



IRIS Debtco Ltd

Annual Report and Financial Statements

For the year ended 30 April 2022

**Company Registration: 11368604
England & Wales**

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IRIS Debtco Ltd

**Annual Report and Financial Statements
For the year ended 30 April 2022**

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IRIS Debtco Ltd

Company Information
For the year ended 30 April 2022

Directors

K Dady
E Mortimer-Zhika
M Cox
D Packford
N Humphries
D Marriott-Sims (resigned 1 October 2021)
M Robinson (resigned 1 October 2021)
S Roddis
K Loosemore
D Lockie
D Simon (appointed 1 October 2021)
J Jefferies (appointed 1 October 2021)

Registered Office

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

Registered Number

11368604

Independent Auditors

PricewaterhouseCoopers LLP
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

Annual Report & Financial Statements**For the year ended 30 April 2022****Introduction**

The Directors present their strategic report of IRIS Debtco Ltd ("the Company"), and the consolidated group of companies (together "the Group") for the year ended 30 April 2022. IRIS Debtco Ltd is the parent company of the IRIS Group. The Company was incorporated in the UK as a company limited by shares on 17 May 2018.

IRIS provides software solutions and services for finance, HR and payroll teams, educational organisations and accountancy firms that helps them comply with regulations, drive productivity and better engage with key stakeholders.

Ownership

On 6 September 2018, the Group was acquired by a joint investment of Hg Capital's Saturn Fund and Intermediate Capital Group (ICG), with Hg being the majority shareholder.

Founded in 2000, Hg is a specialist private equity investor focused on software and service businesses in Europe and the US. Hg's purpose is to be trusted to improve the future of millions of investors by building sustainable businesses for tomorrow. Hg has a clear investment approach, targeting software and services companies that are forward looking, modern and use technology to improve efficiency. Hg's objective is to pursue investments to support long-term growth, using its expertise working with software and services companies to implement initiatives designed to maximise organic expansion, as well as through rolling up fragmented sectors. Hg Capital has been a long-term investor in IRIS, first investing in 2004. The Hg Saturn 1 Fund focuses on software businesses with enterprise values of more than \$1.7 billion.

Founded in 1989, ICG is a global alternative asset manager focused on providing capital to help companies grow through private and public markets, developing long-term relationships with their business partners to deliver value for shareholders, clients and employees.

Business Overview and Business Model

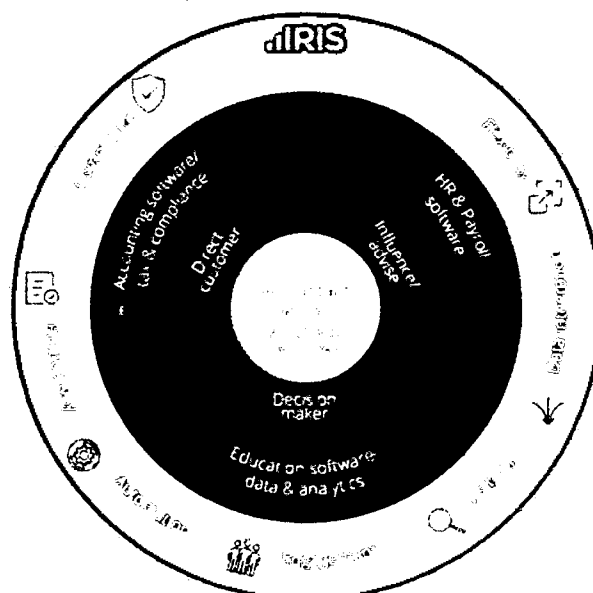
Our mission	Our vision
<i>To be the most trusted provider of mission critical software and services</i>	<i>Ensuring our customers get it right, first time, every time</i>

IRIS is one of the largest privately owned software companies in the UK, providing businesses' with mission-critical operational software and services that work first time, every time. Accountants are at the centre of everything IRIS stands for. Our evolving best-in-class software solutions help our customers manage compliance complexity. Through simplifying and automating processes and providing insights on everyday mission-critical tasks for organisations of all shapes and sizes, we ensure our customers are able to focus on the work they love and look forward with certainty and confidence.

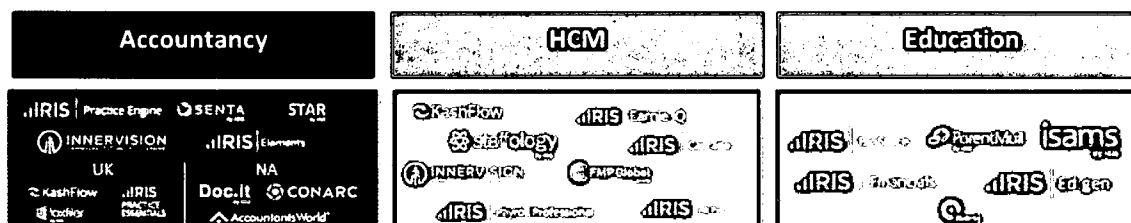
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Our business model



With dedicated software solutions and services for finance, HR and payroll teams, accountancy firms and educational organisations, our award-winning products are the invisible, but essential, beating heart of our customers' businesses. For more than 40 years, we have supplied innovative administrative solutions to businesses, charities and the public sector. IRIS' software solutions are managed under a number of leading product brands:



Revenue Generation

We generate revenue primarily through provision of software and services to end customers. Software services are provided primarily through recurring maintenance or subscription, both through cloud/Software as a Service ("SaaS") applications and on-premise solutions. Cloud-based solutions are becoming more desirable for businesses. We recognise this and continue to develop and invest in a comprehensive range of cloud applications using the latest computing technology to drive improved productivity and efficiency for customers. Approximately 50% of our software revenue is derived from cloud-based products, a proportion that is growing rapidly. Contract lengths range from monthly rolling for certain solutions, through to multi-year arrangements.

Alongside subscription services, we provide implementation, managed payroll, and consultancy services, including specialist HR advice.

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In addition, transactional engagement services are offered through provision of SMS and payment platforms to allow schools and parents to better communicate and transact with each other.

How IRIS Adds Value

Over the years, we have invested in highly skilled and experienced employees and teams in delivering mission-critical software solutions designed to meet the needs of customers. A strong culture and responsible leadership has enabled the business to grow and develop sustainably, giving customers confidence in IRIS as a strategic partner.

Through this, we have scaled to internally develop and acquire new products and solutions, allowing us to provide new solutions to our existing customer base. This approach enables customers to turn to IRIS, which has developed a trusted brand over many years, to purchase a best-of-breed core solution and access a wider choice of other modules and functionality than that offered by competitors.

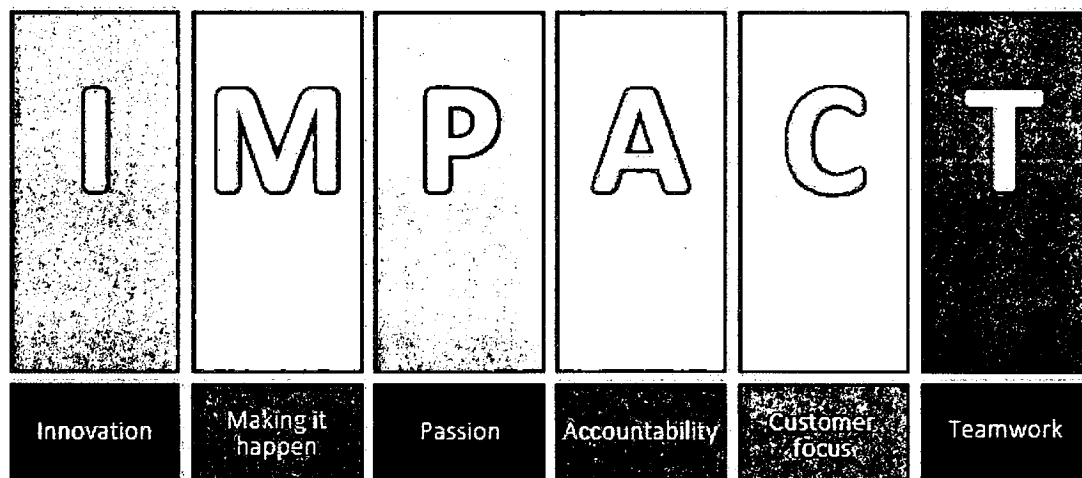
Why Customers Choose IRIS

Our trusted position and specialist knowledge allows us to drive the adoption of new functionality and modules to existing customers. We remain well positioned to continue this growth strategy for many years to come, with cloud technologies providing potential to accelerate this.

Our scale allows us to invest in state-of-the-art infrastructure, including cloud IT and related analytics. This investment in technology and development means that customers can rely upon IRIS to consistently deliver regulatory updates alongside enhanced products and services.

The Group also continues to identify opportunities to expand both domestically and internationally where we can apply our expertise in compliance-driven software and services, to ensure we can give our customers the best support on their own growth journeys.

The Group is led by an Executive Committee made up of key leaders across Sales, Product, Technology, Marketing, Operations, Finance & Legal, Human Resources, and Corporate Development to drive better alignment and acceleration of performance across all areas of the business. Whilst the primary focus of the business is at a functional level, we also have sector specific leaders (Accountancy, Education, HCM, Americas) to ensure we remain agile, dynamic and responsive to the ever-changing needs of our customers.

Group Values

The values within our business have been created by employees and are the glue that binds the business, supporting our vision, mission and culture. They are designed to make an IMPACT:

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Innovation: We are creative and fearless in our work and curious and hungry to discover smarter solutions. We always focus on improvement and embrace change.

Making it happen: We focus on the task at hand and produce high-quality results within ambitious timescales. We set stretch goals for ourselves and our teams and deliver at pace, on time, every time.

Passion: We take pride in our business. We are energetic, enthusiastic and highly self-motivated. We bring passion to our roles and encourage and inspire those around us. #loveIRIS.

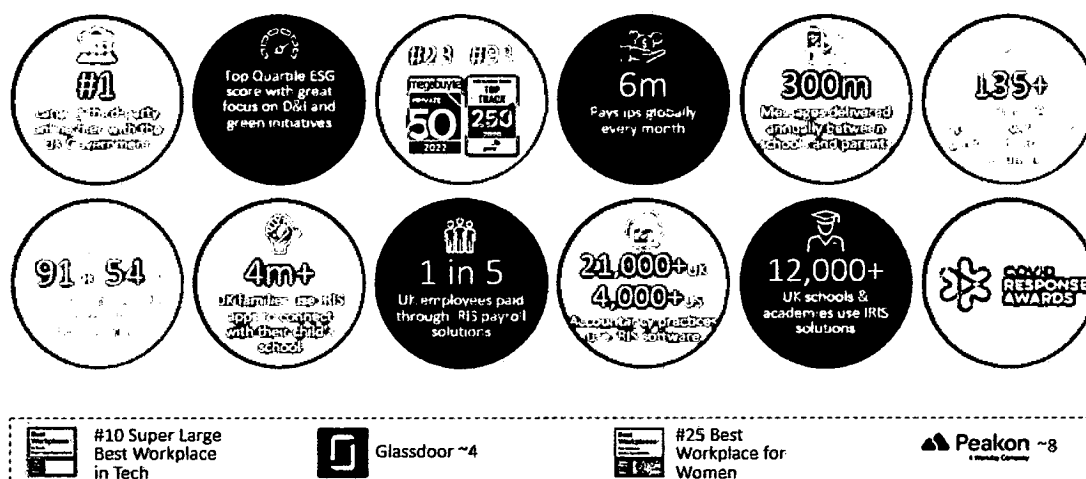
Accountable: We take ownership of our work and lead from the front. We seek out solutions, are trustworthy and act with integrity and honesty. We deliver on our promises.

Customer focus: Our customers' needs are our priority. We exceed their expectations and delight them with outstanding service and great outcomes.

Teamwork: We collaborate widely and build supportive, open, inclusive environments where people feel valued and are able to speak up and give their best. We recognise, appreciate, respect and care for others.

Business Activity

Key highlights



IRIS is trusted by more than 120,000 organisations, ranging from micro-businesses to FTSE 100 companies – the majority having a tenure of five or more years. IRIS payroll, accounting and finance software is used globally - being operated in over 135 countries. More than 21,000 UK and 4,000 US accountancy practices use IRIS software, including 91 of the top 100 UK accountancy firms and 54 of the top 100 US certified public accounting (CPA) firms. IRIS is the largest third-party online filer of taxes with the UK government and around 20% of the UK's workforce is paid by IRIS payroll offerings. More than 12,000 UK schools and academies use IRIS solutions (one in three schools is an IRIS customer), with over four million parents and guardians using IRIS apps to connect with their children's school; c.£15 million payments processed each month and 300 million messages delivered between schools and parents/guardians each year.

We are delighted to be continuously recognised for our achievements. During the year, one of our payroll solutions (IRIS FMP) was named a finalist in the 'International Payroll Provider of the Year' category at the CIPP Annual Excellence Awards 2021 and our IRIS Elements product was shortlisted in the 'Cloud Innovation Provider of the Year' category at the UK IT Industry Awards 2021. We were also finalists in not one, but two categories at the UK Tech Awards 2021: 'Tech Company of the Year' and 'Tech Innovation of the Year'. We were also shortlisted, and won, 'Best Covid-19 Response' at the GCN Covid Response Awards and retained our position in the top ten privately-owned technology companies at the Southern Tech 150 listing. IRIS also received recognition via industry awards for

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Ed:Gen (Teach Secondary), Senta and Taxfiler (both Luca Awards). We are elated to have received many awards for our effective and successful business solutions provided to our customers.

Our accolades also extend beyond our products. We were crowned winners of the Vuzion Cloud Awards 2022 – 'UK Azure Partner of the Year' as well as winners of Computing's DevOps Excellence Awards 2022 – 'Most Successful Cultural Transformation'. We were thrilled to be awarded the prestigious accolade of A Great Place to Work™ for the second year running in November 2021. We have also been recognised as one of the UK's Best Workplaces, one of the UK's Best Workplaces for Women, one of the UK's Best Workplaces for Wellbeing and one of the UK's Best Workplaces in Tech in 2021 – further detail around these awards is included below. We are listed as one of the Times Top Track 250 companies for our impressive revenue growth and move up their ranks year on year. Our commitment to unrivalled customer service and employee experience, underpinned by our mission, vision and values, provides a culture of success in which our teams can flourish.

We are also proud of the numerous diversity and inclusion accreditations we have received, from being named a Stonewall Diversity Champion, signing The Race at Work Charter from The Prince's Responsible Business Network, to being a Disability Confident Committed Employer.

Culture

IRIS recognises that its employees are the Group's most valuable asset. IRIS' priority is to encourage and recognise every success with an emphasis on teamwork, individual contribution, inclusion and diversity. Our "Great Place to Work" certified status has been achieved through validated employee feedback gathered with Great Place to Work's rigorous, data-driven methodology. Great Place to Work® is the global authority on workplace culture, employee experience and leadership behaviours proven to deliver market-leading revenue and increased innovation. It applies data and insights from approximately 10,000 organisations across the world to benchmark individual performance and advise employers on how to continuously improve employee engagement. Certification confirms that employees have a consistently positive experience at IRIS, with the survey considering employee wellbeing, diversity and inclusion, trust in management and leadership, effective communication, and recognition and reward. Following on from Great Place to Work award IRIS has also ranked #12 in the 'Super large organisations' category in 2022 – up from #29 in 2021. This is the biggest jump by a business in a 12 month period. This was not our only recognition from Great Place to Work – we were ranked #23 in UK's Best Workplaces for Wellbeing 2022, #25 in UK's Best Workplaces for Women 2021 and #10 in UK's Best Workplaces for Tech 2021.

The Great Place to Work for Women certification recognises IRIS' commitment to ensuring all employees are able to reach their full potential, regardless of gender. IRIS is a strong advocate for equality and has numerous initiatives focused on promoting women across the business, designed to remove obstacles encountered by women looking to transition into leadership positions. We celebrate the success of all women across our workforce, and actively promote and showcase our female senior leaders as role models across the business. This includes our CEO, Elona Mortimer-Zhika who joined the business as Chief Financial Officer in 2016, and subsequently Chief Operating Officer in 2018, before quickly becoming Chief Executive Officer in 2019. Elona was named in the 'Top 50 Women in Accounting' list 2022 by Ignition and Stephanie Kelly, our Chief People Officer was named 'Business Leader of the Year' in the Southern Tech 150 list 2022 by The Business Magazine.

Our female workforce currently accounts for 43% of the business. This is a particularly strong figure, given that only 19% of the UK's tech workforce are women. With this figure, IRIS leads the way in championing workplace inclusivity. More information on gender diversity can be found on pages 13 to 14.

We have enjoyed welcoming back our colleagues to our offices following the lifting of Covid restrictions, however, recognise the benefit of initiatives put in place during the pandemic and have therefore retained the best parts, including flexible/hybrid working arrangements, offering remote training and events, making these more accessible to our people.

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We appreciate the importance of nurturing talent and supporting our younger generations so that they are well-equipped to become successful in their chosen careers. We support a number of people through our apprenticeship schemes, in addition to our educational partnership programmes, including working with students at the University of Salford in Manchester and sponsoring employees to donate their time to Bookmark, a charity that helps children practice reading when they're falling behind.

We also acknowledge our responsibility to local communities in which we work and with which we do business. We actively encourage employees to recognise those responsibilities and behave in a responsible manner towards the society in which we function. We regard the setting of good example as an important practice in this area. Read more about our work in the community on pages 12 to 13.

Products

In line with previous years, IRIS has continued to invest heavily in development. Overall, over 500,000 development hours have been recorded. This includes further investment in our ground-breaking cloud platform, IRIS Elements. This is the next generation adaptive platform connecting client data to the heart of the workflow and integrating a rich inventory of solutions and services. Initially launched to the accountancy sector, it allows firms to adapt at their own pace through an ecosystem of coexisting desktop, cloud and third-party apps – so they can access and work on their data anywhere. Following the initial release of IRIS Elements, which included AML (anti-money laundering - which streamlines the processes around onboarding), KYC (know your customer) and PSC (people with significant control) to make it easier for firms to remain compliant), in addition to SmartTax (which delivers real-time tax calculations, with over 11 million produced in the first few months after going live), IRIS has now launched IRIS Elements Tax and Accounts and Practice Management, a cloud-based practice management solution within the Elements platform to free up time to focus on delivering client advisory services – ultimately helping customers remain competitive in a fast-paced market.

Acquisitions

We have continued to be highly acquisitive during the year, completing seven acquisitions to complement and enhance our product offering in each of our core markets, including three in the US which is instrumental to our strategic priority of expansion in North America. We select organisations where the product portfolio complement our own products, and target companies who have a proven track record in sectors similar to ours.

North America acquisitions

In July 2021, we announced our acquisition of Doc.it, a highly regarded provider of document management, workflow, document storage and web portal software to Certified Public Accountants (CPA) firms in North America. The acquisition of Doc.it was swiftly followed by the acquisition of Conarc in September 2021. Conarc is a provider of document management software to Certified Public Accountants (CPA) firms in the US.

In December 2021 we continued to execute on our strategic growth plan in North America through the acquisition of AccountantsWorld, a pioneer in cloud payroll and productivity solutions for accountants in North America. AccountantsWorld offers a complete suite of cloud-based solutions for Certified Public Accountants (CPAs) including accounting, payroll and document management, client portals, practice management and a website builder.

UK acquisitions

In July 2021, we acquired Payplus – a leading provider of managed payroll services. This was followed by the acquisition of APS Global – another UK leading managed payroll services provider in September 2021. Following this, we acquired Dataplan, a highly regarded managed payroll partner to schools in the UK in October 2021.

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In mid-November 2021, we completed the acquisition of Every, the leading provider of compliance and HR management software to schools and academies in the UK. Over 3,500 schools trust Every's compliance software to provide an end-to-end system for ensuring adherence to statutory compliance requirements relating to policies, facilities and equipment, enabling them to reduce risk across the entire school estate.

Stability and growth

The Group has very strong liquidity with £123.2 million of cash as at the reporting date (2021: £79.8 million) alongside an undrawn Revolving Credit Facility (RCF) of £40 million, and has significant headroom on both leverage and covenant levels as prescribed by our lending arrangements (further detail on pages 11 to 12). This, coupled with the increase in revenues, achieved through both organic growth and acquisition, in addition to maintaining a strong capital/debt structure mean the Group is very well positioned for growth in the existing markets we operate in and anticipates further growth through acquisitions in the coming months.

Strategy

IRIS strives to generate revenue and profit growth, both organically and inorganically, whilst improving customer and employee experience, to deliver our overall strategy. Our four key priorities will be delivered through engaging and empowering our #1RIS talent:

Key priority	Bringing value to the business
<i>To increase our revenue through organic and inorganic growth</i>	
Grow our revenue through delivery of excellent customer service to support customer retention in addition to focusing on cross-selling, up-selling and driving new product offerings, as well as acquiring businesses whose product portfolios complement our existing product offerings	Our customers are at the centre of everything we do. We strive to provide exemplary customer service and ensure we respond to customer demands and provide the products they want and need, making IRIS their provider of choice. Through provision of excellent customer service and dynamic products, we are able to keep attrition rates low and improve our high recurring revenue rates, which exceed 90%. Investment in our product offerings allows us to sell new products to our existing customer base, attract new customers to IRIS, in addition to maintaining customer retention rates. Investing in businesses whose product portfolios complement IRIS' existing products gives us access to new customers and markets and increases our ability to cross-sell.
<i>To invest in new technologies and drive Cloud adoption</i>	
Focus on investing in our cloud technology and ensuring we are meeting the growing demands of our customers for integrated products	We understand how important cloud products are to our customers, with the pandemic emphasising how cloud products can transform the lives of users. Offering a comprehensive suite of integrated products will allow us to provide what our customers need and want. The recent acquisitions of AccountantsWorld, Every, iSAMS, Staffology and Senta have been pivotal in providing a quicker route to market through their cloud based products which complement IRIS products. During the year, we have seen revenue from our cloud products increase to 50%. Through investment in our people and customers, we will continue to develop our cloud offerings.

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	IRIS Ed:gen is our next-generation cloud-based school MIS designed for state schools and trusts. Smarter technology means smarter data, which in turn lets schools and trusts make smarter decisions that achieve better outcomes for pupils. Our Elements platform – the first ever end-to-end cloud accounting solution offers unique flexibility, scale and powerful automation to accountants. Following its launch, Elements has attracted significant interest. More detail on Elements can be found on our website: https://www.iris.co.uk/products/iris-elements/ In addition, we are investing in our Next Gen HCM platform which will revolutionise the traditional administrative functions of HR departments.
To build our North American business	
Continue to identify opportunities to expand our business in North America through cross-sell, delivery of our M&A value creation plans and further acquisition	To date, we have been successful in the execution of our strategy to increase our presence in North America. During the year we successfully completed three acquisitions – Doc.it, Conarc and AccountantsWorld. Further detail can be found on page 7. To support our North American expansion, we have appointed a local senior leadership team, headed by Jim Dunham, President, North America. We have also welcomed Paul Nagy, our new Chief Product Officer, located in the US. During the next financial year, we will continue to build up our North American team who will focus on successful integration of our new businesses, ensuring we deliver on our value creation plans. In addition, we will continue to identify further acquisition opportunities to complement our existing product offerings.
Cash conversion	
Continue to drive high level of cash conversion through improvements to collection processes and delivery of procurement initiatives	As a highly acquisitive and growing business we are focussed on streamlining our processes and systems, creating a standardised way of working across the Group. This includes our business transformation programme, bringing everything onto one platform, which will simplify our interactions with customers and improve our collection processes. We now have a dedicated in-house procurement function which has introduced the required expertise to deliver on procurement initiatives.

Events after the Reporting Date

On the first day of the new financial year, IRIS announced the acquisition of Paycheck Plus, Ireland's premier payroll provider. Paycheck Plus manages Irish and UK payrolls for domestic and international organisations of all sizes. It provides an extensive range of payroll outsourcing services and has a relentless focus on accuracy, timeliness and compliance. Ireland has become a hub for UK and international businesses wanting to maintain access to the EU market following Brexit.

In May 2022, we signed a binding agreement to purchase a managed payroll business in North America. We expect this acquisition to complete within the first half of the financial year ending 30 April 2023.

Annual Report & Financial Statements**For the year ended 30 April 2022****Key Performance Indicators**

Management consider the Key Performance Indicators of the Group to be Management Revenue, Recurring Revenue, Management EBITDA, Management Operating Cash Flow and Cash Conversion. These measures are monitored and reported on a monthly basis and are consistent with our covenant reporting requirements.

Management results for the Group are summarised as:

	2022	2021	2020
Management Revenue (£m)	257.9	223.5	199.4
Recurring Revenue (%)	92	90	90
Management EBITDA (£m)	113.7	102.6	92.2
Management Operating Cash Flow (£m)	100.8	94.2	86.8
Cash Conversion (%)	89	92	95

* Note: Management Revenue, Management EBITDA and Management Operating Cash Flow are non-GAAP alternative performance measures that are presented to provide readers with additional financial information that is regularly reviewed by management. Such measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See note 34 to the financial statements for further details.

Management Revenue and Recurring Revenue

We achieved Management Revenue of £257.9 million - up by 15.4% from 2021, and improved recurring revenue rates to 92% (2021: 90%). The increase in revenue was driven by sales of products into new and existing customers and new acquisitions, price increases to support continued investment in product functionality and legislation updates, underpinned by low customer churn.

Management Revenue is made up as follows:

	2022	2021	2020
Support & Subscription (£m)	194.3	171.8	153.6
Transactional (£m)	6.9	6.0	7.0
Managed services (£m)	36.8	28.0	17.6
Recurring revenue (£m)	238.0	205.8	178.2
Professional services (£m)	13.9	12.0	14.8
Licence & other (£m)	6.0	5.7	6.4
Total revenue (£m)	257.9	223.5	199.4

Acquisitions during the year contributed £16.0 million to the overall revenue increase from the date of acquisition. If the acquisitions had completed on the first day of the financial year, revenue would have been £274.3 million (2021: £257.4 million).

Management EBITDA

Management EBITDA, as defined in note 34, represents the basis on which management review the performance of the Group, taking account of non-trading and management exceptional items. Management EBITDA of £113.7 million was achieved during the year, representing a growth of 10.8%, and a margin of 44.1%.

If the acquisitions had occurred at the start of the financial year, Management EBITDA for year ended 30 April 2022 would have been £117.9 million (2021: £111.4 million).

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Management Operating Cash Flow

Management Operating Cash Flow is defined as net cash flows generated from operating activities adjusted to exclude the cash in respect of transaction related costs, management exceptional items and include the cash impact of rental costs. Cash conversion is the percentage of Management Operating Cash Flow generated from Management EBITDA.

In 2022 we achieved Management Operating Cash Flow of £100.8 million (2021: £94.2 million) and cash flow conversion of 89% (2021: 92%). The drop of conversion percentage in the year ended 30 April 2022 is driven by an increase in receivables and larger amounts being invested in development expenditure for major business transformation initiatives.

Statutory measures

The statutory equivalents of the above measures are presented below:

	2022	2021	2020
Revenue (£m)	255.7	222.5	195.0
Operating profit (excluding depreciation and amortisation) (£m)	88.2	81.0	76.3
Operating Cash Flow (£m)	89.7	77.2	78.7
Cash Conversion (%)	100	95	103

Revenue has increased by £33.3 million (15%) during the year. This is driven by sales of products into new and existing customers and new acquisitions, price increases to support continued investment in product functionality and legislation updates, underpinned by low customer churn.

Operating profit (excluding depreciation and amortisation) increased to £88.2 million (2021: £81.0 million) primarily driven by an increase in revenue, offset by increased costs.

In 2022 we achieved an Operating Cash Flow of £89.7 million (2021: £77.2 million) and cash flow conversion of 100% (2021: 95%).

Financial Position

At 30 April 2022, the Group had cash balances of £123.2 million (2021: £79.8 million) and borrowings (including accrued interest and excluding preference shares) of £1,236 million (2021: £988 million). See note 21.

The key terms of the Group's borrowing facilities are summarised as follows as at 30 April 2022:

	Facility	Maturity	Amount Drawn Down
Senior:			
Facility B	£795 million	September 2025	£795 million
Acquisition Facility	£75 million	September 2025	£75 million
Revolving Facility	£40 million	March 2025	£nil
PIK Notes Facility	£260 million	one year after Facility B but before September 2030	£260 million

The current financial arrangements include a leverage covenant which requires the leverage (the ratio of Consolidated Senior Secured Net Leverage to Consolidated Pro Forma EBITDA) does not exceed

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9.60x. At year end the leverage was substantially below this level at 6.03x. The acquisitions during the year, funded through a mixture of available cash resources and additional borrowings, has driven the increase from 5.28x as at 30 April 2021.

The PIK Notes Facility shown on the previous page is the original principal amount and does not include total accrued interest of £115.8 million which rolls 6-monthly and is compounded into the balance outstanding. The total balance at 30 April 2022 stood at £375.8 million (2021: £339.7 million).

In July 2021, we secured an incremental Facility B borrowing facility of £85.0 million. This facility was drawn in December 2021 to support the acquisition of AccountantsWorld. A further £125.0 million incremental Facility B was raised in January 2022 to support future acquisitions. Including these incremental borrowings, our total Facility B borrowing stands at £795 million (2021: £585 million).

Environmental, Social and Governance

For us, commercial success goes hand in hand with good corporate social responsibility. That is why we've integrated our social responsibilities into our day-to-day work and the way we conduct our business relationships. We're acutely aware of the impact we (our business, our people, our suppliers) have on the environment and the communities we operate in.

We strive for sustainable improvement and will continuously review how our processes, services and actions impact on the environment. We have continued to increase staff awareness of environmental good practice and are extremely proud to have been ranked number 2 in the Hg annual ESG (Environmental, Social and Governance) survey, which highlights the great work we are doing in this area.

Our 'green group' – our internal champions for sustainability at IRIS – meet monthly to discuss environmental issues. Through education, innovation and adherence to our green commitments, we know we can make the necessary changes to protect the planet and reduce our consumption of finite resources. We continue our focus to 'get green' by:

- responsibly choosing our suppliers (requesting a CSR policy before we engage with them)
- thinking about our energy and water usage and reducing the amount used
- adding recycling and waste management points to each site
- reducing our use of stationary and other single-use plastic goods
- purchasing office equipment based on its sustainability not price
- making our offices energy efficient
- promoting our electric car leasing scheme
- adopting hybrid and remote working, which has significantly reduced the need for commuting and travelling between offices

Last year we introduced a purchasing practice to support rural fruit-growers and lower atmospheric carbon levels in Malawi. We responsibly recycle old equipment including donating laptops we are no longer able to use to schools.

We undertake reviews of our greenhouse gas emissions and have recently been benchmarked against other Hg portfolio companies. Our performance is favourable – with our intensity ratio (tonnes of CO₂e per employee) being well below average for both Scope 1 & 2 and Scope 3 emissions. More on our emissions can be found in the Directors' Report on pages 25 to 26.

We give our employees three 'Giving Back' days a year on top of their annual holiday entitlement to support local community and national charitable causes. We unite the contributions made between the business and our employees to make our actions stronger.

Employees are encouraged to actively give their time and skills to fundraise for a charity of their choice and volunteer on community projects, including being a school governor, charity trustee, reading with school children through the Bookmark scheme, mentoring in schools and running money

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management courses, both externally in conjunction with charities and schools, as well as internally with IRIS employees, that teach participants simple budgeting skills. We actively highlight acts of kindness displayed by our employees through our communication channels, both internally and externally. This has included fundraising, collecting for local food banks and baking and delivering cakes to the elderly. During the last financial year, 230 days have been given to charities and community projects, including schools, NHS, foodbanks, blood donations, hospices and acting as a trustee. A total of £28,060 (2021: £37,329) has been donated to charitable causes.

During the year, we have undertaken the following activities as part of our programme:

Kickstart scheme: We began our involvement with this Government initiative in the previous year. The initiative was introduced to provide funding to businesses to create new six-month jobs for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment. The funding covers:

- 100% of the National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of 6 months
- associated employer National Insurance contributions
- minimum automatic enrolment pension contributions
- a grant of £1,500 per job to cover setup costs and employability support

The scheme has now ceased, however, we are proud to have placed 37 participants through the scheme – 5 of which have gone on to secure permanent roles with IRIS.

IRIS Anti-Slavery Policy: We continue to take action to understand all potential modern slavery risks related to our business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in our own business and supply chains. Third party organisations within the supplier/contractor pool and other companies that may be engaged with are expected to ensure their goods, materials and labour-related supply chains fully comply with the Modern Slavery Act 2015; and are transparent, accountable and auditable, and free from ethical ambiguities. The business has an 'Awareness Raising Programme', training staff on modern slavery issues. Our anti-slavery policy included as part of the induction process and available on our intranet.

Legal, risk and procurement teams review risk exposure. Suppliers are assessed prior to on-boarding and then re-reviewed annually. The Modern Slavery Act 2015 is included within our statutory and regulatory compliance risk register to ensure the risk continues to be flagged, assessed and appropriately addressed.

We seek to impose adequate and robust contractual provisions relating to modern slavery or human trafficking compliance with applicable suppliers we work with. The business uses only specified, reputable employment agencies to source labour and verifies the practices of any new agency it is using before accepting workers from that agency.

Whistleblowing Policy: We encourage all our workers, customers and other business partners to report any concerns related to the direct activities, or our supply chains. Our whistleblowing procedure is designed to make it easy for workers to make disclosures, without fear of retaliation.

Employee code of conduct: Our code makes clear to employees the actions and behaviour expected of them when representing the business.

Gender Diversity

At all levels of IRIS, we are passionate about gender equality and are committed to building a diverse workforce. We remain proud of our diverse workforce and everything we do to promote equality. We have continued to invest in our range of programmes to support gender equality and support the women of IRIS so that they can reach their full potential. These initiatives ensure that we continue to focus on making IRIS a great place to work, enable our people to flourish, improving gender pay

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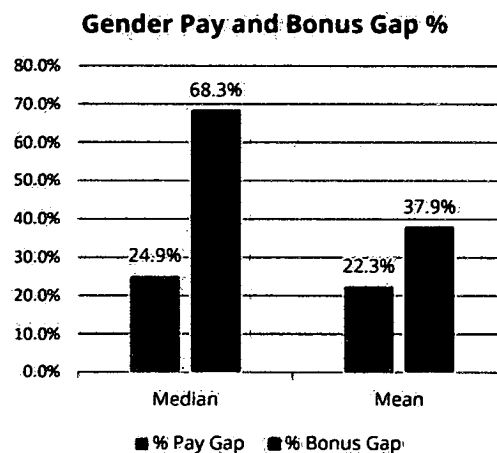
For the year ended 30 April 2022

equality and providing equal opportunity for all. The Group's championing of women in leadership has been recognised through its recent recognition as a Great Place to Work for Women.

IRIS Group is led by ten Board members, of which one is female. Its Executive Team (including Executive Board members) comprises of three female leaders and 11 male leaders. Calculated on core IRIS Group employees (which excludes non-UK staff and employees still employed by newly acquired entities) per the Gender Pay report in 2021 the business comprised of 1,381 employees with women representing 43% of roles. Increasing the number of women in its business and moving towards an equal distribution of men and women across all levels continues to be an area of focus for IRIS.

Gender Pay Gap

Figures reveal that for 2020/21, our mean pay gap went up slightly from 22.2% to 22.3%, while the median pay gap increased from 22.1% to 24.9%. The median bonus gap was 68.3%, while the mean was 37.9%. The increase is attributed to new business acquisitions who on the whole have more women in lower quartile roles, however, we are proud to announce that 62% of women received a bonus, compared to 55% of men.

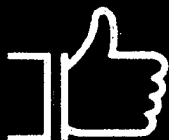


Source: IRIS Gender Pay report 2020/21

Whilst we are proud of our progress so far, we acknowledge there is still opportunity to do more, and our goal is to create an even better gender balance across the business.

Our aim is to make significant progress with our gender pay gap over five years. By focusing on our four key pillars of success, we encourage and empower employees across the IRIS family to get involved and help us collectively achieve our diversity goals.

A positive, supportive, and flexible working environment, in a company that empowers women to succeed



Celebrating
Success



Reviewing
Company
Practices &
Procedures



Focusing on
Recruitment
& Selection



Promoting
Work-Life
Balance

Pillar	Activity
Celebrating Success <i>We work to ensure there is a positive atmosphere, that employees feel energised and believe in the direction of the business. Celebrating others is paramount to the success of our Women in Leadership Programme that runs alongside our High Potential Programme.</i>	• Promoting and showcasing female senior leaders as role models across the business • Promoting our Women into Leadership Programme to foster and cultivate talent among our female colleagues • Achieving an employee survey (Peakon) score of 8.9 out of 10 for the 'Equality' driver, which is above the true benchmark for comparable organisations
Enhancing Company Practices and Procedures <i>We recognise that it can be difficult to find meaningful, fairly paid work after taking long term career breaks to raise a family, with women being disproportionately affected. To combat this, we launched our Returnship Policy in June 2021.</i>	• Ensuring our promotion policy gives women confidence to apply and are considered equally • Our 'Great Place to Work Award' certification demonstrates we provide a great work experience for all staff, regardless of their gender • Encouraged personal development through our High Potential and Mentoring programmes, which aim to unlock potential and maximise performance • Made our enhanced maternity, paternity, adoption, and shared parental leave policies more accessible

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Fair Representation in Recruitment and Selection <i>We ensure our employees are able to apply for vacancies across IRIS, which provides women with broader opportunities to progress within the business and achieve more senior role roles. Externally, we recruit through a variety of channels and actively encourage people from all groups to apply.</i>	• Using innovative recruitment avenues to source diverse talent e.g. Women in Tech, and partnering with local educational establishments • Reviewing all shortlists for management positions and senior roles to make sure we have equally qualified female applicants represented in our shortlists • Supporting those looking to return to work after a career break
Promoting Work Life Balance <i>We recognise our people work hard and in return we want to support their emotional and physical wellbeing. We believe it is our responsibility to create an environment and culture for our employees that helps them feel more balanced. IRIS also recognises that there is no one-size-fits-all formula to achieving a perfect work life balance.</i>	• Promoting flexible working options across the organisation • Encouraging a healthy work life balance and raising awareness for our flexible working options across the organisation • Supporting employees with a range of flexible benefits options including private healthcare with discounted family coverage, free life insurance and group income protection for all employees • Offering an Employee Assistance Programme which gives all employees access to free 24/7 advice on a wide range of topics and issues • Offering three Giving Back Days per year for all employees to have the opportunity to volunteer in their local communities

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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 customers.

Key	Risk Impact		FY22 vs FY21
	High		Risk decreasing
	Medium		No movement
	Low		Risk increasing

Risk	Mitigation
<u>Disruption of IT Systems and Networks, including Cyber Risk</u> The Group's business operations rely on the efficient and uninterrupted operation of its information technology systems and networks. Loss of access, loss of customer data, and GDPR fines present a risk if not properly managed.  	We have continued to invest in increased cyber security measures during the year, including additional training for our employees, enhanced screening of our suppliers, as well as development of regular incident response scenario testing based on Cyber Incident scenarios. To support the business, detailed business continuity and response plans are in place for all major locations backed up by third party contracts to provide dedicated alternate facilities and systems in the event of disaster. We also pay attention to scalability of infrastructure to ensure all systems remain appropriate for the needs of the business as it continues to grow.
<u>Evolving Technology Market</u> The software market in which the Group operates is characterised by evolving technology, market practices and industry standards. There is a risk that IRIS may be left behind if it does not continue to invest in its products and solutions, and therefore becomes uncompetitive.  	We have 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. Our ambitious IRIS Elements multiyear programme to create a cloud platform, which will deliver product functionality across our core product suite going forward, demonstrates our focus on long term investment in IRIS products. Significant investment in IRIS Elements has continued during the financial year, with additional products being added to our Elements offering. Project Quantum, our business transformation programme, which brings our customer facing and back office systems together, as well as our strategic acquisitions reduce risk in this area.

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Risk	Mitigation
<u>Regulatory Change</u> Customers come to IRIS as they want to ensure that their compliance is taken care of, and is right first time. If IRIS was unable to ensure that products remained up to date for regulatory change, customers would be less confident in the products and may choose to go elsewhere. 	As a provider of regulatory software, it is imperative products are kept up to date, and product updates and releases are right first time. We have a privileged relationship with HMRC, working closely with them to ensure that our products meet all requirements. We ensure we are able to react promptly to changes in government legislation, so that business critical software products are kept fully up to date and can continue to support our customers and their businesses.
<u>Competitive Market Environment</u> The Group operates in a competitive environment where the quality of products is paramount. All technology companies are vulnerable to disruptive market entrants. 	For us, product quality is paramount. As the largest third-party filer with the government, we have a market leading position and reputation for quality. We also have the largest and the most integrated suite of accountancy products in the market. The combination of our market standing and value our solutions deliver, results in customers renewing their subscription from year to year. We employ quality assurance teams and involve customers in reviewing new product releases to reduce risk and to improve both the quality and the timeliness of releases. We also attach enormous importance to providing the highest levels of customer service to differentiate ourselves in the market.
<u>Wider Economic Environment</u> The Directors acknowledge that the economic environment can affect the overall performance of the Group's businesses in terms of both revenues and cost, including for instance through global events such as international conflicts (e.g. Russia and Ukraine), inflationary pressures, increasing interest rates and Brexit. 	We keep up to date with external factors which may affect our business directly and indirectly through our supplier and customer base. We seek to limit any risks presented by external factors through close relationships with our suppliers, customers, external advisors and bankers, as well as appropriate use of hedging strategies, where relevant. We do not have any financial exposure in Russia or Ukraine.
<u>Acquisition Integration</u> There is a risk that businesses acquired by IRIS do not integrate effectively within the business, and investment objectives are not met. 	Acquisition integration is planned and monitored closely to ensure the investment objectives for each acquired business are met and value is created.

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Risk	Mitigation
<u>Breach of Copyright</u> The Group relies on intellectual property laws including laws on copyright, trade secrets and trademarks to protect its products. Despite such laws and regulations being in place, unauthorised copying of software may still occur. 	To mitigate this risk, we endeavour to police the unauthorised use of our products, use secure storage of our source code and engage the services of specialists to enforce and protect the Group's intellectual property rights both in the UK and US.
<u>Retention of key employees</u> Legislative software is complex and requires in-depth knowledge of both the legislation and software development, to build and deploy the solutions. Retention of key employees, including our leaders, is therefore important to ensure the business is able to continue to deliver great software to customers. 	We have an increased focus on employee satisfaction and continuing development, linking to the strategy of #1RIS. This includes identification of Top Talent across the business and personalised development plans. We also include cross training across multiple products to remove any single points of failure. For our senior leaders, we have been focussing on ensuring we have appropriate succession plans in place.

Future Outlook

Looking ahead, the Directors believe that there are substantial opportunities for further growth, both organically and from acquisitions. There will be continued focus on investment in Cloud technology, growth within North America, M&A to strengthen core product portfolios, as well as taking advantage of significant cross-sell opportunity and operational synergies within the new functional and market structure.

We will continue to evolve our product offering, ensuring that we continue to respond to customers' needs and changing legislation. We recognise there is an ever-growing demand for cloud-based solutions and we will continue to work to meet this demand, building on the progress made during the financial year. We have continued to invest in IRIS Elements and have been pleased with the interest this has generated to date.

The Directors are confident in the Group's prospects going forward.

The Directors would like to express their personal thanks to everyone who has played their part in IRIS' achievements during the year. A big thank you to all IRIS employees for their excellent service to all IRIS customers and contribution to its results, and also its customers for continuing to choose IRIS.

On behalf of the Board



Elona Mortimer-Zhika
Chief Executive Officer
5 August 2022

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The Directors present their report and the audited consolidated financial statements of IRIS Debtco Ltd ("the Company"), and the consolidated group of companies (together "the Group") for the year ended 30 April 2022.

Principal Activities

With nearly 43 years' experience and a predominantly UK, but growing international focus, the Company offers the greatest range of specialist financial, human resources, engagement, payroll and bookkeeping solutions. These are managed under the leading brands outlined on page 3.

The Group predominantly operates in the UK, but also has a growing presence in North America, with operations in the US and Canada achieved through acquisitions.

The future outlook of the Group is outlined in the Strategic Report on page 19.

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 its highly cash generative business model, in addition to free cash reserves of £123.2 million as at the year end (2021: £79.8 million) and the use of an available revolving credit facility of up to £40 million (2021: £40 million). At year end the balance drawn on this facility was £nil (2021: £nil).

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

Throughout the year ended 30 April 2022, the Facility B and Acquisition Facility loans, of £585 million and £75 million respectively, remained fully drawn down. An incremental Facility B facility of £85 million with a delayed draw was secured in July 2021 and fully drawn in December 2021. A further incremental Facility B facility of £125 million was secured and fully drawn in January 2022. The total Facility B at the year end was £795 million (2021: £585 million) and was fully drawn (2021: fully drawn). The Revolving Credit Facility of £40 million was available throughout the year. The facility was utilised on a temporary basis to support acquisition activity in the latter half of the year. It was fully repaid in January 2022 and remained undrawn at the year end. At 30 April 2022, the facilities have a bullet repayment and remaining term of 3.5 years. The Revolving Credit facility will assist the Group to achieve its growth ambitions both organically and by further acquisitions.

As at 30 April 2022 the Group has borrowings gross of unamortised fees and including accrued interest of £2,085 million (2021: £1,875 million).

Interest Rate Risk

The Group holds its borrowings through long-term variable rate facilities. Until expiry in November 2021, interest rate risk was managed through the use of a series of fixed LIBOR interest rate swaps for a total notional amount of £220 million. The Group did not enter into any new interest hedge contracts due to market volatility. Due to the cessation of LIBOR from 31 December 2021, the Group undertook a consent process with its lender group to amend the interest rate from LIBOR to SONIA, effective from July 2021. There will be no material change in the cash cost arising from the transition, in line with Government requirements.

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

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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. IRIS has assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.

The credit risk on liquid funds 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 year ended 30 April 2022, no income derived from a single customer exceeded 1% of the Group's revenue.

Going Concern

The Group has very strong liquidity with £123.2 million of cash as at the reporting date (2021: £79.8 million). It has no debt repayable until late in 2025 and continues to have significant headroom in its only covenant test. This coupled with highly recurring and cash generative nature of the business model, mean the Group is very stable from a profit and cash perspective. Board approved forecasts are used as the basis for the going concern assessment, to which plausible downside scenarios are then applied. Management have considered every plausible scenario and do not foresee any of them causing this covenant test to fail.

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they believe there is no material uncertainty in respect of going concern and continue to adopt the going concern basis in preparing the financial statements for the coming 12 months from the date of this report. Further information is included in Note 2.

Dividends

During the year, the Company did not pay a dividend (2021: £nil). Preference shares held by the Group are treated as debt. The Directors do not recommend the payment of a final dividend for the year.

Donations

Charitable donations made by IRIS during the year are disclosed on page 13.

The Group made no political donations during the year (2021: £nil).

Directors

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

K Dady
E Mortimer-Zhika
M Cox
D Packford
N Humphries
D Marriott-Sims (*resigned 1 October 2021*)
M Robinson (*resigned 1 October 2021*)
S Roddis
K Loosemore
D Lockie
D Simon (*appointed 1 October 2021*)
J Jefferies (*appointed 1 October 2021*)

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Director roles on the Board are as follows:

Executive Directors	
Kevin Dady <i>Executive Chairman</i> <i>Appointed 6 September 2018</i> <i>Industry experience: 25+ years</i>	Kevin Dady is the Executive Chairman of IRIS Software Group and is responsible for IRIS' acquisition and corporate development strategy, while also continuing his executive sponsorship of the company's exciting next generation of products and services, which are due to be launched this year and beyond. Kevin has more than twenty years of leadership experience, having held many executive roles across the UK. Most notably, his experience includes membership of Capita's divisional executive board, spending 18 years with the business, including overseeing its Professional Services Division.
Elona Mortimer-Zhika <i>Chief Executive Officer</i> <i>Appointed 6 September 2018</i> <i>Industry experience: 20+ years</i>	Elona is the Chief Executive Officer of IRIS Software Group and is responsible for all operations across the Group. Elona is dedicated to ensure IRIS is the most trusted provider of mission-critical software and services. She is very passionate about building winning teams that put our customers at the heart of everything we do, providing them with an exceptional experience and value-add solutions. She joined IRIS in 2016 as Chief Financial Officer and was promoted to Chief Operating Officer in 2018, and then Chief Executive Officer in 2019. In 2020, Elona was appointed as a Non-Executive Director and Chair of the Audit Committee at Purplebricks, the UK's leading hybrid estate agency. Before joining IRIS, Elona held several senior leadership roles in Big 4 and PE-backed businesses, including Mavenir, Acision, Arthur Andersen and Deloitte. Elona graduated with a First Class Honours Degree in Accounting and Economics and is a Fellow of the Institute of Chartered Accountants in England & Wales. Awards include Top 50 Women in Accounting 2021; UK Tech Awards Business Woman of the Year 2020; Global Banking and Finance Business Woman of the Year UK 2020 and the Venus National Finance Professional of the Year 2018. Elona is passionate about diversity and is a mentor in the F-Ten ICAEW programme supporting women in leadership positions.
Michael Cox <i>Chief Financial Officer</i> <i>Appointed 1 February 2019</i> <i>Industry experience: 15+ years</i>	Michael is Chief Finance Officer at IRIS, having originally joined the business in 2016 heading the financial planning and commercial team. Prior to joining IRIS, Michael held senior leadership roles across both Operational and Commercial Finance at Xura, a PE-backed leading digital communications services provider. During this time, he led international teams and helped take the business through two transformative sale processes under both PE- and US-listed environments. Michael is a Chartered Accountant, having begun his career at PwC focused on technology and software clients before moving into industry.

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David Lockie Chief Operating Officer Appointed 16 November 2020 Industry experience: 23+ years	David is responsible for a wide range of functions, including Revenue, Customer Success, Systems Transformation and M&A Integration. He joined IRIS in 2018 as Chief Customer Officer, bringing a wealth of experience and knowledge across various sectors and industries, including taking responsibility for software businesses across central and local government, education, financial services and payments. As a seasoned executive, David has a proven track-record for championing customers, providing an exceptional experience and driving innovation and improvement at every step of their journey. Prior to IRIS, David enjoyed a varied tenure with Capita, most recently leading the Capita Software Services Division.
Non-Executive Directors	
David Packford Appointed 6 September 2019	David has been a Non-Executive Director at IRIS since October 2012 and is the Chair of our Audit Committee. Prior to his involvement with IRIS, he occupied Director and non-executive roles at Everymind and Verve Partners respectively. David has a BA in Economics from the University of Liverpool and an MSc in Mathematical Economics from the London School of Economics and Political Science. He is also a member of the ICAEW.
Kevin Loosemore Appointed 18 May 2018	Kevin is now a Non-Executive Director, having previously served as Chairman of IRIS from August 2017 to August 2019. Prior to this, Kevin was Non-Executive Chairman of Micro Focus in 2005 and Executive Chairman in April 2011. Kevin previously held roles as non-executive Chairman of Morse plc, a Non-Executive Director of Nationwide Building Society and a Non-Executive Director of the Big Food Group plc. His most recent executive roles were as Chief Operating Officer of Cable & Wireless plc, President of Motorola Europe, Middle East and Africa and before that, he was Chief Executive of IBM UK Limited. He has a degree in politics and economics from Oxford University.
Nic Humphries Appointed 18 May 2018	Nic Humphries is a Non-Executive Director of IRIS and led the original buyout of the business by Hg in 2004. Nic is the Senior Partner and Executive Chairman of Hg and Head of the Saturn fund. He has ultimate responsibility for Hg's strategy, management and governance. Nic started his investing career in 1990. He joined Hg in 2001 as founder of the firm's Technology Team. From 1990-2001 he was a director at Barclays Private Equity (now Equistone), Geocapital and 3i plc. He holds a first class degree in Electronic Engineering and was a IEEE and National Engineering Council scholar.
James Roddis Appointed 6 September 2018	James works for ICG plc as Head of UK – Equity & Mezzanine and is on their European Investment Committee. He joined ICG in 2008 having previously worked at Montagu Private Equity for a decade. James originally trained as an accountant with what is now PricewaterhouseCoopers.
Dan Simon Appointed 1 October 2021	Dan joined ICG in 2018 and is part of ICG's UK investment team. Prior to joining ICG, he worked in turnaround investing and at PwC within their financial and operational restructuring team. Dan is a Chartered Accountant and holds a BA in History & Economics from the University of Oxford.
Joe Jefferies Appointed 1 October 2021	Joe works for Hg focusing on large-cap investments in the software and services space. Joe joined Hg in 2020 after more than seven years in private equity at Montagu and Three Hills Capital Partners, and before this started his career at J.P. Morgan in investment banking. Joe holds a BA in Economics & Management from the University of Oxford.

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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.

Section 172 Statement

The Directors of the Company, as those of all UK companies, must act in accordance with the duties detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- *the likely consequences of any decisions in the long-term;*
- *the interests of the Company's employees;*
- *the need to foster the Company's business relationships with suppliers, customers and others;*
- *the impact of the Company's operations on the community and environment;*
- *the desirability of the Company maintaining a reputation for high standards of business conduct; and*
- *the need to act fairly as between shareholders of the Company.*

The following paragraphs summarise how the Directors fulfil their duties:

Risk Management

IRIS provides mission-critical software and services to its customers. As it grows, the business and risk environment also become more complex. It is therefore vital that IRIS effectively identifies, evaluates, manages and mitigates the risks, and that it continues to evolve the strategic approach to risk management.

For details of IRIS' principal risks and uncertainties, and how it manages its risk environment, please see page 17.

Employees

Employees are the Group's most valuable asset. For the business to succeed it needs to manage employees' careers, offering opportunities for learning and development and ensuring success is recognised. Common values inform and guide internal behaviour so IRIS can achieve its goals in the right way. IRIS encourages recognition of every success with an emphasis on teamwork, individual contribution, inclusion and diversity. The Group's values are included on page 4.

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 has 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 (delivered virtually since March 2020), the Group's intranet and the CEO's weekly blog. IRIS continues monthly employee surveys via Peakon, allowing us to understand how employees are feeling. Since its launch in December 2020, we've had an aggregated participation rate of 90%. In

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In addition to this, separate surveys have been undertaken to determine employee preferences with regards to return to offices once Covid-19 restrictions are lifted.

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 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.

A focus on learning and development has resulted in over 800 employees attending 72 different courses. Courses have been delivered virtually since March 2020. The increase in number of courses available since the prior year, in addition to the virtual format, has enabled a larger number of employees to participate.

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 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, Community and Environment

We are strongly aware of our social responsibility and the impact we have on the environment and the communities we serve. We use our position of strength to create positive change for the people and communities with which we interact and we actively encourage employees to support communities and charities they are close to.

For further details on how we interact with communities and the environment, please see pages 12 to 13.

Streamlined Energy and Carbon Reporting**Greenhouse Gas Emissions (GHG) and Energy Consumption**

As expected, we have an increase in emissions during the year as restrictions put in place as a result of the pandemic have continued to ease. We have welcomed employees back into our offices, which has increased car use as well as energy use at our offices. We have also increased the number of offices by taking on new leases as a result of acquisition.

Our Green Group will continue to monitor our performance and identify ways to keep our emissions as low as possible.

Our emissions for the year are summarised on the next page.

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Type of emission	Activity	Year ended 30 April 2022			Year ended 30 April 2021		
		kWh	tCO ₂ e	% of total	kWh	tCO ₂ e	% of total
Scope 1	Natural Gas	8,341	2	0.8%	20,611	4	2.9%
Scope 2	Electricity	591,479	126	49.8%	422,790	99	71.7%
Scope 3	Grey Fleet	536,646	125	49.4%	149,738	35	25.4%
Total gross emissions		1,136,466	253	100%	593,139	138	100%
Intensity metric:							
Number of employees (average for the year per note 5)			2,573			1,778	
Tonnes of CO ₂ e per employee			0.10			0.08	

Quantification and Reporting Methodology

We have followed the 2019 UK Government Environmental Reporting Guidelines. We have used the 2021 UK Government's Conversion Factors for Company Reporting. The energy efficiency narrative methodology has been created based on energy management best practice.

Organisational Boundary

We have used the control approach, whereby the company accounts for 100 percent of the GHG emission (and energy) over which it has control. The report is at group level and includes information of subsidiaries. However, the option has been taken to exclude energy and carbon reporting for any subsidiary which itself would not be obligated if reporting on its own, as per the reporting guidelines.

Health and Safety

The Group has well-developed health and safety policies and procedures, safeguarding employees, contractors and visitors in compliance with applicable registration and practice. Additionally, IRIS has supported the training of 45 mental health first aiders. Mental health continues to be a key focus for us and our key priority is the wellbeing and safety of our colleagues. With the lifting of Covid restrictions during the latter part of the year, our facilities management team worked around the clock to ensure that employees were able to return safely to offices as they began to reopen.

Customers

Ensuring customers are provided the best quality products and services is fundamental to IRIS' strategy. IRIS is constantly looking to develop products to ensure they are in line with the latest regulation and meet customers evolving needs. Customer service is key to success, and a key metric measured in its annual performance. For further details on how IRIS works with customers, please see page 4.

Suppliers

The Group has established a procurement framework and policies around supplier onboarding and management. This includes completion of due diligence activities prior to engaging with suppliers, as well as monitoring compliance with regulatory requirements, such as modern slavery and Corporate Criminal Offence, on a periodic basis.

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The Board is committed to openly engaging with investors. For more information on the Group's investors, please see page 2.

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 Ltd Board has adopted a schedule of matters, which are specifically reserved for its decision. Such matters include, but are not limited to:

- final approval of the annual budget and strategic plan;
- major acquisitions and disposals;
- material contracts; and
- any changes to the Group's 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 Ltd Board of Directors' intention is to convene at least six times a year at formal Board meetings, however, has met more often in recent years and a total of eleven times during the current financial year.

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, audit and non-audit fees and the results of the Group audit and financial statements prior to finalisation. The Audit Committee approves the appointment of the Auditors.

Statement of Directors' Responsibilities in respect of the financial statements

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 and the Company financial statements in accordance with UK-adopted international accounting standards.

Under Company law, 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 for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

Annual Report & Financial Statements**For the year ended 30 April 2022**

- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' Confirmations

The Directors consider that the annual report and financial statements, 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, 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, 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's 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's and Company's auditors are aware of that information.

Compliance with Walker Guidelines

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

Approved by the Board and signed on its behalf by:



Michael Cox
Chief Financial Officer
5 August 2022

Independent auditors' report to the members of IRIS Debtco Limited

Report on the audit of the financial statements

Opinion

In our opinion, IRIS Debtco Limited's group financial statements and company financial statements (the "financial statements");

- give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2022 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Parent Company Balance Sheet as at 30 April 2022; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Parent Company Statements of Changes in Equity for the year 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 year ended 30 April 2022 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 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 Statement of Directors' Responsibilities in respect of the financial statements, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, employment law, UK tax legislation and Data Protection Act, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to increasing profit by posting inappropriate journal entries to increase revenue and/or reduce expenses included within EBITDA and applying management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non compliance with laws and regulations and fraud;
- Reviewing Board meeting minutes;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our audit testing;
- Identifying and testing a sample of journal entries, in particular any journal entries posted with unusual account combinations that could increase profit; and
- Assessing management estimates for any bias or inconsistency.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 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.

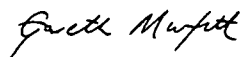
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Gareth Murfitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 August 2022

**Consolidated Income Statement
for the Year ended 30 April 2022**

	Note	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Revenue	4	255,724	222,458
Cost of sales		(25,766)	(20,449)
Gross profit		<u>229,958</u>	<u>202,009</u>
Administrative expenses		(210,551)	(182,018)
Operating profit	6	<u>19,407</u>	<u>19,991</u>
Finance income	7	186	179
Finance costs	8	(183,839)	(162,585)
Loss before tax		<u>(164,246)</u>	<u>(142,415)</u>
Income tax (charge) / credit	9	<u>(14,353)</u>	<u>7,475</u>
Loss for the year		<u>(178,599)</u>	<u>(134,940)</u>
Attributable to:			
Equity holders of the parent		(179,033)	(135,442)
Non-controlling interests	33	<u>434</u>	<u>502</u>
		<u>(178,599)</u>	<u>(134,940)</u>
		2022	2021
		£'000	£'000
Management EBITDA	34	113,685	102,577

**Consolidated Statement of Comprehensive Income
for the Year ended 30 April 2022**

	Note	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Loss for the year		(178,599)	(134,940)
Other comprehensive income/(expense)			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		<u>7,314</u>	<u>(336)</u>
		<u>7,314</u>	<u>(336)</u>
Total other comprehensive income/(expense)		<u>7,314</u>	<u>(336)</u>
Total comprehensive expense for the year		<u>(171,285)</u>	<u>(135,276)</u>
Attributable to:			
Equity holders of the parent		(171,864)	(135,640)
Non-controlling interests	33	<u>579</u>	<u>364</u>
		<u>(171,285)</u>	<u>(135,276)</u>

Consolidated Balance Sheet
As at 30 April 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Intangible assets	10	1,779,324	1,614,110
Property, plant and equipment	11	5,692	7,085
Contract assets	4.1	9,276	7,674
Right-of-use assets	12	12,081	12,176
Deferred tax	18	2,952	797
		<u>1,809,325</u>	<u>1,641,842</u>
Current assets			
Inventories		112	75
Trade and other receivables	15	73,906	46,913
Corporation tax		1,999	1,085
Contract assets	4.1	4,127	2,857
Cash and cash equivalents	16	123,154	79,784
		<u>203,298</u>	<u>130,714</u>
Total assets		<u>2,012,623</u>	<u>1,772,556</u>
Current liabilities			
Trade and other payables	17	1,375,723	1,225,067
Corporation tax		2,476	631
Lease liabilities	19.4	2,161	2,586
Contract liabilities	4.1	96,360	81,954
Accruals	23	52,808	47,989
Provisions	19.4, 20	331	1,216
		<u>1,529,859</u>	<u>1,359,443</u>
Non-current liabilities			
Borrowings	21	859,969	651,832
Lease liabilities	19.4	10,748	10,689
Deferred tax	18	125,868	100,792
Provisions	19.4, 20	1,812	-
		<u>998,397</u>	<u>763,313</u>
Total liabilities		<u>2,528,256</u>	<u>2,122,756</u>
Net liabilities		<u>(515,633)</u>	<u>(350,200)</u>
Equity			
Called up share capital	24	9	9
Share premium	24	938	938
Accumulated losses		<u>(519,061)</u>	<u>(353,049)</u>
Equity attributable to equity holders of the parent		<u>(518,114)</u>	<u>(352,102)</u>
Non-controlling interests	33	2,481	1,902
Total equity		<u>(515,633)</u>	<u>(350,200)</u>

The consolidated financial statements on pages 32 to 66 of IRIS Debtco Limited (registered number 11368604) were approved by the Board of Directors and authorised for issue on 5 August 2022. They were signed on its behalf by:



M Cox
Director

Parent Company Balance Sheet
As at 30 April 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Investments	14	947	947
		<u>947</u>	<u>947</u>
Current assets			
Trade and other receivables	15	1,352,149	1,207,262
		<u>1,352,149</u>	<u>1,207,262</u>
Total assets		<u><u>1,353,096</u></u>	<u><u>1,208,209</u></u>
Current liabilities			
Trade and other payables	17	1,352,149	1,207,262
		<u>1,352,149</u>	<u>1,207,262</u>
Total liabilities		<u><u>1,352,149</u></u>	<u><u>1,207,262</u></u>
Net assets		<u><u>947</u></u>	<u><u>947</u></u>
Equity			
Called up share capital	24	9	9
Share premium	24	938	938
Retained earnings ¹	28	-	-
Total equity		<u><u>947</u></u>	<u><u>947</u></u>

Note:

¹ The result for the financial year dealt with in the financial statements of the Company is £nil (2021: £nil).

The financial statements on pages 32 to 66 of IRIS Debtco Limited (registered number 11368604) were approved by the Board of Directors and authorised for issue on 5 August 2022. They were signed on its behalf by:



M Cox
Director

**Consolidated Cash Flow Statement
for the Year ended 30 April 2022**

	Note	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Operating activities			
Loss before tax		(164,246)	(142,415)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation and loss on disposal of property, plant and equipment		3,519	3,980
Depreciation and loss on right-of-use assets		2,438	1,979
Amortisation of acquired intangibles	10	56,044	51,767
Amortisation of other intangible assets	10	6,796	3,055
Share based payments	27	5,852	1,468
Finance income	7	(186)	(179)
Finance costs	8	183,839	162,585
Working capital adjustments:			
(Increase)/decrease in stocks		(37)	56
Increase in trade and other receivables		(22,610)	(4,778)
Increase in accruals and deferred income		15,187	5,964
Increase/(decrease) in trade and other payables		3,517	(4,299)
Cash generated from underlying operations		90,113	79,183
Income tax paid		(423)	(2,012)
Net cash flows generated from operating activities		89,690	77,171
Investing activities			
Purchase of property, plant and equipment	11	(1,591)	(1,332)
Development expenditure	10	(28,796)	(16,713)
Proceeds from sale of property		180	2,035
Acquisition of subsidiaries, net of cash acquired	26	(170,270)	(61,100)
Deferred consideration paid		(15,377)	(6,134)
Interest received		186	179
Net cash flows used in investing activities		(215,668)	(83,065)
Financing activities			
Interest paid		(35,126)	(32,459)
Net proceeds from borrowings		245,964	35,000
Repayment of borrowings		(39,850)	(35,000)
Net receipt from Ocorian Limited	2.29	513	1,440
Repayment of capital on lease liabilities		(2,153)	(1,340)
Net cash flows generated from/(used in) financing activities		169,348	(32,359)
Net increase in cash and cash equivalents		43,370	(38,253)
Cash and cash equivalents at beginning of year	16	79,784	118,037
Cash and cash equivalents at end of year		123,154	79,784

Changes in liabilities arising from Financing activities

	At 1 May 2021 £'000	Cash flow £'000	Non cash flow £'000	At 30 April 2022 £'000
Bank loans	660,000	210,000	-	870,000
Borrowing costs	(8,168)	(3,886)	2,023	(10,031)
Interest accrual	3,045	(35,126)	36,294	4,213
Derivative valuation	1,142	-	(1,142)	-
Amounts owed to Parent undertakings	1,207,262	-	144,887	1,352,149
Lease liabilities	13,275	(2,153)	1,787	12,909
	1,876,556	168,835	183,849	2,229,240

	At 1 May 2020 £'000	Cash flow £'000	Non cash flow £'000	At 30 April 2021 £'000
Bank loans	660,000	-	-	660,000
Borrowing costs	(9,828)	-	1,660	(8,168)
Interest accrual	3,379	(32,459)	32,125	3,045
Derivative valuation	2,708	-	(1,566)	1,142
Amounts owed to Parent undertakings	1,077,936	-	129,326	1,207,262
Lease liabilities	10,346	(1,340)	4,269	13,275
	1,744,541	(33,799)	165,814	1,876,556

Non-cash flows relate to interest, fair value and foreign exchange items, revaluation of derivative financial instruments, the impact of acquisitions and the recognition of lease liabilities.

**Consolidated Statement of Changes in Equity
for the Year ended 30 April 2022**

	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 1 May 2020	9	938	(218,877)	(217,930)	1,538	(216,392)
(Loss) / profit for the year	-	-	(135,442)	(135,442)	502	(134,940)
Other comprehensive expense	-	-	(198)	(198)	(138)	(336)
Total comprehensive (expense)/income for the year	-	-	(135,640)	(135,640)	364	(135,276)
Transactions with owners in their capacity as owners:						
Share based payments	-	-	1,468	1,468	-	1,468
	-	-	1,468	1,468	-	1,468
At 30 April 2021	9	938	(353,049)	(352,102)	1,902	(350,200)
(Loss) / profit for the year	-	-	(179,033)	(179,033)	434	(178,599)
Other comprehensive income	-	-	7,169	7,169	145	7,314
Total comprehensive (expense)/income for the year	-	-	(171,864)	(171,864)	579	(171,285)
Transactions with owners in their capacity as owners:						
Share based payments	-	-	5,852	5,852	-	5,852
	-	-	5,852	5,852	-	5,852
At 30 April 2022	9	938	(519,061)	(518,114)	2,481	(515,633)

**Parent Company Statement of Changes in Equity
for the Year ended 30 April 2022**

	Called up share capital £'000	Share Premium £'000	Retained earnings £'000	Total equity £'000
At 1 May 2020	9	938	-	947
Result for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Transactions with owners in their capacity as owners:				
Share based payments	-	-	-	-
	-	-	-	-
At 30 April 2021	9	938	-	947
Result for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Transactions with owners in their capacity as owners:				
Share based payments	-	-	-	-
	-	-	-	-
At 30 April 2022	9	938	-	947

**Notes to the Financial Statements
for the Year ended 30 April 2022**

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The consolidated and Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and The Companies Act 2006 as applicable to companies using IFRS.

The consolidated financial statements for the year ended 30 April 2022 (including comparatives) were approved and authorised for issue by the Board of Directors on 5 August 2022. IRIS Midco Limited is the Group's Parent Company and Perennial Newco 2 Ltd is the Group's ultimate Parent Company.

The largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is of Perennial Newco 2 Ltd and copies of these financial statements are available to the public at the Company's registered office set out below.

The Company is a private limited company, limited by shares, incorporated and domiciled in the United Kingdom (England & Wales). The address of its registered office and its principal place of business is 4th Floor, Heathrow Approach, 470 London Road, Slough, SL3 8QY.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied consistently to all periods presented, unless otherwise stated, in the preparation of these consolidated financial statements are summarised below.

2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except where adopted IFRS requires an alternative treatment. The principal variations from the historical cost convention relate to derivative financial instruments which are measured at fair value through profit and loss and fair value acquisition accounting.

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 year. The company reported a result for the year ended 30 April 2022 of £nil (2021: £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 year. 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 year are included in the consolidated income statement from the date the Company gains control unless this date is within sufficient proximity to the year 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 following pronouncements, issued by the IASB, which are effective for periods commencing on or after 1 January 2021, have been applied for the first time in the financial statements for the year ending 30 April 2022.

- Covid-19-Related Rent Concessions – amendments to IFRS 16, and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for periods commencing on or after 1 January 2021 and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

2.4 Going concern

At 30 April 2022, the Group had very strong liquidity with £123.2 million of cash and cash equivalents (note 16), no debt repayable until 2025 (note 19 and note 21) and a year end leverage ratio of 6.03x on the £870 million Senior loan facility versus a covenant leverage ratio of 9.6x (note 19). In addition, the Group has access to an additional Revolving Credit Facility of £40 million which remained unutilised at the year end (note 21).

In assessing going concern, management have considered the effects of the Covid-19 pandemic and its impact on recent trading results, the Group's budget for the year ended 30 April 2023, as well as on longer term forecasts and growth rates given the uncertainties in the current environment. The strong liquidity position coupled with the limited reduction of revenues caused by Covid-19 due to the recurring and highly cash generative nature of the business model, mean the Group is very stable from an operating profit perspective.

The group had Net cash flows generated from operating activities of £89.7 million for the year ended 30 April 2022 and operating profit before amortisation and depreciation of £88.2 million.

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.

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.

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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) which for the Group results in there being five cash generating units: the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date), iSAMS Limited, AccountantsWorld LLC, Dataplan Holdings Limited and Sandgate Systems Limited.

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 forms 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. These assumptions have been further considered in light of the Covid-19 pandemic including detailed sensitivity analysis being performed to ensure there are no indicators of impairment.

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.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

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.

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.

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.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

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.

- Subscription and cloud based Software as a Service (SaaS) income are recognised overtime in the month the service is provided.
 - Support and maintenance income is deferred at the date of invoicing and released to the profit and loss account overtime across 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 contract liabilities.
 - Transactional and Payment revenue is recognised at a point in time on fulfilment of the service.
 - Professional services income is recognised at a point in time in the month the services are performed. Training and implementation revenue is recognised at a point
 - Managed services income is recognised overtime in the month the services are performed.
 - Perpetual and on premise term licence fee income is recognised at a point in time on delivery of the licence and the issue of authorisation codes to activate the
- legislative updates are required to on-premise software in order to remain functional, the Group recognises revenue from that software over the period of the license.

When a sale involves multiple performance obligations, such as a combination of services, the performance obligations are evaluated and revenue allocated amongst these performance obligations in a manner that reflects the consideration the Group expects to be entitled to based on standalone selling prices (SSP). SSP is estimated for each distinct performance obligation. Revenue is recognised when the revenue recognition criteria for each performance obligation is met.

2.12 Cost of sales and administration expenses

Cost of sales includes items such as third-party subcontractors, customer hosting costs, transaction and credit card fees, and the cost of hardware. These also include the third-party costs of providing training and professional services to customers. All other operating expenses, including acquisition related expenses, are recorded in administrative expenses.

2.13 Preference Shares

The preference shares are accounted for in accordance with IAS 38. The preference shares have a fixed repayment date and are interest bearing. The preference shares are redeemable at the option of the holder. As such the preference shares are accounted for as a financial liability and included within borrowings.

2.14 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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where

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.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

2.15 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 year. 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.

2.16 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.

2.17 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	8 to 12 years
Customer relationships	7 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.

2.18 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%

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

2.19 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 years 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 of 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.

2.20 Investments

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

2.21 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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) which for the Group results in there being five cash generating units: the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date), iSAMS Limited, AccountantsWorld LLC, Dataplan Holdings Limited and Sandgate Systems Limited.

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 Year ended 30 April 2022

2.22 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

2.23 Assets held for sale

Assets held for sale, which represents a long leasehold property which is being marketed for immediate sale, is presented separately as a current asset in the consolidated balance sheet and is measured at the lower of its carrying amount and fair value less costs to sell. Assets held for sale are not depreciated or amortised once classified as held for sale.

2.24 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 from contracts with customers

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.

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.

The Group also holds client monies in respect of payroll liabilities. Neither the cash held, nor the payroll liabilities of the clients are recognised in the Groups' financial statements, as the obligation and the cash remain those of the client.

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.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

2.25 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.

2.26 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.

2.27 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.

2.28 Management 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 underlying trading performance.

2.29 Share based payments

The Group gives senior management, who are employed by a subsidiary company, the opportunity to acquire shares in the ultimate parent company at market value. These shares, which are administered by Ocorian Limited, following the completion of the takeover of Estera Trust (Jersey) Limited, 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 is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period, and adjustments are recognised in profit or loss and the share-based payment reserve. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture.

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).

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 on-premise 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. For each acquisition an appropriate discount and royalty rates were determined, along with detailed expected future cashflows to calculate the fair value of each identified intangible asset.

Impairment - goodwill and other intangibles

IFRS requires management to perform impairment tests to determine 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.

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's initial expectations of EBITDA, the long-term growth rate of net operating cash flows and an appropriate discount rates to reflect the risks involved. These assumptions have been further considered in light of the Covid-19 pandemic including the impact on recent trading results, the Group's budget for the year ended 30 April 2022 as well as on longer term forecasts and growth rates given the uncertainties in the current environment.

Changing the assumptions selected by management, in particular growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence reported assets and profits or losses. Further details, including a sensitivity analysis, are included in note 10 "Intangible Assets".

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Trade and other receivables**

There is uncertainty regarding customers who may not be able to pay as their invoices fall due. The Group applies the IFRS 9 simplified approach to measuring expected credit losses for all trade receivables and contract assets. The expected loss rates are estimated using payment profiles of sales and the corresponding historical credit losses experienced. Judgement is used by management in adjusting the expected credit loss rates to incorporate current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables (see 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 uses in-house tax experts when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits from the Group to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that we operate either using management's estimate of the most likely outcome where the issues are binary, or the expected value approach where the issues have a range of possible outcomes (see 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. Depending on the conditions of these future consideration payments, judgements are made as at the acquisition date and then subsequently updated at the balance sheet date. These include profit related consideration for which detailed forecasts are produced and the fair value of the likely payments are calculated using an appropriate discount rate.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities (primarily interest rate swaps) 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).

4 REVENUE

Revenue reported for the year relates solely to revenue from contracts with customers, with customers typically paying in advance at the start of the contract. When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer at that time, a contract asset is recognised. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised.

The majority of continuing operations in the current and preceding financial year is undertaken in the United Kingdom. Revenue is disaggregated into groups of similar products and services that depict the nature, amount, and timing of revenue and cash flows for the Company's various offerings. The analysis of the company's turnover for the period by class of business is as follows:

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Support & Subscription	192,348	171,490
Transactional	6,935	6,062
Professional Services	13,649	11,567
Managed Services	36,783	27,647
Licence & Other	6,009	5,692
	<u>255,724</u>	<u>222,458</u>

4.1 Assets and liabilities relating to contracts with customers

Assets relating to contracts with customers represent commissions paid to employees which are amortised over a 5 year period. Contract assets increased during the year as the Group continued to pay commissions to employees, the expansion of the Group's operations following acquisitions during the year (see note 25) and the cumulative impact of the 5 year deferral period following the incorporation of the Company on 18 May 2018.

	As at 30 April 2022 £'000	As at 30 April 2021 £'000
Non-current assets relating to contracts	9,276	7,674
Current assets relating to contracts	4,127	2,857
	<u>13,403</u>	<u>10,531</u>

Contract liabilities represent revenue received up front for contracts which are recognised over 12 months. Contract liabilities increased during the year as a result of the expansion of the Group's operations following acquisitions (see note 25) and an increase in overall contract activity. Substantially all of the £81,954,000 recorded as current contract liabilities at 30 April 2021 was recognised as revenue during the year.

	As at 30 April 2022 £'000	As at 30 April 2021 £'000
Contract liabilities	96,360	81,954
	<u>96,360</u>	<u>81,954</u>

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

5 STAFF COSTS

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Employee costs (including Directors) during the year were:		
Wages and salaries	84,850	70,551
Social security costs	8,048	6,439
Other pension costs	2,432	1,960
	<u>95,330</u>	<u>78,950</u>

The amounts above are stated net of employee cost capitalised in respect of development of software assets in the year of £15,018,000 (2021: £11,174,000).

The Company had no employees (2021: none).

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

	Year ended 30 April 2022 Number	Year ended 30 April 2021 Number
Technical	1,865	1,196
Sales	289	239
Administration	419	343
	<u>2,573</u>	<u>1,778</u>

Directors' emoluments

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Aggregate emoluments	1,401	1,405
Pension contributions	38	27
	<u>1,439</u>	<u>1,432</u>
Number of Directors remunerated	4	4
Number of other Directors not remunerated but for which a management fee is payable (See note 32)	1	1

Four (2021: four) Directors accrued benefits under the Group's defined contribution pension scheme.

The highest paid Director in the year received total emoluments while serving as a director of £425,000 (2021: £512,000).

Key management remuneration

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Aggregate emoluments	1,401	1,405
Pension contributions	38	27
	<u>1,439</u>	<u>1,432</u>
Number of key management remunerated	4	4
Number of other key management not remunerated but for which a management fee is payable (See note 32)	1	1

Key management included the Executive Chairman, a Non-Executive Director, the Chief Executive Officer and her 2 direct reports for the year.

6 OPERATING PROFIT

	Total Group Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
The operating profit is stated after charging/ (crediting):		
Staff costs	95,330	78,950
Research and development expenditure	9,724	8,049
Impairment loss on available for sale property	-	537
Amortisation of intangible assets	62,840	54,822
Transaction related costs	10,247	9,037
Depreciation of property, plant and equipment	3,170	3,336
Depreciation of right-of-use-assets	2,470	2,011
Deferred consideration	-	(916)
Share based payments	5,852	1,468
Fees payable to the Group's Auditors comprise the following:	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Tax services	393	108
Corporate finance services	668	165
Total non-audit fees	1,061	273
Audit fees - for the audit of parent Company and consolidated financial statements	143	136
Audit fees - for the audit of subsidiary companies	385	360
Total fees	<u>1,589</u>	<u>769</u>

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

7 FINANCE INCOME

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Deposit account interest	186	179
Total finance income	186	179

8 FINANCE COSTS

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Bank loan interest	34,608	30,844
Amortisation of loan issue costs	2,023	1,660
Unwinding of discount	1,777	537
Bank facility fees	998	1,258
Net gain on financial instruments at fair value through profit or loss (note 19.3)	(1,142)	(1,566)
Interest expense on lease liabilities	688	526
Interest payable on amounts due to parent undertakings	144,887	129,326
Total finance costs	183,839	162,585

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

9 INCOME TAX CHARGE/(CREDIT)

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
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The major components of income tax expense/(credit) are:

Current income tax:

UK tax charge for the current year	1,112	300
Impact of overseas income tax	730	516
Prior year adjustments	(497)	(359)
	1,345	457

Deferred tax:

Relating to origination and reversal of temporary differences	(9,063)	(7,932)
Relating to effect of change in tax rates	22,071	-
	13,008	(7,932)

Income tax charge/(credit) reported in the income statement

	14,353	(7,475)
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	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Loss before tax	(164,246)	(142,415)

The tax for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below.

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%).	(31,207)	(27,059)

Effects of:

Expenses non-deductible for tax purposes	23,986	19,943
Effect of current year changes in statutory tax rates on deferred tax balances	22,071	-
Adjustments in respect of prior year tax liabilities	(497)	(359)
Total tax charge/(credit) reported in the income statement	14,353	(7,475)

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

10 INTANGIBLE ASSETS

	Development Expenditure	Brand	Intellectual Property	Customer Relation- ships	Goodwill	Total
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
At 1 May 2020	19,347	14,500	192,016	388,152	1,025,287	1,639,302
Arising on acquisition	-	7,543	14,902	16,555	57,610	96,610
Additions ¹	16,713	-	-	-	-	16,713
Disposals	(2,549)	-	-	-	-	(2,549)
At 30 April 2021 ⁴	33,511	22,043	206,918	404,707	1,082,897	1,750,076
Arising on acquisition	-	2,574	17,099	73,580	96,895	190,148
Additions ¹	28,796	-	-	-	-	28,796
Effect of changes in foreign exchange rates	21	176	942	3,641	4,441	9,221
Disposals	-	-	-	-	-	-
At 30 April 2022 ²	62,328	24,793	224,959	481,928	1,184,233	1,978,241
ACCUMULATED AMORTISATION / IMPAIRMENT						
At 1 May 2020	8,400	2,392	27,853	45,048	-	83,693
Amortisation for the year	3,055	1,890	18,756	31,121	-	54,822
Disposals	(2,549)	-	-	-	-	(2,549)
At 30 April 2021	8,906	4,282	46,609	76,169	-	135,966
Amortisation for the year	6,796	2,292	20,407	33,345	-	62,840
Effect of changes in foreign exchange rates	2	5	39	65	-	111
Disposals	-	-	-	-	-	-
At 30 April 2022	15,704	6,579	67,055	109,579	-	198,917
NET BOOK VALUE						
At 30 April 2022	46,624	18,214	157,904	372,349	1,184,233	1,779,324
At 30 April 2021	24,605	17,761	160,309	328,538	1,082,897	1,614,110

¹ Includes £18.5m (2021: £12.1m) of costs incurred in relation to the development of the Elements product, an Intangible asset under development as at 30 April 2022.

² Includes £21.2m (2021: £14.6m) in relation to assets which are in development and not yet amortised as at the balance sheet date.

The Group tests enterprise application software, development expenditure, brand, intellectual property rights and customer relationships annually for impairment, or more frequently if there are indications that such intangible assets might be impaired.

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

Details of acquisitions in the year are shown in note 25. During the year, goodwill was reviewed for impairment in accordance with IAS 36 "Impairment of Assets" and includes the potential impact from the COVID-19 pandemic, which was considered a triggering event under IAS 36. For the purposes of this impairment review, goodwill for continuing operations has been valued on the basis of discounted future cash flows.

The Group has one class of business being the provision of software and related services, with many customers using a number of products. Acquisitions are subsumed into the main Group over time as the product offerings become fully integrated and the Group's centralised systems and policies are fully adopted by the acquired businesses. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units), which for the Group results in there being five cash generating units: the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date), ISAMS Limited, AccountantsWorld LLC, Dataplan Holdings Limited and Sandgate Systems Limited. The carrying value of goodwill at the end of the year is shown below:

	2022 £'000	2021 £'000
Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date)	1,069,743	901,030
Practice Engine (subsumed into Core IRIS businesses CGU May 1st 2021)	-	12,760
Innervision (subsumed into Core IRIS businesses CGU May 1st 2021)	-	13,850
Star PM (subsumed into Core IRIS businesses CGU May 1st 2021)	-	30,748
FMP (subsumed into Core IRIS businesses CGU May 1st 2021)	-	91,181
iSAMS	33,328	33,328
AccountantsWorld	47,435	-
Dataplan	15,550	-
Sandgate Systems	18,177	-
	1,184,233	1,082,897

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 pre-tax adjusted discount rate applied, EBITDA and the long-term growth rate of net operating cash flows. In all cases, the approved budget for the Financial Year ("FY") 2023 and a new Long Term Plan ("LTP") prepared and approved by the board in July 2022 covering the period FY24-FY27 formed the basis for the cash flow projections. These assumptions were considered alongside detailed sensitivity analysis to ensure there are no indicators of impairment.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

10 INTANGIBLE ASSETS (continued)**Year ended 30 April 2022**

The table below shows key assumptions used in the value in use calculations for those CGUs with significant goodwill allocated them.

	Key assumptions				
	Core IRIS businesses	iSAMS	Accountants World	Dataplan	Sandgate Systems
Pre-tax adjusted discount rate	11.6%	11.6%	11.6%	11.6%	11.6%
Five year CAGR in adjusted EBITDA to April 2027	9.6%	36.8%	23.8%	31.4%	31.9%
Long-term growth rate of net operating cash flows	2.5%	2.5%	2.5%	2.5%	2.5%

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 year and the risks specific to the business.

The estimated recoverable amount of the Group's Core IRIS businesses exceed their carrying values by £218 million (15%). If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the year ended 30 April 2022.

	Change required for carrying value to equal recoverable amount				
	Core IRIS businesses	iSAMS	Accountants World	Dataplan	Sandgate Systems
Pre-tax adjusted discount rate	+1.8%	+3.9%	+1.6%	+9.4%	+5.2%
Five year CAGR in adjusted EBITDA to April 2027	-3.7%	-12.0%	-4.8%	-18.2%	-13.8%
Long-term growth rate of net operating cash flows	-1.8%	-5.5%	-2.2%	-16.0%	-7.7%

Management believes that no reasonably possible or foreseeable change in any of the above key assumptions would cause the difference between the carrying value and recoverable amount for any cash-generating unit to be materially different to the base case disclosed.

11 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Leasehold Improvements	Computer Equipment	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000	£'000
GROUP					
COST					
At 1 May 2020	1,141	539	10,655	6,470	18,805
Additions	20	62	1,103	147	1,332
Arising on acquisition	-	15	374	217	606
Disposals	-	(61)	(813)	(957)	(1,831)
At 30 April 2021	1,161	555	11,319	5,877	18,912
Additions	-	240	1,262	89	1,591
Arising on acquisition	-	417	923	290	1,630
Effect of changes in foreign exchange rates	-	13	56	3	72
Disposals	(197)	(7)	(2,248)	(10)	(2,462)
At 30 April 2022	964	1,218	11,312	6,249	19,743
ACCUMULATED DEPRECIATION					
At 1 May 2020	774	274	6,569	2,103	9,720
Charge for the year	17	37	2,150	1,132	3,336
Arising on acquisition	-	15	264	216	495
Disposals	(44)	(206)	(463)	(1,011)	(1,724)
At 30 April 2021	747	120	8,520	2,440	11,827
Charge for the year	8	130	2,281	751	3,170
Arising on acquisition	-	215	626	150	991
Effect of changes in foreign exchange rates	-	18	38	(60)	(4)
Disposals	(13)	(7)	(1,903)	(10)	(1,933)
At 30 April 2022	742	476	9,562	3,271	14,051
NET BOOK VALUE					
At 30 April 2022	222	742	1,750	2,978	5,692
At 30 April 2021	414	435	2,799	3,437	7,085

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

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

12 RIGHT-OF-USE-ASSETS

GROUP	Property leases £'000	Total £'000
COST		
At 1 May 2020	11,556	11,556
Dilapidations provision adjustment	1,148	1,148
Additions	5,395	5,395
Arising on acquisition	319	319
Disposals	(2,627)	(2,627)
At 30 April 2021	<u>15,791</u>	<u>15,791</u>
Dilapidations provision adjustment	98	98
Effect of changes in foreign exchange rates	58	58
Additions	599	599
Arising on acquisition	2,396	2,396
Disposals	(214)	(214)
At 30 April 2022	<u>18,728</u>	<u>18,728</u>
ACCUMULATED DEPRECIATION		
At 1 May 2020	2,657	2,657
Charge for the year	2,011	2,011
Arising on acquisition	348	348
Disposals	(1,401)	(1,401)
At 30 April 2021	<u>3,615</u>	<u>3,615</u>
Charge for the year	2,470	2,470
Effect of changes in foreign exchange rates	44	44
Arising on acquisition	596	596
Disposals	(78)	(78)
At 30 April 2022	<u>6,647</u>	<u>6,647</u>
NET BOOK VALUE		
At 30 April 2022	<u>12,081</u>	<u>12,081</u>
At 30 April 2021	<u>12,176</u>	<u>12,176</u>

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 year is included within Administrative Expenses.

13 ASSETS HELD FOR SALE

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 May 2021/1 May 2020	-	-	2,572	-
Impairment loss	-	-	(537)	-
Disposal of available for sale asset	-	-	(2,035)	-
At 30 April	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Assets held for sale of £2,572,000 represents a freehold property which was sold in the prior year.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

14 INVESTMENTS

Investment in subsidiary undertakings

COST AND NET BOOK VALUE

At 1 May 2021/1 May 2020

Additions

At 30 April

Company	
2022	2021
£'000	£'000
947	947
-	-
947	947

The Group's subsidiary undertakings are shown below.

Undertaking	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held			
			At 30 April 2022		At 30 April 2021	
			Group	Company	Group	Company
123Comms Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Accountants World LLC ⁴	USA	Software development	100%	0%	0%	0%
APS Global Limited ¹	England & Wales	Payroll services	100%	0%	0%	0%
Atomic IT Limited ¹	England & Wales	Software development	100%	0%	0%	0%
Bacsflo Limited ¹	England & Wales	Software development	100%	0%	0%	0%
Beaumont Solutions Limited ¹	England & Wales	Software development	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
Biostore Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Blayhall Professional Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Cascade Human Resources Limited ¹	England & Wales	Software development	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
CJM Software Limited ¹	England & Wales	Software development	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
Compu-Pay Limited ⁹	Ireland	Payroll services	100%	0%	0%	0%
Conarc Inc ⁴	USA	Software development	100%	0%	0%	0%
Datacode Tech Limited ¹	England & Wales	Software development	100%	0%	0%	0%
Dataplan Holdings Limited ¹	England & Wales	Holding company	100%	0%	0%	0%
Dataplan Payroll Limited ¹	England & Wales	Payroll services	100%	0%	0%	0%
Doc-It Corp ⁴	USA	Software development	100%	0%	0%	0%
Doc-It Holdings Inc ⁴	USA	Software development	100%	0%	0%	0%
Doc-It Inc ⁴	Canada	Software development	100%	0%	0%	0%
Eurowage Limited ¹	England & Wales	Payroll services	100%	0%	100%	0%
FMP Global Bidco Limited ¹	England & Wales	Holding company	100%	0%	100%	0%
FMP Global Holdings Limited ¹	England & Wales	Holding company	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
FMP Global Midco Limited ¹	England & Wales	Holding company	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
FMP HR and Payroll Software Limited ¹	England & Wales	Software development	100%	0%	100%	0%
FMP Payroll Services Limited ¹	England & Wales	Payroll services	100%	0%	100%	0%
Galaxy Payroll Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Hosted Accountants Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Indigo Marketing Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Innervision Management Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Intex (Radiographic) Limited ¹	England & Wales	Holding company	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
IRIS Americas Inc. ⁴	USA	Software development	100%	0%	0%	0%
IRIS Bidco Limited ¹	England & Wales	Holding company	100%	100%	100%	100%
IRIS Business Software Limited ¹	England & Wales	Software development	100%	0%	100%	0%
IRIS Canada Holdings Limited ¹	England & Wales	Holding company	100%	0%	0%	0%
IRIS Capital Limited ¹	England & Wales	Holding company	100%	0%	100%	0%
IRIS Global Inc. ⁴	USA	Holding company	100%	0%	0%	0%
IRIS Group Limited ¹	England & Wales	Software development	100%	0%	100%	0%
IRIS Holdings Limited ¹	England & Wales	Holding company	100%	0%	100%	0%
IRIS KPO Resourcing (India) Private Limited ²	India	Outsourcing services	56%	0%	56%	0%
IRIS Payroll Software Limited ¹	England & Wales	Software development	100%	0%	100%	0%
IRIS Payroll Solutions Limited ¹	England & Wales	Software development	100%	0%	100%	0%
IRIS Resourcing Limited ¹	England & Wales	Holding company	100%	0%	100%	0%
IRIS Software Group Limited ¹	England & Wales	Holding company	100%	0%	100%	0%
IRIS Software Limited ¹	England & Wales	Software development	100%	0%	100%	0%
IRIS US Holdings Limited ¹	England & Wales	Holding company	100%	0%	0%	0%
iSAMS Limited ¹	England & Wales	Software development	100%	0%	100%	0%
iSAMS Pty Limited ⁸	Australia	Software development	100%	0%	100%	0%
Kashflow Software Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Keytime Objective Limited ¹	England & Wales	Holding company	100%	0%	100%	0%
Kinetic Marketing & Design Limited ¹	England & Wales	Payroll services	100%	0%	0%	0%
Malibu Bidco Limited ¹	England & Wales	Holding company	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
MCN Associates Limited ¹	England & Wales	Software development	100%	0%	100%	0%
MCN Holdings Limited ¹	England & Wales	Holding company	100%	0%	100%	0%
Payplus Limited ¹	England & Wales	Payroll services	100%	0%	0%	0%
Phroot Limited ³	Guernsey	Software development	100%	0%	100%	0%
Practice Engine Systems Inc. ⁴	USA	Software distribution	100%	0%	100%	0%
PS Financials Limited ¹	England & Wales	Software development	100%	0%	100%	0%
PSI Payroll Services ⁵	Canada	Payroll services	100%	0%	100%	0%
PTP Software Limited ¹	England & Wales	Software development	100%	0%	100%	0%

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

14 INVESTMENTS (continued)

Undertaking	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held			
			At 30 April 2022		At 30 April 2021	
			Group	Company	Group	Company
Results Squared Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Sandgate BG Limited ¹⁰	Bulgaria	Software development	100%	0%	0%	0%
Sandgate Systems Limited ¹	England & Wales	Software development	100%	0%	0%	0%
Senta SaaS Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Staffology Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Star Americas Software Solutions LLC ⁶	USA	Software development	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
Star Computer Group Limited ¹	England & Wales	Software development	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
Star Professional Software Solutions Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Sweep Limited ¹	England & Wales	Software development	100%	0%	0%	0%
Taxfiller Limited ¹	England & Wales	Software development	100%	0%	100%	0%
The Practice Engine Group Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Troncmasters Limited ¹	England & Wales	Software development	100%	0%	0%	0%
Truancy Call Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Truancy Call Limited ⁷	Republic of Ireland	Software development	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
Virtual Business Source Limited ¹	England & Wales	Payroll services	100%	0%	0%	0%

¹ Subsidiary registered address: 4th Floor, Heathrow Approach, 470 London Road, Slough, England SL3 8QY² Subsidiary registered address: Pottipati Plaza 77, Nungambakkam High Road, Chennai-600 034³ Subsidiary registered address: PO Box 186, 1 Le Marchant Street, St Peter Port, Guernsey, GY1 4HP⁴ Subsidiary registered address: 44 Milton Ave, 212 STE, Alpharetta, GA 30009, USA⁵ Subsidiary registered address: 4200 South Service Rd, #200, Burlington Ontario, L7L 4X5, Canada⁶ Subsidiary registered address: O'Hare Triangle Plaza, 8770 W Bryn Mawr, Suite 1300, Chicago, Illinois 60631, USA⁷ Subsidiary registered address: 9 Trinity Street, Dublin 2, Republic of Ireland⁸ Subsidiary registered address: 36 Greycliffe Street, Queenscliff, NSW, 2096, Australia⁹ Subsidiary registered address: 6-9 Trinity Street, Dublin 2, Dublin D02 EY47, Ireland¹⁰ Subsidiary registered address: Hristo Belchev No18, Fl3, Sofia 1000, Bulgaria**15 TRADE AND OTHER RECEIVABLES**

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Current				
Trade receivables from contracts with customers	62,096	-	43,149	-
Less: provision for impairment of receivables	(3,484)	-	(2,230)	-
Trade receivables from contracts with customers - net	58,612	-	40,919	-
Other receivables	7,692	-	1,086	-
Prepayments and accrued income	7,602	-	4,908	-
Amounts owed by Group undertakings	-	1,352,149	-	1,207,262
	<u>73,906</u>	<u>1,352,149</u>	<u>46,913</u>	<u>1,207,262</u>

Trade receivables from contracts with customers are non-interest bearing and are generally on terms of 30 to 60 days. Amounts owed by Group undertakings are interest bearing and repayable on demand.

Movements on the Group provision for impairment of trade receivables from contracts with customers were as follows:

	2022 £'000	2021 £'000
At 1 May 2021/1 May 2020		
Utilised	2,230	1,717
Charged to the Income Statement	(1,683)	(1,386)
At 30 April	<u>2,937</u>	<u>1,899</u>
	<u>3,484</u>	<u>2,230</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. 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.

The maximum exposure to credit risk at the end of the year 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 CASH EQUIVALENTS

	2022 £'000	2021 £'000
Cash at banks and on hand	123,154	79,784
	<u>123,154</u>	<u>79,784</u>

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

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

17 TRADE AND OTHER PAYABLES

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Current				
Trade payables	6,443	-	5,325	-
Amounts owed to parent undertakings	1,352,967	1,352,149	1,207,474	1,207,262
Social security and other taxes	2,796	-	2,480	-
VAT	8,198	-	5,445	-
Other creditors	5,319	-	3,201	-
Derivative financial liabilities (note 19.3)	-	-	1,142	-
	<u>1,375,723</u>	<u>1,352,149</u>	<u>1,225,067</u>	<u>1,207,262</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 19.

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 1 May 2020	100,113	-	(43)	(515)	(281)	99,274
Acquisition of subsidiaries	8,653	-	-	-	-	8,653
(Credited)/charged to the income statement	(9,995)	-	1,952	297	(186)	(7,932)
At 30 April 2021	<u>98,771</u>	<u>-</u>	<u>1,909</u>	<u>(218)</u>	<u>(467)</u>	<u>99,995</u>
Acquisition of subsidiaries	9,556	-	-	-	177	9,733
Effect of changes in foreign exchange rates	180	-	-	-	-	180
Charged/(credited) to the income statement	11,362	-	4,006	218	(2,578)	13,008
At 30 April 2022	<u>119,869</u>	<u>-</u>	<u>5,915</u>	<u>-</u>	<u>(2,868)</u>	<u>122,916</u>
At 30 April 2021						
Deferred Liability	98,771	-	2,021	-	-	100,792
Deferred Asset	-	-	(112)	(218)	(467)	(797)
	<u>98,771</u>	<u>-</u>	<u>1,909</u>	<u>(218)</u>	<u>(467)</u>	<u>99,995</u>
At 30 April 2022						
Deferred Liability	119,869	-	5,999	-	-	125,868
Deferred Asset	-	-	(84)	-	(2,868)	(2,952)
	<u>119,869</u>	<u>-</u>	<u>5,915</u>	<u>-</u>	<u>(2,868)</u>	<u>122,916</u>

The closing deferred tax liability as at 30 April 2022 has been calculated at 25% (2021: 19%) reflecting the tax rate at which the deferred tax liability is expected to be reversed in future periods. Deferred tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% has been substantively enacted at the balance sheet date, its effects are included in these financial statements.

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 £6.7 million (2021: £3.5 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax has been recognised on losses of £5.6m as the group expects future profitability in the foreseeable future. The deferred tax on the capital losses of £1.1m has not been recognised as a deferred tax asset because the losses may not be used to offset against non-trading profits in the group.

In addition, the Group is subject to a Corporate Interest Restriction ("CIR") disallowance of £9.7m (2021: £11.7m). The deferred tax on this disallowance of £2.4m (2021: £2.2m) has not been recognised as there is no evidence of recoverability in the near future.

At 30 April 2022, 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 associates (2021: £nil). 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.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

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

Financial assets and liabilities by category

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	2022	2021	2022	2021
	£000	£000	£000	£000
Cash and cash equivalents	-	-	123,154	79,784
Trade and other receivables	-	-	66,304	42,005
Total financial assets	-	-	189,458	121,789

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade and other payables	-	-	1,375,723	1,223,925
Accruals	-	-	26,493	19,159
Accrued interest	-	-	4,213	3,045
Deferred consideration	22,102	25,785	-	-
Provisions	-	-	2,143	1,216
Lease liabilities	-	-	12,909	13,275
Loans and borrowings	-	-	859,969	651,832
Derivative financial instruments	-	1,142	-	-
Total financial liabilities	22,102	26,927	2,281,450	1,912,452

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 contract liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables, provisions, lease liabilities, accrued interest and accruals approximates to their fair value.

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

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 2022			Total
	Level 1	Level 2	Level 3	£000
	£000	£000	£000	£000
Financial liabilities measured at fair value:				
Deferred consideration	-	-	22,102	22,102
Total financial liabilities at fair value	-	-	22,102	22,102

	At 30 April 2021			Total
	Level 1	Level 2	Level 3	£000
	£000	£000	£000	£000
Financial liabilities measured at fair value:				
Interest rate instruments	-	1,142	-	1,142
Deferred consideration	-	-	25,785	25,785
Total financial liabilities at fair value	-	1,142	25,785	26,927

**Notes to the Financial Statements (continued)
for the Year ended 30 April 2022**

19.3 Financial instruments at fair value (continued)

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

Reconciliation - financial liabilities

A reconciliation of the financial liabilities is as follows:

	Interest rate swaps		Deferred consideration		Total	
	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000
At 1 May	1,142	2,708	25,785	10,109	26,927	12,817
Arising from acquisitions	-	-	9,999	21,652	9,999	21,652
Paid during the year	-	-	(15,377)	(6,134)	(15,377)	(6,134)
Changes in fair value to profit or loss	(1,142)	(1,566)	-	(379)	(1,142)	(1,945)
Unwinding of discount	-	-	1,695	537	1,695	537
At 30 April	-	1,142	22,102	25,785	22,102	26,927

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, usually through an earn-out based on post-acquisition performance, and is stated at the fair value of the total consideration outstanding. At 30 April 2022, the fair value of deferred consideration was assessed using actual performance to date against each acquisitions' earn-out targets together with an assessment of future financial performance based on the Group's approved budget. The sensitivity of deferred consideration payable to each acquisitions' future performance against earn-out targets could result in deferred consideration payable being in a range of between a minimum of £5.9 million (2021: 5.8 million) to a maximum of £43.1 million (2021: £28.4 million).

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 enabled 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 were 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 were 23 November 2021, with monthly payment dates. The fixed rates were 0.983%. As at 30 April 2022, these instruments had expired and therefore had no value (2021: liability of £1,142,000).

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.

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 from contracts with customers (net of allowances) held by the Group at 30 April 2022 amounted to £58,612,000 (2021: £40,919,000).

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.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

19.4 Financial risk management (continued)**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, whilst ensuring flexibility for potential

The maturity profile of the anticipated future cash flows including interest in relation to the Group's non-derivative financial liabilities on an undiscounted basis which, therefore, differs from both the carrying value and fair value, is as follows:

	Lease liabilities	Provisions	Borrowings	Trade and other payables	Accruals	Total
	£000	£000	£000	£000	£000	£000
At 30 April 2022						
In less than one year	2,161	331	-	1,375,723	52,808	1,431,023
In more than one year but not more than two years	2,137	80	-	-	-	2,217
In more than two years but not more than five years	5,587	765	870,000	-	-	876,352
In more than five years	6,548	1,644	-	-	-	8,192
Effect of discount/financing rates	(3,524)	(677)	(10,031)	-	-	(14,232)
	<u>12,909</u>	<u>2,143</u>	<u>859,969</u>	<u>1,375,723</u>	<u>52,808</u>	<u>2,303,552</u>
At 30 April 2021						
In less than one year	2,586	1,216	-	1,225,067	47,989	1,276,858
In more than one year but not more than two years	1,872	-	-	-	-	1,872
In more than two years but not more than five years	5,220	-	660,000	-	-	665,220
In more than five years	7,390	-	-	-	-	7,390
Effect of discount/financing rates	(3,793)	-	(8,168)	-	-	(11,961)
	<u>13,275</u>	<u>1,216</u>	<u>651,832</u>	<u>1,225,067</u>	<u>47,989</u>	<u>1,939,379</u>

The current Senior loan facility of £870 million (see note 21) include a leverage covenant which requires the leverage (the ratio of Consolidated Senior Secured Net Leverage to Consolidated Pro Forma EBITDA) does not exceed 9.6x. At year end the leverage was substantially below this level at 6.03x, which has not increased materially year on year despite IRIS making significant acquisitions in the year.

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.

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 and Sterling/ US Dollar 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 SONIA to be $\pm 0.50\%$ (2021: $\pm 0.25\%$), based on interest rate history. Similarly, sensitivity to movements in the Sterling/US Dollar and the Sterling/Indian Rupee exchange rates of $\pm 10\%$ are shown (2021: sensitivity to movements in the Sterling/Indian Rupee exchange rate of $\pm 10\%$) 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.

	2022		2021	
	Income	Equity	Income	Equity
	(losses)/	(losses)/	(losses)/	(losses)/
	gains	gains	gains	gains
	£000	£000	£000	£000
0.50% increase in market interest rates (2021: 0.25%)	(831)	(831)	(1,887)	(1,887)
0.50% decrease in market interest rates (2021: 0.25%)	831	831	1,887	1,887
10% strengthening of sterling versus other currencies	95	(4,434)	(101)	(387)
10% weakening of sterling versus other currencies	(116)	5,420	112	430

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 Year ended 30 April 2022

20 PROVISIONS

	Dilapidations	
	2022	2021
	£000	£000
At 1 May 2021/1 May 2020	1,216	251
Arising on acquisitions	736	-
Right-of-use asset additions	98	1,148
Right-of-use asset disposals	-	(183)
Effect of changes in foreign exchange rates	11	-
Unwinding of discount	82	-
At 30 April	2,143	1,216

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

Throughout the year ended 30 April 2022, the Facility B and Acquisition Facility loans, of £585 million and £75 million respectively, remained fully drawn down. During the year ended 30 April 2022, the Group arranged two additional facilities totalling £210 million, which were fully drawn during the year to help finance the Group's acquisition activity and remained fully drawn down at 30 April 2022. Under the terms of the loan agreement, the acquisition facility and the additional facilities were consolidated into the Facility B loan. At 30 April 2022, the facilities have a bullet repayment and remaining term of 3.5 years. The Revolving Credit facility of £40m will assist the Group to achieve its growth ambitions both organically and by further acquisitions.

			2022	2021
			£'000	£'000
Non-current				
Borrowings			859,969	651,832
			859,969	651,832
	Effective interest rate	Maturity		Facility Utilised
Senior bank loan				
Facility B	SONIA +4.0% to +4.5% margin	Sep 2025		870,000
Revolving Credit Facility	SONIA +3.0% to +4.0% margin	Mar 2025		-
				870,000

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

	30 April 2022		30 April 2021	
	Senior	Total	Senior	Total
	£'000	£'000	£'000	£'000
Borrowings				
Amounts falling due between two and five years	870,000	870,000	660,000	660,000
Amounts falling due in more than five years	-	-	-	-
	870,000	870,000	660,000	660,000
Unamortised borrowing costs	(10,031)	(10,031)	(8,168)	(8,168)
Amounts falling due after more than one year	859,969	859,969	651,832	651,832
	859,969	859,969	651,832	651,832

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

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 year the Group has incurred issue costs amounting to £3.886 million (2021: £nil) in respect of these facilities. Interest is allocated against the balance outstanding and the costs plus interest are allocated to the income statement over the term of the facility using the straight line method.

22 COMMITMENTS**Other capital commitments**

The Group had no other capital commitments.

23 ACCRUALS

	Group	
	2022	2021
	£'000	£'000
Accruals	26,493	19,159
Accrued interest	4,213	3,045
Deferred consideration (note 19.3)	22,102	25,785
	<u>52,808</u>	<u>47,989</u>

24 CALLED UP SHARE CAPITAL**Group and company:**

Number	Class	Nominal value	2022	2021
			£'000	£'000
947,213 (2021: 947,213)	Ordinary	£0.01	<u>9</u>	<u>9</u>
			9	9
Share premium			<u>938</u>	<u>938</u>
			<u>947</u>	<u>947</u>

Ordinary shares carry one vote each. Each share ranks equally for any distribution made on a winding up. The shares are not redeemable.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

25 ACQUISITIONS**25.1 Doc.It Inc and Doc.It Holdings Inc**

On 20 July 2021, the Group acquired 100 per cent of the issued share capital of Doc.It Inc (which is registered in Ontario, Canada) and Doc.It Holdings Inc (which is registered in Delaware, USA), collectively referred to as "Doc.It". The fair value of the total consideration net of cash and borrowings acquired was £13,872,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 20 July 2021 to 30 April 2022.

Doc.It is an established and highly regarded provider of document management, workflow, document storage and web portal software to Certified Public Accountants (CPA) firms across North America.

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 - Intellectual property	-	2,879	2,879
Intangible assets - Customer relationships	-	4,063	4,063
Property, plant and equipment	28	-	28
Right-of-use assets	50	-	50
Trade receivables from contracts with customers	55	-	55
Contract assets	70	(70)	-
Other receivables	55	-	55
Total assets	258	6,872	7,130
Liabilities			
Trade payables	7	-	7
Accruals	104	-	104
Lease liabilities	16	-	16
Contract liabilities	636	(223)	413
Other payables	253	-	253
Provisions	82	-	82
Corporation tax	117	-	117
Deferred tax	-	1,805	1,805
Total liabilities	1,215	1,582	2,797
Total identifiable net assets at fair value, net of cash acquired	(957)	5,290	4,333
Goodwill			9,539
Purchase consideration transferred			13,872
Satisfied by			
Cash consideration			13,734
Borrowings settled			504
Cash acquired			(366)
			13,872

The acquired business contributed revenues of £2,589,000 and net profit of £886,000 to the Group for the period from 20 July 2021 to 30 April 2022.

25.2 Payplus Limited

On 27 July 2021, the Group acquired 100 per cent of the issued share capital of Payplus Limited. The fair value of the total consideration net of cash and borrowings acquired was £3,849,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 27 July 2021 to 30 April 2022.

Payplus Limited is a provider of managed payroll outsourced solutions to small medium sized businesses and organisations.

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 - Customer relationships	-	2,677	2,677
Property, plant and equipment	30	-	30
Right-of-use assets	173	-	173
Trade receivables from contracts with customers	219	-	219
Contract assets	2	(2)	-
Other receivables	43	-	43
Total assets	467	2,675	3,142
Liabilities			
Trade payables	23	-	23
Accruals	12	-	12
Lease liabilities	140	-	140
Provisions	44	-	44
Other payables	171	-	171
Corporation tax	85	-	85
Deferred tax	-	649	649
Total liabilities	475	649	1,124
Total identifiable net assets at fair value, net of cash acquired	(8)	2,026	2,018
Goodwill			1,831
Purchase consideration transferred			3,849
Satisfied by			
Cash consideration			3,420
Deferred consideration			541
Borrowings settled			244
Cash acquired			(356)
			3,849

The acquired business contributed revenues of £1,402,000 and net loss of £28,000 to the Group for the period from 27 July 2021 to 30 April 2022.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

25 ACQUISITIONS (continued)**25.3 Conarc Inc**

On 14 September 2021, the Group acquired 100 per cent of the issued share capital of Conarc Inc (which is based in Georgia, USA). The fair value of the total consideration net of cash and borrowings acquired was £7,184,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 14 September 2021 to 30 April 2022.

Conarc is an established and highly regarded partner to CPA firms in the US. Its comprehensive document management system includes tools such as workflow management, email management, client portal and customer relationship management.

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 - Intellectual property	-	2,034	2,034
Intangible assets - Customer relationships	-	2,648	2,648
Trade receivables from contracts with customers	610	-	610
Total assets	610	4,682	5,292
Liabilities			
Trade payables	(67)	-	(67)
Accruals	51	-	51
Contract liabilities	1,491	(586)	905
Other payables	167	-	167
Deferred tax	-	983	983
Total liabilities	1,642	397	2,039
Total identifiable net assets at fair value, net of cash acquired	(1,032)	4,285	3,253
Goodwill			3,931
Purchase consideration transferred			7,184
Satisfied by			
Cash consideration			7,603
Cash acquired			(419)
			7,184

The acquired business contributed revenues of £1,688,000 and net profit of £361,000 to the Group for the period from 14 September 2021 to 30 April 2022.

25.4 APS Global Limited

On 6 September 2021, the Group acquired 100 per cent of the issued share capital of APS Global Limited. The fair value of the total consideration net of cash and borrowings acquired was £840,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 6 September 2021 to 30 April 2022.

APS Global Limited is a provider of managed payroll outsourced solutions to small medium sized businesses and organisations.

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 - Customer relationships	66	415	481
Property, plant and equipment	6	-	6
Right-of-use assets	4	-	4
Trade receivables from contracts with customers	34	-	34
Corporation tax	7	-	7
Other receivables	39	-	39
Total assets	156	415	571
Liabilities			
Trade payables	10	-	10
Accruals	6	-	6
Lease liabilities	4	-	4
Other payables	26	-	26
Deferred tax	-	117	117
Total liabilities	46	117	163
Total identifiable net assets at fair value, net of cash acquired	110	298	408
Goodwill			432
Purchase consideration transferred			840
Satisfied by			
Cash consideration			922
Deferred consideration			43
Cash acquired			(125)
			840

The acquired business contributed revenues of £258,000 and net loss of £3,000 to the Group for the period from 6 September 2021 to 30 April 2022.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

25 ACQUISITIONS (continued)**25.5 Dataplan Holdings Limited**

On 25 October 2021, the Group acquired 100 per cent of the issued share capital of Dataplan Holdings Limited. The fair value of the total consideration net of cash and borrowings acquired was £22,917,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 25 October 2021 to 30 April 2022.

Dataplan Holdings Limited is a provider of managed payroll outsourced solutions to small medium sized businesses and organisations.

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 - Customer relationships	4,912	4,098	9,010
Property, plant and equipment	267	-	267
Right-of-use assets	363	-	363
Trade receivables from contracts with customers	629	-	629
Corporation tax	49	-	49
Other receivables	403	-	403
Total assets	6,623	4,098	10,721
Liabilities			
Trade payables	101	-	101
Accruals	155	-	155
Lease liabilities	146	-	146
Provisions	320	-	320
Other payables	410	-	410
Deferred tax	24	2,198	2,222
Total liabilities	1,156	2,198	3,354
Total identifiable net assets at fair value, net of cash acquired	5,467	1,900	7,367
Goodwill			15,550
Purchase consideration transferred			22,917
Satisfied by			
Cash consideration			18,086
Deferred consideration			3,362
Borrowings settled			2,163
Cash acquired			(694)
			22,917

The acquired business contributed revenues of £3,035,000 and net profit of £539,000 to the Group for the period from 25 October 2021 to 30 April 2022.

25.6 Sandgate Systems Limited

On 12 November 2021, the Group acquired 100 per cent of the issued share capital of Sandgate Systems Limited. The fair value of the total consideration net of cash and borrowings acquired was £27,831,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 12 November 2021 to 30 April 2022.

Sandgate Systems Limited is a leading provider of compliance and HR management software to schools and Multi-Academy Trusts ("MATs") in the UK.

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 - Intellectual property	636	3,958	4,594
Intangible assets - Customer relationships	-	9,848	9,848
Property, plant and equipment	218	-	218
Right-of-use assets	975	-	975
Trade receivables from contracts with customers	577	-	577
Contract assets	45	(45)	-
Other receivables	178	-	178
Total assets	2,629	13,761	16,390
Liabilities			
Trade payables	39	-	39
Accruals	96	-	96
Lease liabilities	968	-	968
Contract liabilities	2,364	(819)	1,545
Other payables	210	-	210
Provisions	87	-	87
Corporation tax	108	-	108
Deferred tax	153	3,530	3,683
Total liabilities	4,025	2,711	6,736
Total identifiable net assets at fair value, net of cash acquired	(1,396)	11,050	9,654
Goodwill			18,177
Purchase consideration transferred			27,831
Satisfied by			
Cash consideration			23,629
Deferred consideration			6,053
Cash acquired			(1,851)
			27,831

The acquired business contributed revenues of £2,027,000 and net profit of £270,000 to the Group for the period from 12 November 2021 to 30 April 2022.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

25 ACQUISITIONS (continued)**25.7 AccountantsWorld LLC**

On 28 December 2021, the Group acquired 100 per cent of the issued share capital of Accountants World LLC. The fair value of the total consideration net of cash and borrowings acquired was £99,139,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 28 December 2021 to 30 April 2022.

AccountantsWorld is a pioneer in cloud payroll and productivity solutions for accountants in North America. AccountantsWorld offers a complete suite of cloud-based solutions for Certified Public Accountants (CPAs) including accounting, payroll and document management, client portals, practice management and a website builder.

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 - Intellectual property	657	6,934	7,591
Intangible assets - Customer relationships	-	44,854	44,854
Intangible assets - Brand	-	2,574	2,574
Property, plant and equipment	91	-	91
Right-of-use assets	236	-	236
Contract assets	319	(319)	-
Other receivables	175	-	175
Total assets	1,478	54,043	55,521
Liabilities			
Trade payables	239	-	239
Accruals	31	-	31
Lease liabilities	106	-	106
Contract liabilities	4,862	(1,891)	2,971
Provisions	203	-	203
Other payables	1,283	-	1,283
Deferred tax	-	274	274
Total liabilities	6,724	(1,617)	5,107
Total identifiable net assets at fair value, net of cash acquired	(5,246)	55,660	50,414
Goodwill			47,435
Purchase consideration transferred			97,849
Satisfied by			
Cash consideration			96,712
Borrowings settled			2,629
Cash acquired			(1,492)
			97,849

The acquired business contributed revenues of £5,058,000 and net profit of £1,804,000 to the group for the period from 28 December 2021 to 30 April 2022.

25.8 Deferred consideration on acquisition

Deferred consideration represents contingent consideration payable to the vendors by the Group that is not linked to each vendors' continued employment. 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 a charge is made through the Consolidated Income Statement as a cost of employment.

25.9 Pro-forma effect of acquisitions on revenue and profit

If the acquisitions had occurred on 1 May 2021, consolidated pro-forma revenue and net loss before tax for the Group for the year ended 30 April 2022 would have been £272,208,000 and £160,938,000 respectively. The figures include IFRS3 fair value adjustments which affect the post acquisition revenue and net loss.

These amounts have been calculated using the subsidiary's results prepared using accounting policies which are consistent with the Group's and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 May 2021. No adjustment has been made for additional financing that was required to finance the acquisition.

26 EVENTS AFTER THE BALANCE SHEET DATE

On 3 May 2022 the Group acquired Paycheck Plus, Ireland's premier payroll provider. Paycheck Plus manages Irish and UK payrolls for domestic and international organisations of all sizes. It provides an extensive range of payroll outsourcing services and has a relentless focus on accuracy, timeliness and compliance. Ireland has become a hub for UK and international businesses wanting to maintain access to the EU market following Brexit for initial cash consideration of £4,637,000.

In May 2022, we signed a binding agreement to purchase a managed payroll business in North America. We expect this acquisition to complete within the first half of the financial year ending 30 April 2023.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

27 SHARE BASED PAYMENTS

During the year, the ultimate parent company issued to management, who are employed by a subsidiary company, 24,855 C1 shares (2021: 22,904 C1 shares, 2020: 42,796 C1 shares) which can be sold only on leaving the business, at cost, or on the sale of the business which is the date on the forecast maturity, details of which are set out below. In addition, the ultimate parent company set aside 900 C1 shares for overseas employees, who are employed by a subsidiary company. The overseas employees will be entitled to receive a cash bonus equivalent to sale proceeds 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 were calculated using the Monte Carlo model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date (based on an assessment of enterprise value using a discounted cash flow approach) and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, and the correlations and volatilities of the peer group companies. The inputs to the model and fair value charge are:

	2022 Grant B	2022 Grant A	2021 Grant A	2020 Grant A	2019 Grant A
Share price on issue	£16	£10	£5	£5	£1
Price paid	£1	£1	£1	£1	£1
Dividend yield	0%	0%	0%	0%	0%
Risk-free interest rate	3%	3%	3.0%	1.3%	1.3%
Forecast maturity	30/04/2024	30/04/2024	30/04/2024	30/04/2024	30/04/2024
Volatility	39.5%	32.9%	38.2%	35.1%	36.7%
Fair value of shares	£2,608,334	£5,153,084	£8,560,026	£11,506,000	£23,080,000
	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares
At 1 May 2020	-	-	-	42,796	58,319
Granted in the year	-	-	22,904	-	-
Forfeited in the year	-	-	(1,518)	(3,308)	(8,032)
Outstanding at 30 April 2021	-	-	21,386	39,488	50,287
Granted in the year	8,512	19,243	-	-	-
Forfeited in the year	-	(575)	(1,321)	(6,683)	(6,682)
Outstanding at 30 April 2022	8,512	18,668	20,065	32,805	43,605

The expected price volatility is based on a benchmark of observable similar companies.

The total share-based payment cost charged to the income statement for the year ended 30 April 2022 was £5,852,000 (2021: £1,468,000).

28 RESERVES**COMPANY****At 1 May 2020**

Result for the year

At 30 April 2021

Result for the year

At 30 April 2022

**Retained
earnings
£'000**

-
-
-
-
-

29 CONTINGENT LIABILITIES

There are no contingent liabilities (2021: none).

30 PENSION COMMITMENTS

The Group operates a defined contribution personal pension scheme which is open to all staff. The pension cost for the year represents contributions payable by the Group to the funds and amounted to £2,432,000 (2021: £1,960,000). Pension contributions unpaid at the year end were £731,000 (2021: £512,000).

31 DIVIDENDS PER SHARE

The Company did not declare or pay a dividend in the year (2021: £nil).

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 personnel by subsidiaries is disclosed in note 5. Share based payments issued to management by the Company is disclosed in note 27.

Supplier transactions occurred during the year between the Group, HG Pooled Management Limited and Intermediate Capital Group plc. Transactions relate to providing the services of the Directors. During the year ended 30 April 2022, £353,000 (2021: £686,000) related to these transactions was charged through administrative expenses. There were outstanding amounts payable of £46,000 at 30 April 2022 (2021: £126,000).

During the year ended 30 April 2022, IRIS Debtco Limited charged interest on amounts owed by IRIS Bidco Limited totalling £144,887,000 (2021: £129,325,000) and there were outstanding amounts due of £1,352,149,000 at 30 April 2022 (2021: £1,207,262,000) as set out in note 15. In addition, during the year ended 30 April 2021, IRIS Debtco Limited was charged interest on amounts owed to IRIS Midco Limited totalling £144,887,000 (2021: £129,325,000) and there were outstanding amounts payable of £1,352,149,000 at 30 April 2022 (2021: £1,207,262,000) as set out in note 17.

33 NON-CONTROLLING INTERESTS

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 year comprises the profit attributable to such interests together with movements in respect of corporate transactions and related exchange differences.

	2022 £'000	2021 £'000
At 1 May 2021/1 May 2020	1,902	1,538
Effect of movement in exchange rates	145	(138)
Non-controlling interest's share of profit for the year	434	502
At 30 April	2,481	1,902

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

34 RECONCILIATION OF MANAGEMENT REVENUE, EBITDA AND OPERATING CASH FLOW**MANAGEMENT REVENUE**

Management Revenue, which is a non-GAAP measure, represents the basis on which Management review the performance of the Group and is defined as revenue excluding the impact of revenue deferrals arising on acquisitions and the deferring revenue on certain licence income streams. It may be reconciled as follows:

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Revenue	255,724	222,458
Effect of fair value of contract liabilities on acquisition	1,774	688
Impact of deferring of revenue on certain professional services income streams	349	496
Impact of deferring of revenue on certain licence income streams	15	(126)
Management Revenue	257,862	223,516

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:

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Operating profit / (loss)	19,407	19,991
Depreciation and amortisation		
Depreciation and loss on disposal of property, plant and equipment	11 3,519	3,980
Depreciation and loss on right-of-use assets	12 2,438	1,979
Amortisation of intangibles	10 62,840	54,822
	68,797	60,781
Acquisition related items		
Transaction related costs	6 10,247	9,037
Post-acquisition integration costs	535	2,422
Revisions to deferred consideration for prior year acquisitions	-	(379)
Effect of fair value of contract liabilities on acquisition	1,774	688
	12,556	11,768
Adjustments required to recognise the cash impact of staff costs and asset rentals		
Impact of recognising sales commissions and certain income streams as they fall due	(2,437)	(3,399)
Impact of recognising rents as they fall due	(1,744)	(2,101)
Impact of share based payments	5,852	1,468
	1,671	(4,032)
Material non-recurring investment expenditure		
Transformational projects including Next Generation Elements Product Suite	2,360	2,791
Costs relating to the implementation of a single, integrated group wide ERP	7,212	6,973
	9,572	9,764
Restructuring		
Restructuring costs including redundancies and office closures	1,682	4,305
	1,682	4,305
Management EBITDA	113,685	102,577

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. Management exceptional items include transaction related costs, post-acquisition integration costs, impact of deferral of sales commissions & licence revenue (IFRS15), recognition of rental expense (IAS17 vs IFRS16), share based payments' expense (IFRS2), material non-recurring expenditure on transformational projects, and restructuring costs. This measure is in line with management reporting and forms the basis of the Groups leverage calculations as required by the finance agreements with lending banks. The impact of recognising sales commissions and certain income streams as they fall due of £2,437,000 (2021: £3,399,000) and the impact of recognising rents as they fall due of £1,744,000 (2021: £2,101,000) has also been removed as this impact was not included in the Management Accounts for the year ended 30 April 2022 and is consistent with our reporting to our shareholders and lenders.

MANAGEMENT OPERATING CASH FLOW

Management operating cash flow, which is a non-GAAP measure, represents the basis on which Management review the performance of the Group and is defined as net cash flows generated from operating activities before tax, and after capital expenditure and ongoing development expenditure and excludes management exceptionals and the impact of recognising rents as they fall due. It may be reconciled as follows:

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Net cash flows generated from operating activities	89,690	77,171
Acquisition related items paid	9,222	12,055
Costs paid for transformational projects including Next Generation Elements Product Suite	3,636	1,936
Restructuring costs paid	1,906	3,250
Costs paid relating to the implementation of a single, integrated group wide ERP	7,503	5,648
Taxation paid	423	2,012
R&D tax credits	-	(602)
Purchase of tangible assets	(1,591)	(1,332)
Development expenditure	(7,103)	(4,627)
Rent paid	(2,841)	(1,340)
Management operating cash flow	100,845	94,171

Notes to the Financial Statements (continued)
for the Year ended 30 April 2022

35 OFF BALANCE SHEET ASSETS AND LIABILITIES

The group receives funds from clients to settle their payroll liabilities. These amounts are kept in separate bank accounts which are under the control of the Group. At 30 April 2022, the amount of cash held in the accounts on behalf of clients was £114,085,000 (2021: £19,522,000). Neither the cash held, nor the payroll liabilities of the clients are recognised in the Groups' financial statements, as the obligation and the cash remain those of the client.

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 Group's ultimate Parent Company, Perennial Newco 2 Ltd, at 30 April 2022 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.

37 AUDIT EXEMPTION UNDER SECTION 479A OF THE COMPANIES ACT 2006

The Directors consider that subsidiaries of the Group are entitled to exemption from the requirement to have an audit under the provision of section 479A of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

IRIS Debtco Ltd has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under section 479A of the Companies Act 2006 in respect of the year ended 30 April 2022:

	<u>Registration number</u>
123Comms Ltd	04336436
APS Global Limited	06975759
Atomic IT Limited	02389545
Bacsflo Limited	11666142
Biostore Ltd	05532773
Blayhall Professional Limited	09315219
Datacode Tech Limited	11657994
Dataplan Holdings Limited	11218578
Dataplan Payroll Limited	06475128
Eurowage Limited	05653596
FMP Global Bidco Ltd	10024670
FMP HR and Payroll Software Ltd	09811970
FMP Payroll Services Ltd	09855245
Galaxy Payroll Ltd	01553154
Hosted Accountants Ltd	07794433
Indigo Marketing Ltd	06741443
Innervision Management Ltd	02813804
IRIS Bidco Ltd	11369168
IRIS Business Software Ltd	02050075
IRIS Canada Holdings Limited	13506519
IRIS Group Ltd	03193619
IRIS Holdings Ltd	04091087
IRIS Midco Ltd	11367962
IRIS Payroll Software Ltd	05915912
IRIS Payroll Solutions Ltd	01865495
IRIS Resourcing Ltd	06229817
IRIS Software Group Ltd	06295385
IRIS US Holdings Ltd	13407074
iSAMS Limited	05652119
Kashflow Software Ltd	05674043
Kinetic Marketing & Design Limited	06344400
MCN Associates Ltd	06938254
P S Financials Ltd	04323067
Payplus Limited	06642764
PTP Software Ltd	03166974
Results Squared Ltd	05897771
Sandgate Systems Limited	07442104
Senta SaaS Limited	08964408
Staffology Limited	11759993
Star Computer Group Ltd	04432362
Star Professional Software Solutions Ltd	09296195
Sweep Limited	11666104
TaxFiler Ltd	08168004
The Practice Engine Group Ltd	03938072
Troncmasters Limited	11658096
Truancy Call Ltd	04125665
Virtual Business Source Limited	08500475

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.