deferred income	(57,677)	18,922	(38,755)
Deferred consideration	(513)	-	(513)
Other Creditors	(4,278)	-	(4,278)
Corporation tax	(629)	-	(629)
Deferred tax	407	(93,908)	(93,501)
Total liabilities	(77,840)	(74,986)	(152,826)
Less Minority Interest	(807)		(807)
Total identifiable net assets at fair value, net of cash acquired	(16,092)	436,372	420,280
Goodwill			872,452
Purchase consideration transferred			1,292,732
Satisfied by			
Cash consideration			514,643
Borrowings settled			807,800
Cash acquired			(29,711)
			1,292,732

25.2 Biostore Limited

On 16 December 2018, the Group acquired 100 per cent of the issued share capital of Biostore Limited and its subsidiary Fastrak Limited. The fair value of the total consideration net of cash acquired was £3,167,000. The acquisition was accounted for under the acquisition method.

Biostore Limited is a principal provider of identity management and cashless catering solutions to UK schools and businesses. Biostore's identity management and cashless catering solutions are used by over 3,000 UK schools and sixth form colleges to improve and streamline access control and how catering services are delivered. The acquisition extends the IRIS education portfolio, providing solutions to manage all aspects of school management, including finance, assets and communications. Its ability to deliver a step-change in school efficiency and achieve value for money in the use of resources is a prime objective of many Academy and Academy Trusts.

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair values to the Group:

	Book value	Revaluation	Fair value to Group
	£'000	£'000	£'000
Assets			
Intangible assets	-	1,077	1,077
Property, plant and equipment	18	-	18
Trade receivables	954	-	954
Total assets	972	1,077	2,049
Liabilities			
Trade payables	(133)	-	(133)
Accruals	(218)	(248)	(466)
Deferred income	(759)	-	(759)
Corporation tax	101	-	101
Deferred tax	(1)	(188)	(189)
Total liabilities	(1,010)	(436)	(1,446)
Total identifiable net assets at fair value, net of cash acquired	(38)	641	603
Goodwill			2,564
Purchase consideration transferred			3,167
Satisfied by			
Cash consideration			4,103
Cash acquired			(936)
			3,167

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

25 ACQUISITIONS (continued)

25.3 FKK Software Limited

On 16 December 2018 the Group acquired 100 per cent of the issued share capital of FKK Software Limited. The fair value of the total consideration net of cash acquired was £684,000. The acquisition was accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair values to the Group:

	£'000	£'000	£'000
Assets			
Intangible assets	53	106	159
Trade receivables	2	-	2
Total assets	55	106	161
Liabilities			
Accruals	(108)	-	(108)
Deferred income	(54)	-	(54)
Deferred tax	-	(28)	(28)
Total liabilities	(162)	(28)	(190)
Total identifiable net assets at fair value, net of cash acquired	(107)	78	(29)
Goodwill			713
Purchase consideration transferred			684
Satisfied by			
Cash consideration			510
Deferred consideration			174
			684

25.4 Indigo Marketing Limited

On 25 March 2019 the Group acquired 100% of the issued share capital of Indigo Marketing Limited and its subsidiary Hosted Accountants Limited. The fair value of the total consideration net of cash acquired was £1,934,000. The acquisition was accounted for under the acquisition method.

Indigo Marketing Limited (and its subsidiary Hosted Accountants) is a provider of hosted desktop, telephony and other cloud-based technologies to UK accountancy firms. The acquisition further consolidates IRIS's position as the leading provider of accountancy software. Hosted Accountants extends the IRIS portfolio through the provision of hosted services and other value-added IT support, including telephony and core IT services.

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair values to the Group:

	Book value £'000	Revaluation £'000	Fair value to Group £'000
Assets			
Intangible assets	-	1,891	1,891
Property, plant and equipment	414	-	414
Right of use assets	41	-	41
Trade receivables	299	-	299
Total assets	754	1,891	2,645
Liabilities			
Trade payables	(346)	-	(346)
Accruals	(78)	-	(78)
Lease liabilities	(41)	-	(41)
Deferred income	(9)	-	(9)
Other Creditors	(840)	-	(840)
Deferred tax	(61)	(325)	(386)
Total liabilities	(1,375)	(325)	(1,700)
Total identifiable net assets at fair value, net of cash acquired	(621)	1,566	945
Goodwill			989
Purchase consideration transferred			1,934
Satisfied by			
Cash consideration			1,709
Deferred consideration			707
Cash acquired			(482)
			1,934

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

25 ACQUISITIONS (continued)**25.5 Practice Engine Group Limited and The Practice Engine Company Limited**

On 19 March 2019 the Group acquired 100 per cent of the issued share capital of The Practice Engine Company Limited, and 100 per cent of the issued share capital of Practice Engine Group Limited together with its subsidiary Practice Engine Systems Inc. The fair value of the total consideration net of cash acquired was £14,084,000. The acquisition was accounted for under the acquisition method.

Practice Engine is a provider of browser-based practice management software for professional service firms of all sizes in the UK and US. Practice Engine is an excellent fit within IRIS's Accountancy portfolio, offering a complementary service for our existing customer base as well as enabling expansion into the US market.

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair values to the Group:

	Book value	Revaluation	Fair value to Group
	£'000	£'000	£'000
Assets			
Intangible assets	457	2,608	3,065
Property, plant and equipment	28	-	28
Trade receivables	394	-	394
Total assets	879	2,608	3,487
Liabilities			
Trade payables	(58)	-	(58)
Accruals	(78)	-	(78)
Deferred income	(1,522)	-	(1,522)
Deferred tax	(1)	(534)	(535)
Total liabilities	(1,659)	(534)	(2,193)
Total identifiable net assets at fair value, net of cash acquired	(780)	2,074	1,294
Goodwill			12,790
Purchase consideration transferred			14,084
Satisfied by			
Cash consideration			14,372
Deferred consideration			1,746
Cash acquired			(2,034)
			14,084

26 EVENTS AFTER THE BALANCE SHEET DATE

On 13 September 2019 the Group acquired the share capital of FMP Global, from Tenzing, the UK lower mid-market investor. FMP is a leading provider of payroll and HR services to international and UK based Small and Medium sized Enterprises.

As the largest acquisition by IRIS to date, FMP Global is closely aligned with the Group's mission to be the most trusted provider of mission critical software and services. In the UK, US and internationally, FMP supports over 1,750 businesses in 135 countries, providing international HR consultancy, outsourced global payroll services, and international money transfers. The Group raised additional financing of £145m primarily in order to fund this transaction and other M&A activity.

On 29 August 2019 the Group completed on the acquisition of the share capital of Innervision Management Limited. Innervision provides Lease Accounting Software and will be a complementary product to the existing portfolio of accountancy offerings, particularly given the requirements to adopt IFRS16 in the coming year.

Effective 1 September, the Group announced the appointment of Elona Mortimer-Zhika to the position of Chief Executive Officer. She succeeds Kevin Dady who has been promoted to the role of Executive Chairman. Elona joined IRIS in 2016 as Chief Financial Officer and was promoted to Chief Operating Officer in 2018, responsible for a wide range of functions including all revenue generation, as well as customer service, IT, Facilities, Group Transformation, M&A integration, Legal and HR.

27 SHARE BASED PAYMENTS

On 6 September 2018, the Company issued to management 75,546 C1 shares for £75,546 and 6,667 C2 shares for £6,667. On 29 January 2019, the company issued a further 12,758 shares to management for £12,758. These shares can be sold only on leaving the company, at cost, or on the sale of the business. These shares fall under the definition of share based payments and are reported under IFRS2.

The fair value of the shares have been calculated using the Monte Carlo model. The inputs to the model and fair value charge are:

Share price on issue	£1
Price paid	£1
Dividend yield	0%
Forecast maturity	45.046
Volatility	36.7%
Fair value of shares	17,952,000
Granted in the period	94,971
Forfeited	(17,887)
Outstanding at 30 April 2019	<u>77,084</u>

The total share-based payment cost charged to the income statement was £2,565,000.

28 RESERVES**COMPANY**

	Retained earnings £'000
At 1 May 2018	-
Result for the period	-
At 30 April 2019	<u>-</u>

Notes to the Financial Statements (continued)
for the Period Ended 30 April 2019

29 CONTINGENT LIABILITIES

There are no contingent liabilities.

30 PENSION COMMITMENTS

The Group operates a defined contribution personal pension scheme which is open to all staff. The pension cost for the period represents contributions payable by the Group to the funds and amounted to £847,000. Pension contributions unpaid at the period end were £324,000.

31 DIVIDENDS PER SHARE

The Company did not declare or pay a dividend in the period.

32 RELATED PARTY TRANSACTIONS

The Group considers its material related parties to be its subsidiary undertakings and Executive Committee members. The Group has taken advantage of the exemption available under IAS 24, "Related Party Disclosures", not to disclose details of transactions with its subsidiary undertakings. Compensation paid to key management is disclosed in note 5.

Supplier transactions occurred during the period between the Group, HG Pooled Management Limited and ICG Limited. Transactions relate to providing the services of key management personnel. During the period £259,000 related to these transactions was charged through administrative expenses. There were outstanding amounts payable of £140,000 at 30 April 2019.

33 NON-CONTROLLING INTEREST

Non-controlling interests in equity in the Group balance sheet represent the share of net assets of subsidiary undertakings held outside the Group. The movement in the period comprises the profit attributable to such interests together with movements in respect of corporate transactions and related exchange differences.

	2019 £'000
At 17 May 2018	-
Non-controlling interest arising on business combination	807
Effect of movement in exchange rates	11
Non-controlling interest's share of profit for the period	245
At 30 April 2019	<u>1,063</u>

34 PRO-FORMA RESULTS

The Pro-forma results for the Group are provided here in order to report key financial performance indicators on an annual basis with prior year comparatives, as if IRIS Group Topco Limited had owned the Group for both financial years.

	2019 £'000	2018 £'000
Revenue	162,197	139,929
Cost of sales	(11,873)	(8,719)
Management EBITDA	78,499	65,791
Gross profit margin %	93%	94%
EBITDA margin %	49%	47%

Results for the year ended 30 April 2018 have been adjusted to reflect the effect of IFRS 15, 'Revenue from Contracts with Customers' and IFRS 16, 'Leases'.

35 RECONCILIATION OF MANAGEMENT EBITDA

Management EBITDA represents the basis on which Management review the performance of the Group, taking account of non-trading and exceptional items. It may be reconciled as follows:

	Note	2019 £'000
Operating loss		(10,645)
Management exceptionals		13,106
Effect of fair value of deferred revenue on acquisition		16,496
Depreciation & loss on disposal of fixed assets	11	1,219
Amortisation of intangibles	10	29,771
Impairment of intangibles	10	5,167
Deduction for the impact of early adoption of IFRS 16		10
Deduction for sales commissions on an as incurred basis		(3,207)
Deduction for the impact of share based payments		2,565
Management EBITDA		<u>54,482</u>

Management EBITDA is a non GAAP measure used to monitor the performance of the business and is defined as operating profit before depreciation, amortisation and management exceptional items. This is the first year adoption of IFRS 15, Contracts with Customers and early adoption of IFRS 16, Leases – the impact of these standards has been removed as has not been included in the Management Accounts for the period to 30 April 2019.

Management exceptional items include £10.1m relating to the JANUS transaction; £1.8m in relation to professional fees from other Group acquisitions; £0.8m relates to the Datchet office move to Heathrow Approach in the period and £0.4m are other non-recurring costs.

36 CONTROLLING PARTY

According to the register maintained by the Company, a number of limited partnerships which are managed by Hg Pooled Management Limited ("HgCapital") (holding through a nominee company) held a significant interest in the ordinary shares of the Company at 30 April 2018 and subsequently to the date of approval of the financial statements. The Directors' deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by HgCapital has an ownership of more than 20% of the issued share capital of the Company.