

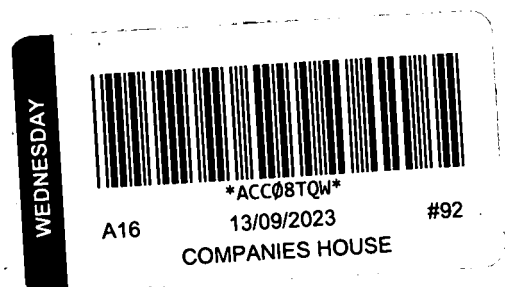


IRIS Debtco Ltd

Annual Report and Financial Statements

For the year ended 30 April 2023

**Company Registration: 11368604
England & Wales**



IRIS Debtco Ltd

**Annual Report and Financial Statements
For the year ended 30 April 2023**

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IRIS Debtco Ltd

Company Information
For the year ended 30 April 2023

Directors

K Dady
E Mortimer-Zhika
M Cox
N Humphries
D Lockie

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470 London Road
Slough
England
SL3 8QY

Registered Number

11368604

Independent Auditors

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Reading
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Annual Report & Financial Statements**For the year ended 30 April 2023****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 2023. 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 18 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 leading investor in European and transatlantic software and business services. Hg's focus is on building transatlantic champions that provide critical services for many thousands of businesses globally. Hg's purpose is to invest in the future – helping to progress workplace automation and digitisation trends still in early stages of adoption, set to transform the workplace for professionals over decades to come. 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 creating sustainable value by partnering with ambitious businesses.

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>

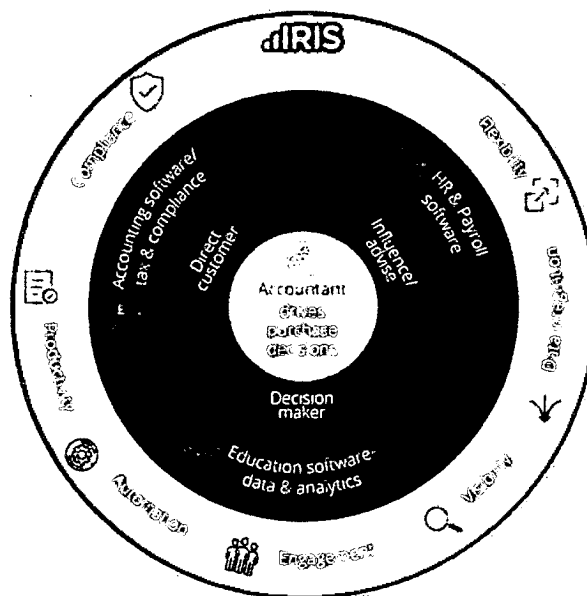
IRIS is one of the largest privately owned software companies in the UK, providing businesses with mission-critical operational software and services designed to work first time, every time. We started 45 years ago, focussing on accountancy software and have evolved during that time and are now relied on by more than 100,000 customers across 135 countries in accountancy, education and business. Accountants are at the centre of everything IRIS stands for. Our evolving best-in-class software solutions help our customers manage compliance complexity. We help organisations to make better business decisions by developing integrated software solutions to minimise admin, make business processes more efficient and give more time to do what's valued. Accountants, schools, and teams in payroll, HR and finance use our software and services to solve some of the most important operational business problems. These include the need to remain compliant with the law, drastically reduce time spent on administration and reporting; and generating actionable data insights to make better business decisions. 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.

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.

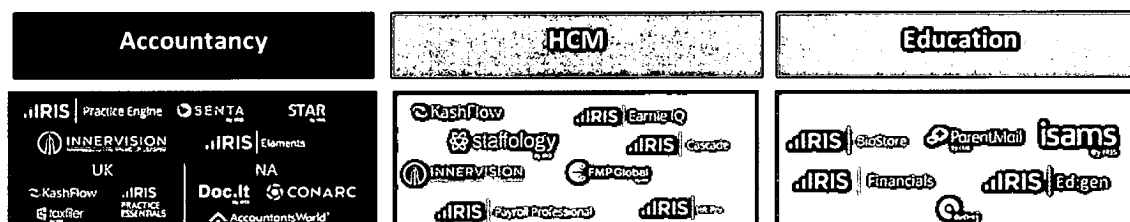
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Our business model



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, infrastructure 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

Our revenue is primarily generated through provision of software and services to end customers. Software services are principally provided 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. 57% of our software revenue during 2023 was derived from cloud-based products (2022: 50%), 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.

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.

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Adding Value

By understanding the needs of our customers, we focus on delivering what our customers want through continued development of existing products and solutions, as well as acquisition of new products. Our customers are able to access a wide choice of modules and functionality that are not offered by our competitors. This has all been possible with the investment in highly skilled and experienced employees and teams who are able to deliver these 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.

Why Customers Choose IRIS

Our trusted position and specialist knowledge allows us to drive the adoption of new functionality and modules to existing customers and our broad product offering is attractive to new customers. With our increased investment in Cloud technologies we remain well positioned to continue this growth strategy for many years to come.

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.

Group Values

Our business success is underpinned by our Group Values – created by employees to support our vision, mission and culture and designed to make an IMPACT.

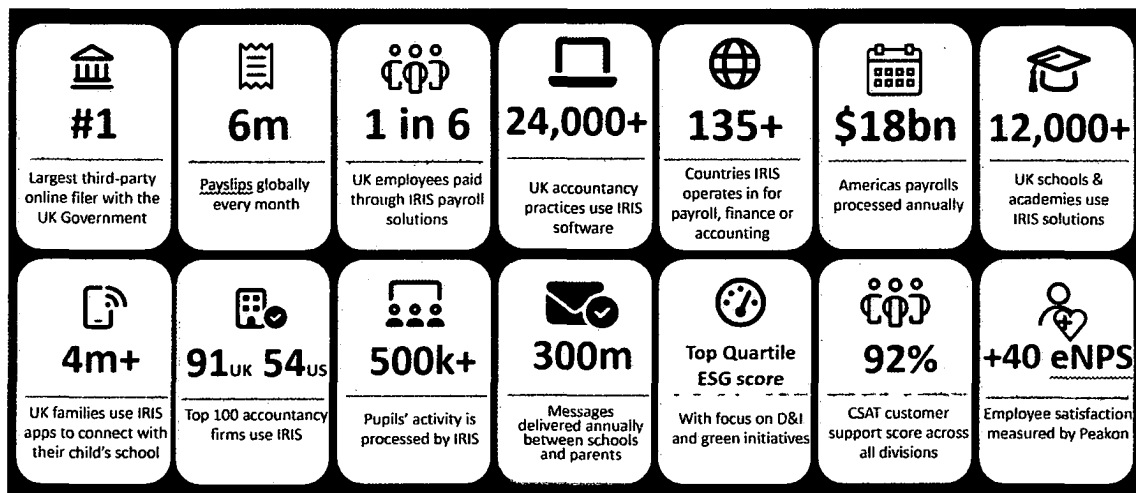
I  Innovation	M  Make it Happen	P  Passion	A  Accountability	C  Customer Focus	T  Teamwork
We are creative and fearless in our work and curious and hungry to discover smarter solutions. We always focus on improvement and embrace change.	We focus on the task at hand and produce high-quality results within ambitious timescales. We set stretch goals for ourselves and our teams and deliver at pace.	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.	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.	The customer's needs are our priority. We exceed their expectations and delight them with outstanding service and great outcomes.	We work effectively both independently and with colleagues. We collaborate widely and build supportive, open environments where people give their best. We appreciate, respect and care for others.

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Business Activity

Key highlights



Our award-winning products are used by more than 100,000 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. Five million employees are using our payroll and HR software, with 1 in 6 people in the UK being paid through our payroll solutions. We are the largest third-party online filers of taxes with the UK Government. 300 million messages are delivered annually between schools and parents, with 500,000 pupils' activity being processed by us. 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.

We are delighted with the continued recognition we receive for our products and services and are elated to have received many awards for our effective and successful business solutions provided to our customers. During the year, we won a number of awards, including:

- Bett Awards 2023 (Company of the Year)
- National MAT Awards 2023 (Company of the Year)
- UK Tech Awards 2022 (Tech Company of the Year)
- Thames Valley Tech Awards 2022 (Tech Employer of the Year)
- K2 Enterprises Awards 2022 * IRIS Americas (Prime Award, Technical Support Award and Small CPA Firm Solution Award)
- Global Payroll Awards 2022 (Payroll Manager of the Year)
- Vuzion Cloud Awards 2022 (UK Azure Partner of the Year)

We are proud that our accolades also extend beyond our products. We were thrilled to be awarded the prestigious accolade of A Great Place to Work™ for the third year running in November 2022. In addition, we have also been recognised as:

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- one of the UK's Best Workplaces Super Large (1,000+ employees) in 2023;
- one of the UK's Best Workplaces for Women in 2023 (ranked #30);
- one of the UK's Best Workplaces for Wellbeing in 2023 (ranked #42); and
- ranked ninth in the 'Super Large' UK's Best Workplaces in Tech in 2022

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. We are also proud to have:

- been featured in 'Top 100 Businesses Enabling Entrepreneurship 2023' list by The Independent
- been featured in '100 Best Companies to Work for in the South East' list by The Business Magazine
- been featured in '10 Innovative Tech Companies in the Thames Valley 2023' list by The Business Magazine
- our CEO, Elona Mortimer-Zhika, featured in Ignition's Top 50 Women in Accounting list 2022
- Elona featured in the 'Top 100 People' list by Accounting Today
- been named HM Government G-Cloud Supplier 2022
- Been part of the CIPP Payroll Assurance Scheme 2022

Culture

We recognise that our employees are our most valuable asset. Our 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 outlined above 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, built on the belief that great employee experiences are better for people, for business and for the world. 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. Our certification confirms that our 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.

The Great Place to Work for Women certification recognises our commitment to ensuring all employees are able to reach their full potential, regardless of gender. We are a strong advocate for equality and have 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 above the UK's tech average of 30%. With this figure, IRIS leads the way in championing workplace inclusivity. More information on gender diversity can be found on pages 14 to 15.

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We continue to offer flexible/hybrid working arrangements as well as remote training and events, making these more accessible to our people.

We acknowledge the contribution our younger generations will make, and the impact they will have on our future and therefore believe in the importance of nurturing talent as early as possible. Supporting these individuals will allow them to be successful in whatever their chosen career may be. 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 need a little extra support and encouragement.

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

We have continued to invest heavily in development, as in previous years. Overall, over 500,000 development hours have been recorded. This includes further investment in our ground-breaking cloud platform, IRIS Elements. Elements is an adaptive cloud-based platform that allows customers to access data in one place. Consisting of a number of essential modules including IRIS Elements Tax, IRIS Elements Accounts Production and IRIS Elements Practice Management, IRIS Elements allows our customers to add products as and when they need, allowing them to grow at their own pace. In addition, we continue to develop our NextGen Payroll and Education software, allowing our customers to access first class cloud-based products.

Acquisitions

We have continued our trend of acquisitions during the financial year, acquiring four businesses across the Americas, UK and Ireland. These acquisitions complement and enhance our product offering in each of our core markets, including two in the US which are instrumental to our strategic priority of expansion in the Americas. Businesses are selected where products complement our own products, as well as having proven success in our core markets.

Americas acquisitions

In October 2022, having previously announced the signing of a binding agreement in May 2022, we completed the acquisition of managed payroll business myPay Solutions (Creative Software Solutions Corp). myPay Solutions provides comprehensive outsourced payroll and associated banking and tax services via CPA firms to small and medium-sized businesses across all 50 states in the United States.

myPay Solutions is a further strategic step in IRIS' mission to better serve the CPA market in the Americas, adding a complementary service offering to IRIS' domestic and international payroll, and HR consultancy.

Our Americas expansion continued in February 2023 with the acquisition of Apex HCM, a leading cloud-based HCM software provider for payroll service bureaus (PSBs) and Certified Public Accountant (CPA) firms.

Founded in 2008, Apex's software is used by over 250 PSBs and CPA firms across the US to provide payroll services to over 40,000 SMB and 400,000 employees. Its integrated HR modules also enable PSBs and CPAs to serve their SME clients with recruitment, onboarding, benefits administration, and time and attendance software from a cloud-native platform.

Annual Report & Financial Statements**For the year ended 30 April 2023**UK and Ireland acquisitions

On the first working day of the financial year, we completed 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 October 2022, we completed the acquisition of Networx, a leading Applicant Tracking System (ATS) and recruitment software and services provider in the UK.

Founded in 2001, Networx provides simple, clever ATS and recruitment software and services to over 400 companies across many sectors in the UK including education, finance, legal, retail, hospitality and housing. Its integrated recruitment software enables in-house recruitment teams and HR professionals to successfully attract, engage, manage, and onboard top talent. This closely aligns with our mission to take the pain out of processes and ensure professionals gain back the time they need to add value to achieve their business goals.

Stability and growth

As at 30 April 2023, the Group had £37.5 million of cash resources excluding client funds (2022: £123.2 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 page 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, and achieve high cash conversion, 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
To increase our revenue	
Grow 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 consistently 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.

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<i>To increase revenue generated from Cloud products</i>	Continued investment 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 acquisitions AccountantsWorld, Every, iSAMS, Staffology and Senta in recent years 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 57% (FY22: 50%). Through continued investment, we will continue to develop our cloud offerings. 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 have been investing heavily in our Next Gen HCM platform which will revolutionise the traditional administrative functions of HR departments.
<i>To grow revenue generated in the Americas</i>	Continue to identify opportunities to expand our business in the Americas 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 the Americas. During the year we successfully completed two further acquisitions in the Americas – myPay and Apex, helping to drive 123% growth in the Americas in year (FY22: 68%). Further detail can be found on page 62. To support our Americas expansion, we have continued to strengthen our local senior leadership team, headed by Jim Dunham, President, Americas. This team will continue to 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.
<i>Cash conversion</i>	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 have a dedicated in-house procurement function which has introduced the required expertise to deliver on procurement initiatives.

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The Group and Company have no events to report after the balance sheet date.

Key Performance Indicators

In order to understand and assess the performance of the Group, a number of measures are monitored and reported on a monthly basis by Management. The Key Performance Indicators (KPIs) of the Group, which are consistent with our covenant reporting requirements, are:

- Management Revenue;
- Recurring Revenue;
- Management EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation);
- Management Operating Cash Flow; and
- Cash Conversion.

Management results for the Group are summarised as:

	2023	2022	2021	2020
Management Revenue (£m)	321.7	257.9	223.5	199.4
Recurring Revenue (%)	92	92	90	90
Management EBITDA (£m)	138.1	113.7	102.6	92.2
Management Operating Cash Flow (£m)	136.1	100.8	94.2	86.8
Cash Conversion (%)	99	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 33 to the financial statements for further details.

Management Revenue and Recurring Revenue

We achieved Management Revenue of £321.7 million - up by 24.7% from 2022, and maintained high recurring revenue rates of 92% (2022: 92%). 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:

	2023	2022	2021	2020
Support & Subscription (£m)	230.9	194.3	171.8	153.6
Transactional (£m)	10.4	6.9	6.0	7.0
Managed services (£m)	58.8	36.8	28.0	17.6
Recurring revenue (£m)	300.1	238.0	205.8	178.2
Professional services (£m)	14.9	13.9	12.0	14.8
Licence & other (£m)	6.7	6.0	5.7	6.4
Total revenue (£m)	321.7	257.9	223.5	199.4
Proforma revenue (£m)	340.9	303.9	n/a	n/a

Acquisitions during the year contributed £16.9 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 £340.9 million (2022: £303.9 million).

Annual Report & Financial Statements**For the year ended 30 April 2023****Management EBITDA**

Management EBITDA, as defined in note 33, represents the basis on which management review the performance of the Group, taking account of non-trading and management exceptional items. Management EBITDA of £138.1 million was achieved during the year, representing a growth of 21%, and a margin of 42.9% (2022: 44.0%).

If the acquisitions had occurred at the start of the financial year, Management EBITDA for year ended 30 April 2023 would have been £141.8 million (2022: £124.4 million).

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 2023 we achieved Management Operating Cash Flow of £136.1 million (2022: £100.8 million) and cash flow conversion of 99% (2022: 89%). The increase in conversion percentage in the year ended 30 April 2023 is primarily driven by increased focus on cash collection.

Statutory measures

The statutory equivalents of the above measures are presented below:

	2023	2022	2021	2020
Revenue (£m)	319.1	255.7	222.5	195.0
Operating profit (excluding depreciation and amortisation) (£m)	96.3	88.2	81.0	76.3
Operating Cash Flow (£m)	99.7	86.0	77.2	78.7
Cash Conversion (%)	104	97	95	103

Revenue has increased by £63.4 million (25%) 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 £96.3 million (2022: £88.2 million) primarily driven by an increase in revenue, offset by increased costs.

During the year we achieved an Operating Cash Flow of £99.7 million (2022: £86.0 million) and cash flow conversion of 104% (2022: 97%). Excluding movements in client held funds we achieved an Operating Cash Flow of £124.4 million (2022: £90.1 million) and cash flow conversion of 129% (2022: 102%).

Financial Position

At 30 April 2023, the Group had cash balances excluding client funds of £37.5 million (2022: £123.2 million) and borrowings (including accrued interest and excluding preference shares) of £1,283 million (2022: £1,236 million). See note 20.

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As at 30 April 2023, the Group's borrowing facilities were as follows:

	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 9.60x. At year end the leverage was substantially below this level at 5.25x. The acquisitions during the year were funded through available cash resources which has driven the decrease from 6.03x as at 30 April 2022.

The PIK Notes Facility shown above is the original principal amount and does not include total accrued interest of £160.8 million which rolls 6-monthly and is compounded into the balance outstanding. The total balance at 30 April 2023 stood at £420.8 million (2022: £378.2 million).

Environmental, Social and Governance (ESG)

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

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 improved our ranking in the Hg annual ESG (Environmental, Social and Governance) survey, moving up to first place, which highlights the great work we are doing in this area.

 Sustainability We're committed to being a sustainable business and work to identify, share, educate and promote environmental awareness within our business.	 Society We believe it's important to give back to charities and our communities. We regularly fundraise and support causes close to our hearts.	 Our People We are a company built on hiring the best people. Our people are our greatest asset. They enable us to be the innovative, market-leading and high-performing company that we are today.	 Governance We are committed to the highest standards of corporate governance and here you can find details about our policies, processes and information about our business.	 IRIS Companies We have propelled the business through both organic development and acquisitions. The mission is to acquire best of breed technology so customers can benefit from true automation and integration.
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Our 'Green Group' – our internal champions for sustainability at IRIS – meet monthly to discuss environmental issues. The aim of the Green Group is to identify, share, educate and promote environmental awareness within IRIS, encouraging the adoption of green initiatives and targets to help influence both the business, our employees, our outputs and our culture in lessening our environmental impact.

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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 stationery 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
- working on green business certifications
- recycling old equipment including donating laptops we are no longer able to use

* two of our major suppliers have committed to being net zero by 2025

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 27 to 28.

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 support community projects and charities. Our employees make use of their three 'giving back' days to volunteer in a number of ways, including fundraising for a charity of their choice, being a school governor, charity trustee, reading with school children through the Bookmark scheme, mentoring in schools and running money management courses, both externally in conjunction with charities, schools and other community groups, 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, 365 days (2022: 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 £25,750 (2022: £28,060) has been donated to charitable causes.

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,

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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

Gender equality, equal opportunity, and the power of diversity have always been at the heart of IRIS. At all levels of the organisation, we are passionate about celebrating differences, proud to encourage employees to bring their whole selves to work and committed to growing our diverse workforce. With our determination and promise to continue investing in an extensive range of programmes that promote gender equality and support the women of IRIS, we can continue to make IRIS an even better place to work. Our championing of women in leadership has been recognised through our recognition as a Great Place to Work for Women. Since its launch in 2020, we've welcomed 264 women into our Women in Leadership programme. We've also welcomed 12 women into the IRIS family as part of our Returnship programme and improved our equality scores that are measured as part of our regular employee surveys.

We support our gender equality strategy through our THRIVE programme:



Launched in 2021, THRIVE started as a women's development programme with the mission to ensure that women at IRIS and girls in local communities received ample support and had the confidence to pursue their goals and succeed. To achieve these goals, the programme focused on three pillars for success:

- reducing our gender pay gap;
- enhancing women's wellbeing; and
- uplifting young women.

We're delighted to have achieved many milestones throughout the year, such as partnering with Greater Manchester Combined Authority to offer young people a 'workplace safari' day in our Manchester office to experience life at IRIS. As of 1 January 2023, we have increased the percentage of female UK managers to 44%. For the coming year, our particular focus for THRIVE is to ensure we are increasing female representation at all levels, and in currently underrepresented areas in IRIS, such as Engineering, Sales, IT, and Leadership.

IRIS Group is led by nine board members, of which one is female. Its Executive Team (including Executive Board members) comprises of four female leaders and ten male leaders. Our latest Gender Pay report was published in January 2023 and covers the tax year ended 5 April 2022. The measures for the report are calculated using core IRIS Group employees (which excludes non-UK staff and employees still employed by newly acquired entities). For 2021/22, the business comprised of 1,713 (2020/21: 1,381) employees with women representing 43% of roles - this exceeds the technology sector average of 30% women. We are proud to have increased the number of women in our UK workforce by over 25% since our last report. The percentage of women in top quartile jobs has increased by 4% since 2020/21, with women now making up 30% of upper quartile jobs. Increasing

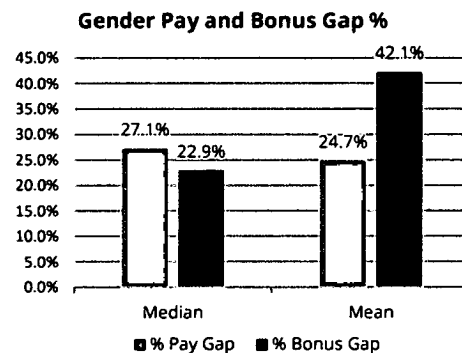
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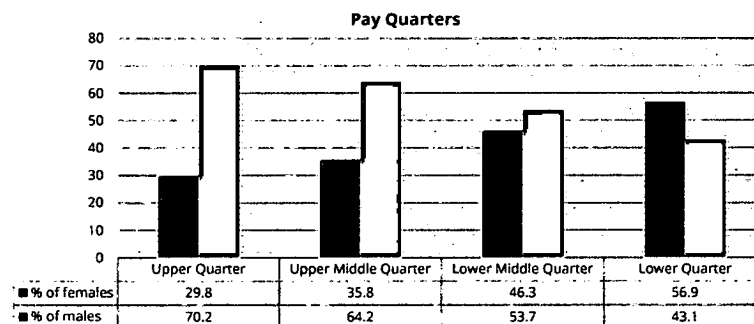
the number of women in the Group and moving towards an equal distribution of men and women across all levels continues to be an area of focus for us.

Gender Pay Gap

Figures reveal that for 2021/22, our mean pay gap went up slightly from 22% to 25%, while the median pay gap increased from 25% to 27%. The median bonus gap reduced to 23% (2020/21: 68%), while the mean was 42% (2020/21: 38%). 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 96% (2020/21: 62%) of women received a bonus, compared to 98% (2020/21: 55%) of men.



Source: IRIS Gender Pay report 2021/22



Source: IRIS Gender Pay report 2021/22

We pride ourselves on being a diverse organisation and appreciate that each of our employees will have different needs and priorities. We work hard to help each person find their strengths. A core part of our approach is to offer women a positive, supportive, and flexible working environment that empowers them to succeed. 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.

To support progress, during 2023, we will focus on four key pillars of success which are designed to encourage and empower employees across the IRIS family to get involved and help us collectively achieve our diversity goals.

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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 • Shining a light on inspirational female managers in the business through a special feature on our Intranet page • Running learning and development events for women focusing on perceived or real barriers to success and launching/promoting female-focused courses • Promoting our Women into Leadership • Programme to foster and cultivate talent among our female colleagues • Achieving 9 out of 10 for 'Equality' in our regular employee surveys (Peakon)
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>	• Reviewing our policies to ensure inclusivity for trans women and non-binary employees. • Continuing to support working parents with flexible working patterns including a UK-wide hybrid working policy. • Encouraging an open culture where it is acceptable to fairly challenge practices and pay. • Supporting business-wide networking through regular leadership events and our annual IRIS conference. • Continuing our 'Mentoring for Parents' scheme to connect returning parents with a colleague who's been through the same experiences and share advice. • Working with hiring managers to build balanced shortlists of candidates.

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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 is happy and healthy. 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 and encouraging a healthy work life balance • 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 and generous holiday entitlement • Continuing to train Mental Health First Aiders to provide wellbeing support and running weekly Workplace Support groups on a range of topics.
Increasing representation at all levels <i>We will strive to increase the percentage of women in the workforce to 48% by the end of April 2024. To achieve this goal and ensure we are increasing the representation of women at all levels, and in areas that are disproportionately inhabited by men, we have been promoting our THRIVE programme.</i>	• Using gender-neutral language in job adverts and encourage returnships. • Reviewing our career path maps to help employees unlock their full potential across the organisation. • Implementing unconscious bias training for recruiters and hiring managers. • Working to ensure there is 1 female successor for all key roles • Focussing on increasing the percentage of female Heads of Function from 28% to 50% and increase the number of female Executives, to achieve more equal representation for women in leadership. • Adapting our promotion policy to encourage women applicants who may otherwise not feel confident enough to apply.

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Principal Risks and Uncertainties

As for other businesses, there are a number of risks and uncertainties that may affect our business activities. 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		FY23 vs FY22
	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.  	IRIS continues to invest in cyber security measures, including improvements to identity protection, security monitoring and ransomware defence. We have increased the scope of our cyber essentials certification to the whole business and have implemented a new security policy framework to support our global regulatory requirements. Extensive investments have been made in preventative security capabilities within our software development processes. These include developer training, improvements in architectural governance and standardisation, as well as technical capabilities to ensure all strategic products use tools to detect threats from our software supply chain and threats from defects in code.
<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 inflationary pressures, rising interest rates and global events such as international conflicts (e.g. Russia and Ukraine).  	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 direct financial exposure in Russia or Ukraine.

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Risk	Mitigation
<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. We have continued to invest heavily in our ambitious IRIS Elements multiyear programme add more products to our cloud platform, which will deliver product functionality across our core product suite going forward. In addition, we continue to develop our NextGen payroll and NextGen education cloud products, demonstrating our commitment in this area. Project Quantum, our business transformation programme, which brings our customer facing and back office systems together, continued during the year and have now begun to migrate our Accountancy customers onto the new platform.
<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.

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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 monitor and 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 the Americas.
<u>Retention and recruitment 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. Recruitment of skilled software engineers and 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 strive to limit reliance on third party expertise by employing directly and promoting from within. We place significant focus on our employees, ensuring we attract the highest calibre individuals and maintain high employee satisfaction through continued development, linking to the strategy of #1RIS. This includes identification of Top Talent across the business and personalised development plans aligned to our career framework. We also include cross training across multiple products to remove any single points of failure. We are proud to be growing our workforce globally, including our hubs in India and Romania. For our senior leaders, we have been focussing on ensuring we have appropriate succession plans in place.
<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 creation plans are delivered.

Future Outlook

Looking ahead, the Directors believe that there continue to be substantial opportunities for further growth, both organically and from acquisitions. There will be continued focus on investment in Cloud technology, growth within the Americas and further acquisitions to strengthen core product portfolios, as well as taking advantage of significant cross-sell opportunity and operational synergies within our core markets.

We will continue to work with customers to understand their needs, keep abreast of changing legislation and evolve our product offering to respond to these factors. Our investment in Cloud technologies and product integration will ensure we are able to keep pace with the growing demand for these products.

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 for another fantastic year. A big thank you to all our IRIS employees for their

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excellent service to our customers and contribution to our results, and also our customers for continuing to choose IRIS.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Elona', written over a horizontal line.

Elona Mortimer-Zhika
Chief Executive Officer
11 August 2023

Annual Report & Financial Statements**For the year ended 30 April 2023**

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 2023.

Principal Activities

With over 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 the Americas, with operations in the US and Canada achieved through acquisitions as well as other territories across Europe.

The future outlook of the Group is outlined in the Strategic Report on page 20.

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 excluding client funds of £37.5 million as at the year end (2022: £123.2 million) and the use of an available revolving credit facility of up to £40 million (2022: £40 million). At year end the balance drawn on this facility was £nil (2022: £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 2023, the Facility B and Acquisition Facility loans, of £795 million and £75 million respectively, remained fully drawn down. The total Facility B at the year end was £795 million (2022: £795 million) and was fully drawn (2022: 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 April 2023 and remained undrawn at the year end. At 30 April 2023, the facilities have a bullet repayment and remaining term of 2.5 years. The Revolving Credit facility will assist the Group to achieve its growth ambitions both organically and by further acquisitions.

As at 30 April 2023 the Group has borrowings gross of unamortised fees and including accrued interest of £2,389 million (2022: £2,228 million).

Interest Rate Risk

The Group holds its borrowings through long-term variable rate facilities. In October 2022, the Group entered into new 2-year interest hedge contracts to protect against market volatility with rapidly increasing interest rates. The contracts consist of a series of fixed SONIA interest swaps for a total notional amount of £435 million.

Credit Risk

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

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced.

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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 2023, no income derived from a single customer exceeded 1% of the Group's revenue.

Going Concern

The Group has very strong liquidity with £37.5 million of cash excluding client funds as at the reporting date (2022: £123.2 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 (2022: £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 (2022: £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 Lockie
D Packford
N Humphries
S Roddis (resigned 23 December 2022)
K Loosemore
D Simon
J Jefferies

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Director roles on the Board are as follows:

Executive Directors	
Kevin Dady Executive Chairman Appointed 6 September 2018 Industry experience: 25+ years	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 over 25 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. Kevin is also a non-Executive director of Literacy Capital.
Elona Mortimer-Zhika Chief Executive Officer Appointed 6 September 2018 Industry experience: 20+ years	Elona is the Chief Executive Officer of IRIS Software Group and all of its subsidiaries. Elona is dedicated to ensuring IRIS is the most trusted provider of mission-critical software and services. She is very passionate about building winning teams that put customers at the heart of everything IRIS does, providing them with an exceptional experience and value-add solutions. IRIS was crowned the winner of the 2022 UK Tech Business of the Year Award. Elona joined IRIS in 2016 as Chief Financial Officer and was promoted to Chief Operating Officer in 2018, and then Chief Executive Officer in 2019. 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 100 Most Influential People in Accounting in the US 2022, 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 Chief Financial Officer Appointed 1 February 2019 Industry experience: 15+ years	Michael is Chief Finance Officer at IRIS and is responsible for all global finance and legal operations. Prior to joining IRIS in 2016, 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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Non-Executive Directors	
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 and Data 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.
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. David provides consulting services to private equity groups in the UK & Europe and is also a Non-Executive Director of Verve Partners. 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 Executive Chairman of Micro Focus from April 2011 until Feb 2020. Kevin served as Non-Executive Chairman of DeLaRue Plc from Sept 2019 until April 2023. He 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.
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.

Annual Report & Financial Statements**For the year ended 30 April 2023****Directors' Indemnities**

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

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 18.

Employees

Our employees are our most valuable asset. For the business to succeed we need to ensure we are supporting and managing our employees' careers, offering opportunities for learning and development and ensuring success is recognised. Common values inform and guide internal behaviour so we can achieve our goals in the right way. We encourage recognition of every success with an emphasis on teamwork, individual contribution, inclusion and diversity. Our values are included on page 4.

We have a committed and skilled workforce and the our 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. We have listened to feedback on the benefits we offer and continue to enhance flexible benefit schemes which gives our employees the opportunity to choose appropriate benefits to suit their lifestyles while ensuring a core benefit package that supports our duty of care to employees.

Employee Consultation

We place considerable value on the involvement of our employees and we continue to keep them informed on matters affecting them as employees, as well as on the various factors affecting the performance of the wider business. This is achieved through formal and informal meetings including monthly all company update meetings, the Group's intranet and the CEO's weekly blog. We continue to gain employee feedback through our monthly Peakon surveys, allowing us to understand how

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employees are feeling. Since we launched these monthly surveys in December 2020, we've had an aggregated participation rate of 88%.

Learning and Development

The education and development of our employees remain a priority. With the intent of attracting, recruiting, developing and retaining key employees, we maintain 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 as well as through informal Lunch and Learn sessions run in various departments. 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. We maintain a website, which is freely accessible, as well as an intranet site which is accessible to all employees.

A focus on learning and development has resulted in over 759 employees attending 180 different courses during the year. Many courses are delivered virtually, which makes them accessible to all employees, however, there are some programmes which are specifically run as face-to-face sessions, such as our Leading and Managing with IMPACT courses. As well as our standard offering of courses, we regularly launch new courses for our employees to participate in.

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 page 13.

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

For this reporting period we have again seen an increase in emissions during the year as restrictions put in place by the Government have been all removed. We continue to welcome back more staff 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 further acquisitions, some of these are in older and less energy efficient buildings.

Our Green Group will continue to monitor our performance and identify ways to keep our emissions as low as possible. We have recently contracted with a Company, Normative, to start to record monthly GHG emissions, so we can monitor, track and put plans in place to reduce our carbon footprint.

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

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		Year ended 30 April 2023			Year ended 30 April 2022		
Type of emission	Activity	kWh	tCO ₂ e	% of total	kWh	tCO ₂ e	% of total
Scope 1	Natural Gas	37,471	7	1.9%	8,341	2	0.8%
Scope 2	Electricity	845,403	163	43.7%	591,479	126	49.8%
Scope 3	Grey Fleet	822,255	203	54.4%	536,646	125	49.4%
Total gross emissions		1,705,129	373	100%	1,136,466	253	100%
Intensity metric:							
Number of employees (average for the year per note 5)			3,100			2,573	
Tonnes of CO ₂ e per employee			0.12			0.10	

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

We have well-developed health and safety policies and procedures, safeguarding employees, contractors and visitors in compliance with applicable registration and practice. Mental health continues to be a key focus for us and our main priority is the wellbeing and safety of our colleagues. We are proud to have supported the training of 41 mental health first aiders.

Customers

Ensuring customers are provided the best quality products and services is fundamental to our strategy. We are 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 our annual performance. For further details on how we work with customers, please see page 4.

Suppliers

We have established a procurement framework and have policies in place for 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.

Investors

The Board is committed to openly engaging with investors. For more information on our investors, please see page 2.

Annual Report & Financial Statements**For the year ended 30 April 2023****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.

Our 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, David Packford (see biography on page 25). 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 is also responsible for 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;
- 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.

Annual Report & Financial Statements**For the year ended 30 April 2023**

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 company'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 accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and company's position and performance, business model and strategy.

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
11 August 2023

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 2023 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 as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Parent Company Balance Sheet as at 30 April 2023; 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 2023 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 the 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/or reduce expenses included within EBTIDA; 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.

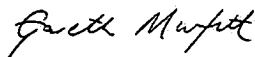
Other required reporting

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
11 August 2023

**Consolidated Income Statement
for the Year ended 30 April 2023**

	Note	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Revenue	4	319,080	255,724
Cost of sales		(31,416)	(25,766)
Gross profit		287,664	229,958
Administrative expenses		(270,522)	(210,551)
Operating profit	6	17,142	19,407
Finance income	7	4,289	186
Finance costs	8	(230,474)	(183,839)
Loss before tax		(209,043)	(164,246)
Income tax credit / (charge)	9	6,893	(14,353)
Loss for the year		(202,150)	(178,599)
Attributable to:			
Equity holders of the parent		(202,752)	(179,033)
Non-controlling interests	32	602	434
		(202,150)	(178,599)
		2023 £'000	2022 £'000
Management Revenue	33	321,673	257,862
Management EBITDA	33	138,054	113,685

Consolidated Statement of Comprehensive Income
for the Year ended 30 April 2023

	Note	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Loss for the year		(202,150)	(178,599)
Other comprehensive (expense)/ income			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		<u>(2,524)</u>	<u>7,314</u>
		<u>(2,524)</u>	<u>7,314</u>
Total other comprehensive (expense)/ income		<u>(2,524)</u>	<u>7,314</u>
Total comprehensive expense for the year		<u>(204,674)</u>	<u>(171,285)</u>
Attributable to:			
Equity holders of the parent		(205,113)	(171,864)
Non-controlling interests	32	<u>439</u>	<u>579</u>
		<u>(204,674)</u>	<u>(171,285)</u>

Consolidated Balance Sheet
As at 30 April 2023

	Note	2023 £'000	Restated 2022 £'000	Restated 2021 £'000
Assets				
Non-current assets				
Intangible assets	10	1,848,508	1,779,324	1,614,110
Property, plant and equipment	11	4,802	5,692	7,085
Contract assets	4.1	10,571	9,276	7,674
Right-of-use assets	12	14,106	12,081	12,176
Deferred tax	17	261	2,952	797
		<u>1,878,248</u>	<u>1,809,325</u>	<u>1,641,842</u>
Current assets				
Inventories		195	112	75
Trade and other receivables	14	78,926	73,906	46,913
Corporation tax		784	1,999	1,085
Contract assets	4.1	5,355	4,127	2,857
Cash and cash equivalents	15	183,614	237,239	99,306
		<u>268,874</u>	<u>317,383</u>	<u>150,236</u>
Total assets		<u>2,147,122</u>	<u>2,126,708</u>	<u>1,792,078</u>
Current liabilities				
Client obligations	15, 18.3	146,073	114,085	19,522
Trade and other payables	16	1,542,058	1,375,723	1,225,067
Corporation tax		2,205	2,476	631
Lease liabilities	18.4	3,279	2,161	2,586
Contract liabilities	4.1	111,084	96,360	81,954
Accruals	22	48,199	52,808	47,989
Provisions	18.4, 19	53	331	1,216
		<u>1,852,951</u>	<u>1,643,944</u>	<u>1,378,965</u>
Non-current liabilities				
Borrowings	20	862,750	859,969	651,832
Lease liabilities	18.4	11,434	10,748	10,689
Deferred tax	17	127,963	125,868	100,792
Provisions	18.4, 19	2,821	1,812	-
		<u>1,004,968</u>	<u>998,397</u>	<u>763,313</u>
Total liabilities		<u>2,857,919</u>	<u>2,642,341</u>	<u>2,142,278</u>
Net liabilities		<u>(710,797)</u>	<u>(515,633)</u>	<u>(350,200)</u>
Equity				
Called up share capital	23	9	9	9
Share premium	23	938	938	938
Foreign exchange translation reserve		4,664	7,025	(144)
Accumulated losses		<u>(719,328)</u>	<u>(526,086)</u>	<u>(352,905)</u>
Equity attributable to equity holders of the parent		<u>(713,717)</u>	<u>(518,114)</u>	<u>(352,102)</u>
Non-controlling interests	32	2,920	2,481	1,902
Total equity		<u>(710,797)</u>	<u>(515,633)</u>	<u>(350,200)</u>

The consolidated financial statements on pages 34 to 67 of IRIS Debtco Limited (registered number 11368604) were approved by the Board of Directors and authorised for issue on 11 August 2023. They were signed on its behalf by:


M Cox
Director

Parent Company Balance Sheet
As at 30 April 2023

	Note	2023 £'000	2022 £'000
Assets			
Non-current assets			
Investments	13	947	947
		<u>947</u>	<u>947</u>
Current assets			
Trade and other receivables	14	1,514,406	1,352,149
		<u>1,514,406</u>	<u>1,352,149</u>
Total assets		<u><u>1,515,353</u></u>	<u><u>1,353,096</u></u>
Current liabilities			
Trade and other payables	16	1,514,406	1,352,149
		<u>1,514,406</u>	<u>1,352,149</u>
Total liabilities		<u><u>1,514,406</u></u>	<u><u>1,352,149</u></u>
Net assets		<u><u>947</u></u>	<u><u>947</u></u>
Equity			
Called up share capital	23	9	9
Share premium	23	938	938
Retained earnings ¹	27	-	-
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 (2022: £nil).

The financial statements on pages 34 to 67 of IRIS Debtco Limited (registered number 11368604) were approved by the Board of Directors and authorised for issue on 11 August 2023. They were signed on its behalf by:



M Cox
Director

**Consolidated Cash Flow Statement
for the Year ended 30 April 2023**

		Year ended 30 April 2023 £'000	Restated Year ended 30 April 2022 £'000
	Note		
Operating activities			
Loss before tax		(209,043)	(164,246)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation and loss on disposal of property, plant and equipment		2,730	3,519
Depreciation and loss on right-of-use assets		2,531	2,438
Amortisation of acquired intangibles	10	61,864	56,044
Amortisation of other intangible assets	10	12,041	6,796
Share based payments	26	9,510	5,852
Finance income	7	(4,289)	(186)
Finance costs	8	230,474	183,839
Foreign currency losses		3,297	-
Working capital adjustments:			
Increase in inventories		(83)	(37)
Increase in trade and other receivables		(1,043)	(22,610)
Increase in accruals and deferred income		13,795	15,187
Decrease in client obligations		(24,692)	(4,136)
Increase in trade and other payables		2,386	3,326
Increase in provisions		255	191
Cash generated from underlying operations		99,733	85,977
Income tax paid		(1,138)	(423)
Net cash flows generated from operating activities		98,595	85,554
Investing activities			
Purchase of property, plant and equipment	11	(1,631)	(1,591)
Development expenditure	10	(28,876)	(28,796)
Proceeds from sale of property		-	180
Acquisition of subsidiaries, net of cash acquired	24	(98,402)	(170,270)
Restricted cash (client funds) acquired	24	56,680	98,699
Deferred consideration paid		(18,051)	(15,377)
Interest received		660	186
Net cash flows used in investing activities		(89,620)	(116,969)
Financing activities			
Interest paid		(62,276)	(35,126)
Net proceeds from borrowings		40,850	245,964
Repayment of borrowings		(38,648)	(39,850)
Net (payment to) / receipt from Ocorian Limited	2.28	(33)	513
Repayment of capital on lease liabilities		(1,933)	(2,153)
Net cash flows generated (used in)/ from financing activities		(62,040)	169,348
Net increase in cash and cash equivalents		(53,065)	137,933
Cash and cash equivalents at beginning of year	15	237,239	99,306
Effects of exchange rate changes on cash and cash equivalents		(560)	-
Cash and cash equivalents at end of year		183,614	237,239

Changes in liabilities arising from Financing activities

	At 1 May 2022 £'000	Cash flow £'000	Non cash flow £'000	At 30 April 2023 £'000
Bank loans	870,000	2,202	(2,202)	870,000
Borrowing costs	(10,031)	-	2,781	(7,250)
Interest accrual	4,213	(62,276)	64,034	5,971
Amounts owed to Parent undertakings	1,352,149	-	162,257	1,514,406
Lease liabilities	12,909	(1,933)	3,737	14,713
	2,229,240	(62,007)	230,607	2,397,840

	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

Non-cash flows relate to interest, amortisation of borrowing costs, 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 2023**

	Called up Share capital	Share Premium	Foreign exchange translation reserve	Accumulated losses	Total Equity attributable to equity holders of the Company	Non- Controlling Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 May 2021	9	938	(144)	(352,905)	(352,102)	1,902	(350,200)
(Loss) / profit for the year	-	-	-	(179,033)	(179,033)	434	(178,599)
Other comprehensive expense	-	-	7,169	-	7,169	145	7,314
Total comprehensive (expense)/income for the year	-	-	7,169	(179,033)	(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	7,025	(526,086)	(518,114)	2,481	(515,633)
(Loss) / profit for the year	-	-	-	(202,752)	(202,752)	602	(202,150)
Other comprehensive income	-	-	(2,361)	-	(2,361)	(163)	(2,524)
Total comprehensive (expense)/income for the year	-	-	(2,361)	(202,752)	(205,113)	439	(204,674)
Transactions with owners in their capacity as owners:							
Share based payments	-	-	-	9,510	9,510	-	9,510
	-	-	-	9,510	9,510	-	9,510
At 30 April 2023	9	938	4,664	(719,328)	(713,717)	2,920	(710,797)

**Parent Company Statement of Changes in Equity
for the Year ended 30 April 2023**

	Called up share capital £'000	Share Premium £'000	Retained earnings £'000	Total equity £'000
At 1 May 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
Result for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Transactions with owners in their capacity as owners:				
Share based payments	-	-	-	-
	-	-	-	-
At 30 April 2023	9	938	-	947

**Notes to the Financial Statements
for the Year ended 30 April 2023**

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The consolidated and Company financial statements have been prepared in accordance with UK-adopted international accounting standards, 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 2023 (including comparatives) were approved and authorised for issue by the Board of Directors on 11 August 2023. 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 2023 of Enil (2022: Enil).

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

Prior Year Restatement

In prior years the group recognised client funds and the corresponding payroll obligation net on the balance sheet. With the majority of client funds now held in the US where gross presentation on the balance sheet is standard it's considered appropriate to align to this treatment within the group financial statements. The Statement of Financial Position and related notes have been restated to correct this error by recognising the asset and liabilities (gross) within Cash and cash equivalents (Restricted cash) and the liability within Client obligations (shown as a line item on the Consolidated Balance Sheet within Current liabilities) respectively.

Consolidated Balance Sheet line item	As reported as at 30/04/22 £'000	Reclass client funds £'000	Restated as at 30/04/22 £'000	As reported as at 30/04/21 £'000	Reclass client funds £'000	Restated as at 30/04/21 £'000
Cash and cash equivalents	123,154	114,085	237,239	79,784	19,522	99,306
Client obligations	-	(114,085)	(114,085)	-	(19,522)	(19,522)
Consolidated Cash Flow Statement line item	As reported as at 30/04/22 £'000	Reclass client funds £'000	Restated as at 30/04/22 £'000			
Cash and cash equivalents at beginning of year	79,784	19,522	99,306			
Decrease in client obligations	-	(4,136)	(4,136)			
Restricted cash (client funds) acquired	-	98,699	98,699			
Cash and cash equivalents at end of year	123,154	114,085	237,239			

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 2022, have been applied for the first time in the financial statements for the year ending 30 April 2023.

- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37), and
- Annual Improvements to IFRS Standards 2018–2020

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 periods.

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 2022 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 2023**

2.4 Going concern

At 30 April 2023, the Group had very strong liquidity with £37.5 million of cash and cash equivalents excluding client funds (note 16), no debt repayable until 2025 (note 18 and note 20) and a year end leverage ratio of 5.25x on the £870 million Senior loan facility versus a covenant leverage ratio of 9.6x (note 18). In addition, the Group has access to an additional Revolving Credit Facility of £40 million which remained unutilised at the year end (note 20).

In assessing going concern, management have considered the Group's budget for the year ended 30 April 2024, as well as on longer term forecasts and growth rates. The strong liquidity position coupled with 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 £98.6 million for the year ended 30 April 2023 and operating profit before amortisation and depreciation of £96.3 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 two cash generating units: the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date), and North America.

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.

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 2023

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 18.2.

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 2023**

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 the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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.

Judgements and estimates

Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, provision is made for the amount that is expected to be settled, where this can be reasonably estimated. Provisions for uncertain income tax positions/treatments are measured at the most likely amount or the expected value, whichever method is more appropriate. Generally, uncertain tax treatments are assessed on an individual basis, except where they are expected to be settled collectively. It is assumed that taxing authorities will examine positions taken if they have the right to do so and that they have full knowledge of the relevant information. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognised in income in the period in which the change occurs. This requires the application of judgement as to the ultimate outcome, which can change over time depending on facts and circumstances. Judgements mainly relate to transfer pricing including inter-company financing and expenditure deductible for tax purposes.

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

Taxation information, including charges and deferred tax assets and liabilities, are presented in Notes 9 and 17.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

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:

Brand	10 years
Development expenditure	5 years
Intellectual property rights	5 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 2023

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 two cash generating units: the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date), and North America, which following significant growth in recent years is now viewed as a standalone CGU as of 1 May 2022.

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 2023

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 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.

Interest expense is recognised within Financing Activities on the Consolidated Cash Flow Statement. Interest receivable is recognised within Investing Activities.

The Group also provides certain customers with a managed payroll service whereby the Group receives funds from customers and holds these funds for a period of time before using them to pay the payroll amounts and associated payroll taxes due to those customers' employees and HMRC. The entity has the right to control these funds which are reported as 'Restricted cash - client funds' on the Consolidated Balance Sheet, with a corresponding liability presented as 'Client obligations'. The Group earns interest on the invested funds with this interest being reported in Interest income on customer balances/client monies. Interest reported for the year ending 30 April 2023 was trivial (30 April 2022: trivial).

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 2023**

2.24 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.

2.25 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.

2.26 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.

2.27 Management Exceptional Items (non GAAP measure)

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.

2.28 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 costs**

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 five year period. The five 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 inflation, interest rates, the geopolitical situation in Eastern Europe, and the Group's budget for the year ended 30 April 2024 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 2023

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 14).

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 17).

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 18).

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.

Revenue is disaggregated into both groups of similar products and services that depict the nature, amount, and timing of revenue and cash flows for the Company's various offerings, and geography. The analysis of the company's revenue for the period by class of business, and geography is as follows:

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Revenue analysis by class of business		
Support & Subscription	228,957	192,348
Transactional	10,364	6,935
Professional Services	14,790	13,649
Managed Services	58,355	36,783
Licence & Other	6,614	6,009
	<u>319,080</u>	<u>255,724</u>
	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Revenue analysis by geography		
United Kingdom	252,872	224,495
North America	60,491	27,167
Rest of the World	5,717	4,062
	<u>319,080</u>	<u>255,724</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 24) and the cumulative impact of the 5 year deferral period following the incorporation of the Company on 18 May 2018. Accrued revenue at 30 April 2023 totalled £1,445,000 (2022: £1,946,000) and is presented within Prepayments and accrued income.

	As at 30 April 2023 £'000	As at 30 April 2022 £'000
Non-current assets relating to contracts	10,571	9,276
Current assets relating to contracts	<u>5,355</u>	<u>4,127</u>
	<u>15,926</u>	<u>13,403</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 24) and an increase in overall contract activity. Substantially all of the £96,360,000 recorded as current contract liabilities at 30 April 2022 was recognised as revenue during the year.

	As at 30 April 2023 £'000	As at 30 April 2022 £'000
Contract liabilities	<u>111,084</u>	<u>96,360</u>
	<u>111,084</u>	<u>96,360</u>

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

5 STAFF COSTS

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Employee costs (including Directors) during the year were:		
Wages and salaries	119,171	84,850
Social security costs	9,900	8,048
Other pension costs	2,577	2,432
	<u>131,648</u>	<u>95,330</u>

The amounts above are stated net of employee cost capitalised in respect of development of software assets in the year of £15,674,000 (2022: £15,018,000).

The Company had no employees (2022: none).

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

	Year ended 30 April 2023 Number	Year ended 30 April 2022 Number
Technical	2,172	1,865
Sales	326	289
Administration	602	419
	<u>3,100</u>	<u>2,573</u>

Directors' emoluments

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Aggregate emoluments	1,441	1,401
Pension contributions	52	38
	<u>1,493</u>	<u>1,439</u>
Number of Directors remunerated	4	4
Number of other Directors not remunerated but for which a management fee is payable (See note 31)	<u>1</u>	<u>1</u>

Four (2022: 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 (2022: £425,000).

Key management remuneration

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Aggregate emoluments	1,441	1,401
Pension contributions	52	38
	<u>1,493</u>	<u>1,439</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 31)	<u>1</u>	<u>1</u>

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 2023 £'000	Year ended 30 April 2022 £'000
The operating profit is stated after charging/ (crediting):		
Staff costs	131,648	95,330
Research and development expenditure	10,810	9,724
Amortisation of intangible assets	73,905	62,840
Transaction related costs	6,426	10,247
Depreciation of property, plant and equipment	2,531	3,170
Depreciation of right-of-use-assets	2,403	2,470
Contingent consideration fair value adjustment	5,411	-
Share based payments	10,998	5,852
Foreign currency losses	3,297	-

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

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Tax services	1,041	393
Other assurance services	209	-
Corporate finance services	-	668
Total non-audit fees	<u>1,250</u>	<u>1,061</u>
Audit fees - for the audit of parent Company and consolidated financial statements	381	143
Audit fees - for the audit of subsidiary companies	276	385
Total fees	<u>1,907</u>	<u>1,589</u>

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

7 FINANCE INCOME

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Deposit account interest	660	186
Foreign currency gains on borrowings	2,202	-
Gain on financial instruments at fair value through profit or loss (note 18.3)	1,427	-
Total finance income	4,289	186

8 FINANCE COSTS

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Bank loan interest	62,563	34,608
Amortisation of loan issue costs	2,782	2,023
Unwinding of discount	1,401	1,777
Bank facility fees	670	998
Net gain on financial instruments at fair value through profit or loss (note 18.3)	-	(1,142)
Interest expense on lease liabilities	801	688
Interest payable on amounts due to parent undertakings	162,257	144,887
Total finance costs	230,474	183,839

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

9 INCOME TAX (CREDIT)/ CHARGE

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
The major components of income tax (credit)/ charge are:		
Current income tax:		
UK tax charge for the current year	2,433	1,112
Impact of overseas income tax	628	730
Prior year adjustments	55	(497)
	3,116	1,345
Deferred tax:		
Relating to origination and reversal of temporary differences	(10,009)	(9,063)
Relating to effect of change in tax rates	-	22,071
	(10,009)	13,008
Income tax (credit)/ charge reported in the income statement	(6,893)	14,353
	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Loss before tax	(209,043)	(164,246)

The tax for the year is higher (2022: higher) than the standard rate of corporation tax in the UK of 19.49% (2022: 19%). The differences are explained below.

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Loss before tax multiplied by standard rate of corporation tax in the UK of 19.49% (2022: 19%).	(40,742)	(31,207)
Effects of:		
Expenses non-deductible for tax purposes	33,549	23,986
Effect of overseas tax rates	(84)	-
Effect of current year changes in statutory tax rates on deferred tax balances	329	22,071
Adjustments in respect of prior year tax liabilities	55	(497)
Total tax (credit)/ charge reported in the income statement	(6,893)	14,353

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

10 INTANGIBLE ASSETS

	Development Expenditure	Brand	Intellectual Property	Customer Relation- ships	Goodwill	Total
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
At 1 May 2021	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 2022²	62,328	24,793	224,959	481,928	1,184,233	1,978,241
Arising on acquisition	-	1,711	10,700	66,614	40,721	119,746
Additions ¹	28,876	-	-	-	-	28,876
Effect of changes in foreign exchange rates	(59)	(73)	(473)	(3,122)	(2,085)	(5,812)
Disposals	(45)	-	-	-	-	(45)
At 30 April 2023²	91,100	26,431	235,186	545,420	1,222,869	2,121,006
ACCUMULATED AMORTISATION / IMPAIRMENT						
At 1 May 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
Amortisation for the year	12,041	2,522	21,780	37,562	-	73,905
Effect of changes in foreign exchange rates	(8)	(13)	(90)	(168)	-	(279)
Disposals	(45)	-	-	-	-	(45)
At 30 April 2023	27,692	9,088	88,745	146,973	-	272,498
NET BOOK VALUE						
At 30 April 2023	63,408	17,343	146,441	398,447	1,222,869	1,848,508
At 30 April 2022	46,624	18,214	157,904	372,349	1,184,233	1,779,324

1) Includes £18.4m (2022: £18.5m) of costs incurred in relation to the development of the Elements product, an asset under development as at 30 April 2023.

2) Includes £21.3m (2022: £21.2m) in relation to assets which are in development and not yet amortised as at the balance sheet date.

The Group tests 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 24. During the year, goodwill was reviewed for impairment in accordance with IAS 36 "Impairment of Assets". For the purposes of this impairment review, goodwill for continuing operations has been valued on the basis of discounted future cash flows.

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 two cash generating units: the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date) and North America, which following significant growth in recent years is now viewed as a standalone CGU as of 1 May 2022. Upon integration into the core IRIS group, none of the previously reported CGUs (iSAMS, AccountantsWorld, Dataplan and Sandgate Systems) showed indicators of impairment. The carrying value of goodwill at the end of the year is shown below:

	2023 £'000	2022 £'000
Core IRIS Businesses (£58.1m transferred to North America CGU on 1 May 2022)	1,090,535	1,069,743
North America	132,334	-
iSAMS (subsumed into Core IRIS Businesses CGU on 1 May 2022)	-	33,328
AccountantsWorld (subsumed into North America CGU on 1 May 2022)	-	47,435
Dataplan (subsumed into Core IRIS Businesses CGU on 1 May 2022)	-	15,550
Sandgate Systems (subsumed into Core IRIS Businesses CGU on 1 May 2022)	-	18,177
	1,222,869	1,184,233

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 forecasts and the long-term growth rate of net operating cash flows. In all cases, the approved budget for the Financial Year ("FY") 2024 and a Long Term Plan ("LTP") approved by the board in July 2023 covering the period FY24-FY28 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 2023

10 INTANGIBLE ASSETS (continued)**Year ended 30 April 2023**

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	North America
Pre-tax adjusted discount rate	13.3%	13.1%
Five year CAGR in adjusted EBITDA to April 2028	9.9%	17.6%
Long-term growth rate of net operating cash flows	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 CGU exceeds its carrying value by £168 million (11%). The estimated recoverable amount of the Group's North America CGU exceeds its carrying value by £62 million (23%). 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 2023.

	Change required for carrying value to equal recoverable amount	
	Core IRIS	North America
Pre-tax adjusted discount rate	+1.2%	+2.4%
Five year CAGR in adjusted EBITDA to April 2028	-3.0%	-4.1%
Long-term growth rate of net operating cash flows	-1.8%	-3.7%

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

GROUP	Land and Buildings	Leasehold Improvements	Computer Equipment	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000	£'000
COST					
At 1 May 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	<u>964</u>	<u>1,218</u>	<u>11,312</u>	<u>6,249</u>	<u>19,743</u>
Additions	-	110	1,480	41	1,631
Arising on acquisition	25	122	232	274	653
Effect of changes in foreign exchange rates	-	(22)	(68)	1	(89)
Disposals	-	(185)	(240)	(223)	(648)
At 30 April 2023	<u>989</u>	<u>1,243</u>	<u>12,716</u>	<u>6,342</u>	<u>21,290</u>
ACCUMULATED DEPRECIATION					
At 1 May 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	<u>742</u>	<u>476</u>	<u>9,562</u>	<u>3,271</u>	<u>14,051</u>
Charge for the year	7	244	1,546	734	2,531
Arising on acquisition	5	82	188	168	443
Effect of changes in foreign exchange rates	-	(20)	(67)	(1)	(88)
Disposals	-	(15)	(240)	(194)	(449)
At 30 April 2023	<u>754</u>	<u>767</u>	<u>10,989</u>	<u>3,978</u>	<u>16,488</u>
NET BOOK VALUE					
At 30 April 2023	<u>235</u>	<u>476</u>	<u>1,727</u>	<u>2,364</u>	<u>4,802</u>
At 30 April 2022	<u>222</u>	<u>742</u>	<u>1,750</u>	<u>2,978</u>	<u>5,692</u>

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 2023

12 RIGHT-OF-USE-ASSETS

GROUP	Property leases £'000	Total £'000
COST		
At 1 May 2021	15,791	15,791
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>
Dilapidations provision adjustment	425	425
Effect of changes in foreign exchange rates	(256)	(256)
Additions	3,444	3,444
Arising on acquisition	3,338	3,338
Disposals	(1,547)	(1,547)
At 30 April 2023	<u>24,132</u>	<u>24,132</u>
ACCUMULATED DEPRECIATION		
At 1 May 2021	3,615	3,615
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>
Charge for the year	2,403	2,403
Effect of changes in foreign exchange rates	(129)	(129)
Arising on acquisition	2,524	2,524
Disposals	(1,419)	(1,419)
At 30 April 2023	<u>10,026</u>	<u>10,026</u>
NET BOOK VALUE		
At 30 April 2023	<u><u>14,106</u></u>	<u><u>14,106</u></u>
At 30 April 2022	<u><u>12,081</u></u>	<u><u>12,081</u></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.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

13 INVESTMENTS**Investment in subsidiary undertakings****COST AND NET BOOK VALUE****At 1 May**

Additions

At 30 April

Company	
2022/ 2023	2021/ 2022
£'000	£'000
947	947
-	-
947	947

The Group's subsidiary undertakings are shown below.

Creative Solutions Software Corp

Undertaking	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held			
			At 30 April 2023		At 30 April 2022	
			Group	Company	Group	Company
123Comms Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Accountants World LLC ⁴	USA	Software development	100%	0%	100%	0%
Apex Holding Software Technologies LLC ⁹	USA	Holding company	100%	0%	0%	0%
Apex Software Technologies ES LLC ⁹	USA	Holding company	100%	0%	0%	0%
Apex Software Technologies LLC ⁹	USA	Software development	100%	0%	0%	0%
APS Global Limited ¹	England & Wales	Payroll services	100%	0%	100%	0%
Atomic IT Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Bacsflo Limited ¹	England & Wales	Software development	100%	0%	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%
Compu-Pay Limited ⁷	Ireland	Payroll services	100%	0%	100%	0%
Conarc Inc ⁴	USA	Software development	100%	0%	100%	0%
Creative Solutions Software Corp ¹¹	USA	Payroll services	100%	0%	0%	0%
Datacode Tech Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Dataplan Holdings Limited ¹	England & Wales	Holding company	100%	0%	100%	0%
Dataplan Payroll Limited ¹	England & Wales	Payroll services	100%	0%	100%	0%
Doc-It Corp ⁴	USA	Software development	100%	0%	100%	0%
Doc-It Holdings Inc ⁴	USA	Software development	100%	0%	100%	0%
Doc-It Inc ⁴	Canada	Software development	100%	0%	100%	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 HR and Payroll Software Limited ¹	England & Wales	Software development	100%	0%	100%	0%
FMP Payroll Services Limited ¹	England & Wales	Payroll services	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
Galaxy Payroll Limited ¹	England & Wales	Software development	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
Gator Blocker Corp ⁹	USA	Holding company	100%	0%	0%	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%
Innervation Management Limited ¹	England & Wales	Software development	100%	0%	100%	0%
IRIS Americas Inc. ⁴	USA	Software development	100%	0%	100%	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%	100%	0%
IRIS Capital Limited ¹	England & Wales	Holding company	100%	0%	100%	0%
IRIS Global Inc. ⁴	USA	Holding company	100%	0%	100%	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 ⁷	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%	100%	0%
iSAMS Limited ¹	England & Wales	Software development	100%	0%	100%	0%
iSAMS Pty Limited ⁹	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	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
Kinetic Marketing & Design Limited ¹	England & Wales	Payroll services	100%	0%	100%	0%
MCN Associates Limited ¹	England & Wales	Software development	100%	0%	100%	0%
MCN Holdings Limited ¹	England & Wales	Holding company	<i>Dissolved</i>	<i>Dissolved</i>	100%	0%
Net-Worx (2001) Limited ¹	England & Wales	Software development	100%	0%	0%	0%
Paycheck Plus Payroll Service Ireland Limited ⁷	Ireland	Payroll services	100%	0%	0%	0%
Paycheck Plus UK Limited ¹	England & Wales	Payroll services	100%	0%	0%	0%
Payplus Limited ¹	England & Wales	Payroll services	100%	0%	100%	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	<i>Dissolved</i>	<i>Dissolved</i>	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 2023

13 INVESTMENTS (continued)

Undertaking	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held			
			At 30 April 2023		At 30 April 2022	
			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%	100%	0%
Sandgate Systems Limited ¹	England & Wales	Software development	100%	0%	100%	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 Professional Software Solutions Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Sweep Limited ¹	England & Wales	Software development	100%	0%	100%	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%	100%	0%
Truancy Call Limited ¹	England & Wales	Software development	100%	0%	100%	0%
Virtual Business Source Limited ¹	England & Wales	Payroll services	<i>Dissolved</i>	<i>Dissolved</i>	100%	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 Greydliffe Street, Queenscliff, NSW, 2096, Australia⁹ Subsidiary registered address: 500 Colonial Center Pkwy, Ste 650, Roswell, GA 30076¹⁰ Subsidiary registered address: Hristo Belchev No18, Fl3, Sofia 1000, Bulgaria¹¹ Subsidiary registered address: 6300 Interfirst Drive, Ann Arbor, MI 48108**14 TRADE AND OTHER RECEIVABLES**

	2023		2022	
	Group £'000	Company £'000	Group £'000	Company £'000
Current				
Trade receivables from contracts with customers	65,394	-	62,096	-
Less: provision for impairment of receivables	(3,805)	-	(3,484)	-
Trade receivables from contracts with customers - net	61,589	-	58,612	-
Other receivables	5,336	-	7,692	-
Derivative financial liabilities (note 18.1)	1,427	-	-	-
Prepayments and accrued income	10,574	-	7,602	-
Amounts owed by Group undertakings	-	1,514,406	-	1,352,149
	<u>78,926</u>	<u>1,514,406</u>	<u>73,906</u>	<u>1,352,149</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. The recoverability of these balances is considered in note 18.4.

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

	2023 £'000	2022 £'000
At 1 May		
Utilised	3,484	2,230
Charged to the Income Statement	(1,818)	(1,683)
At 30 April	<u>2,139</u>	<u>2,937</u>
	<u>3,805</u>	<u>3,484</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%.

15 CASH AND CASH EQUIVALENTS

	2023 £'000	Restated 2022 £'000
Cash at banks and on hand	37,541	123,154
Restricted cash - client funds	146,073	114,085
	<u>183,614</u>	<u>237,239</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 2023

16 TRADE AND OTHER PAYABLES

	2023		Restated 2022	
	Group £'000	Company £'000	Group £'000	Company £'000
Current				
Trade payables	7,050	-	6,443	-
Amounts owed to parent undertakings	1,515,192	1,514,406	1,352,967	1,352,149
Social security and other taxes	2,883	-	2,796	-
VAT	7,922	-	8,198	-
Other creditors	9,011	-	5,319	-
	<u>1,542,058</u>	<u>1,514,406</u>	<u>1,375,723</u>	<u>1,352,149</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 18.

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

17 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 2021	98,771	-	1,909	(218)	(467)	99,995
Arising on acquisitions	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>
Arising on acquisitions	18,189	-	1,674	-	(4,198)	15,665
Effect of changes in foreign exchange rates	(849)	-	(54)	-	33	(870)
Charged/(credited) to the income statement	(11,756)	-	3,142	357	(1,752)	(10,009)
At 30 April 2023	<u>125,453</u>	<u>-</u>	<u>10,677</u>	<u>357</u>	<u>(8,785)</u>	<u>127,702</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>
At 30 April 2023						
Deferred Liability	125,453	-	10,938	357	(8,785)	127,963
Deferred Asset	-	-	(261)	-	-	(261)
	<u>125,453</u>	<u>-</u>	<u>10,677</u>	<u>357</u>	<u>(8,785)</u>	<u>127,702</u>

The closing deferred tax liability as at 30 April 2023 has been calculated at 25% (2022: 25%) 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.

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 £16.2 million (2022: £6.7 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred 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 £26m (2022: £9.7m). The deferred tax on this disallowance has been recognised on the basis that there would be recoverability in the near future.

At 30 April 2023, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associate (2022: £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 2023

18 FINANCIAL ASSETS AND LIABILITIES**18.1 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
- 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	
	2023	2022	2023	2022
	£000	£000	£000	£000
Cash and cash equivalents	-	-	183,614	237,239
Derivative financial instruments	1,427	-	-	-
Trade and other receivables	-	-	66,925	66,304
Total financial assets	1,427	-	250,539	303,543

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade and other payables	-	-	1,542,058	1,375,723
Client obligations	-	-	146,073	114,085
Accruals	-	-	28,739	26,493
Accrued interest	-	-	5,971	4,213
Deferred consideration	12,001	22,102	-	-
Provisions	-	-	2,874	2,143
Lease liabilities	-	-	14,713	12,909
Loans and borrowings	-	-	862,750	859,969
Total financial liabilities	12,001	22,102	2,603,178	2,395,535

18.2 Financial assets and liabilities not measured at fair value

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.

18.3 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 2023			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets measured at fair value:				
Interest rate instruments	-	1,427	-	1,427
Total financial assets at fair value	-	1,427	-	1,427

	At 30 April 2022			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets measured at fair value:				
Interest rate instruments	-	-	-	-
Total financial assets at fair value	-	-	-	-

	At 30 April 2023			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial liabilities measured at fair value:				
Deferred consideration	-	-	12,001	12,001
Total financial liabilities at fair value	-	-	12,001	12,001

	At 30 April 2022			
	Level 1	Level 2	Level 3	Total
	£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

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

18.3 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 / (assets)

A reconciliation of the financial liabilities is as follows:

	Interest rate swaps		Deferred consideration		Total	
	2022/ 2023	2021/ 2022	2022/ 2023	2021/ 2022	2022/ 2023	2021/ 2022
	£000	£000	£000	£000	£000	£000
At 1 May	-	1,142	22,102	25,785	22,102	26,927
Arising from acquisitions	-	-	1,198	9,999	1,198	9,999
Paid during the year	-	-	(18,051)	(15,377)	(18,051)	(15,377)
Changes in fair value to profit or loss	(1,427)	(1,142)	5,411	-	3,984	(1,142)
Unwinding of discount	-	-	1,341	1,695	1,341	1,695
At 30 April	(1,427)	-	12,001	22,102	10,574	22,102

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 2023, 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 £3.5 million (2022: 5.9 million) to a maximum of £12.7 million including contingent consideration (2022: £43.1 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 are major global banks.

On 22 November 2022, the Group entered a series of fixed SONIA interest rate swaps for a total notional amount of £435,000,000. The effective dates were 31 October 2022 and termination dates are 31 October 2024, with monthly payment dates. The average fixed rates are 4.36%. As at 30 April 2023, these instruments are valued as an asset of £1,427,000 (2022: no active derivatives).

There has been no reclassification of financial instruments.

18.4 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 2023 amounted to £61,589,000 (2022: £58,612,000).

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 2023

18.4 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 acquisitions.

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:

	Client obligations	Lease liabilities	Provisions	Borrowings	Trade and other payables	Accruals	Total
	£000	£000	£000	£000	£000	£000	£000
At 30 April 2023							
In less than 1 year	146,073	3,279	53	-	1,542,058	48,199	1,739,662
In more than 1 year but not more than 2 years	-	2,782	524	-	-	-	3,306
In more than 2 years but not more than 5 years	-	6,332	1,114	870,000	-	-	877,446
In more than 5 years	-	6,220	2,125	-	-	-	8,345
Effect of discount/financing rates	-	(3,900)	(942)	(7,250)	-	-	(12,092)
	<u>146,073</u>	<u>14,713</u>	<u>2,874</u>	<u>862,750</u>	<u>1,542,058</u>	<u>48,199</u>	<u>2,616,667</u>
At 30 April 2022							
In less than 1 year	114,085	2,161	331	-	1,375,723	52,808	1,545,108
In more than 1 year but not more than 2 years	-	2,137	80	-	-	-	2,217
In more than 2 years but not more than 5 years	-	5,587	765	870,000	-	-	876,352
In more than 5 years	-	6,548	1,644	-	-	-	8,192
Effect of discount/financing rates	-	(3,524)	(677)	(10,031)	-	-	(14,232)
	<u>114,085</u>	<u>12,909</u>	<u>2,143</u>	<u>859,969</u>	<u>1,375,723</u>	<u>52,808</u>	<u>2,417,637</u>

The current Senior loan facility of £870 million (see note 20) 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 5.25x, 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 $\pm 1.00\%$ (2022: $\pm 0.25\%$), based on interest rate history. Similarly, sensitivity to movements in the Sterling/US Dollar and the Sterling/Indian Rupee exchange rates of $\pm 10.00\%$ are shown (2022: $\pm 10\%$) 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.

	2023		2022	
	Income	Equity	Income	Equity
	(losses)/	(losses)/	(losses)/	(losses)/
	gains	gains	gains	gains
	£000	£000	£000	£000
1% increase in market interest rates (2022: 0.25%)	(8,649)	(8,649)	(2,042)	(2,042)
1% decrease in market interest rates (2022: 0.25%)	8,649	8,649	2,042	2,042
10% strengthening of sterling versus other currencies	(467)	(12,356)	(102)	(391)
10% weakening of sterling versus other currencies	514	13,591	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 23, and its debt structure is detailed in note 20.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

19 PROVISIONS

	Dilapidations	
	2023	2022
	£000	£000
At 1 May		
Arising on acquisitions	2,143	1,216
Right-of-use asset additions	476	736
Lease terminations	425	98
Effect of changes in foreign exchange rates	(162)	-
Unwinding of discount	(68)	11
At 30 April	60	82
	2,874	2,143

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. Any difference between expectations and the actual future liability will be accounted for when such determination is made.

20 BORROWINGS

Throughout the year ended 30 April 2023, the Consolidated Facility B loan of £870m remained fully drawn down. At 30 April 2023, the facilities have a bullet repayment and remaining term of 2.5 years. The Revolving Credit facility of £40m will assist the Group to achieve its growth ambitions both organically and by further acquisitions.

	2023	2022
	£'000	£'000
Non-current		
Borrowings		
	862,750	859,969
	862,750	859,969
	Effective interest rate	Maturity
		Facility Utilised
Senior bank loan		
Facility B	SONIA +4.0% to +4.5% margin	Sep 2025
Revolving Credit Facility	SONIA +3.0% to +4.0% margin	Mar 2025
		870,000
		870,000

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

	30 April 2023		30 April 2022	
	Senior	Total	Senior	Total
	£'000	£'000	£'000	£'000
Borrowings				
Amounts falling due between two and five years	870,000	870,000	870,000	870,000
Amounts falling due in more than five years	-	-	-	-
	870,000	870,000	870,000	870,000
Unamortised borrowing costs	(7,250)	(7,250)	(10,031)	(10,031)
Amounts falling due after more than one year	862,750	862,750	859,969	859,969
	862,750	862,750	859,969	859,969

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

20 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 incurred no issue costs in respect of these facilities (2022: £3,886,000). 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.

21 COMMITMENTS

The Group and Company had no obligations under finance or operating leases aside from properties already disclosed.

21.1 Other capital commitments

The Group and Company had no other capital commitments.

22 ACCRUALS

	Group	
	2023	2022
	£'000	£'000
Accruals	28,739	26,493
Accrued interest	5,971	4,213
Cash settled share based payments	1,488	-
Deferred consideration (note 18.3)	12,001	22,102
	<u>48,199</u>	<u>52,808</u>

23 CALLED UP SHARE CAPITAL

Group and company:

Number	Class	Nominal value	2023	2022
			£'000	£'000
947,213 (2022: 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 2023

24 ACQUISITIONS**24.1 Paycheck Plus**

On 3 May 2022, the Group acquired 100 per cent of the issued share capital of Paycheck Plus Payroll Services Ireland Limited (which is registered in Ireland) and Paycheck Plus UK Ltd (which is registered in England and Wales), collectively referred to as "Paycheck Plus". The fair value of the total consideration net of cash and borrowings acquired was £4,410,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 3 May 2022 to 30 April 2023.

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.

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	-	2,049	2,049
Property, plant and equipment	75	-	75
Right-of-use assets	174	-	174
Trade receivables from contracts with customers	155	-	155
Other receivables	134	-	134
Total assets	538	2,049	2,587
Liabilities			
Trade payables	53	-	53
Accruals	64	-	64
Lease liabilities	151	-	151
Contract liabilities	194	(55)	139
Other payables	52	-	52
Provisions	29	-	29
Corporation tax	7	-	7
Deferred tax	-	256	256
Total liabilities	550	201	751
Total identifiable net assets at fair value, net of cash acquired	(12)	1,848	1,836
Goodwill			2,574
Purchase consideration transferred			4,410
Satisfied by			
Cash consideration			4,213
Borrowings settled			121
Deferred consideration			438
Cash acquired			(362)
			4,410

The acquired business contributed revenues of £1,943,000 and net profit of £325,000 to the Group for the period from 3 May 2022 to 30 April 2023.

24.2 Networkx

On 7 October 2022, the Group acquired 100 per cent of the issued share capital of Net-Worx (2001) Limited, which trades as Networkx and is registered in England and Wales. The fair value of the total consideration net of cash and borrowings acquired was £25,050,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 7 October 2022 to 30 April 2023.

Networkx provides recruitment software and services to over 400 companies across the education, finance, legal, retail and hospitality and housing sectors in the UK. Its integrated recruitment software enables in-house recruitment teams and HR professionals to attract, engage, manage and onboard top talent.

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	-	15,447	15,447
Intangible assets - Technology	-	3,845	3,845
Property, plant and equipment	53	-	53
Right-of-use assets	92	-	92
Trade receivables from contracts with customers	1,144	-	1,144
Total assets	1,289	19,292	20,581
Liabilities			
Trade payables	85	-	85
Accruals	655	-	655
Lease liabilities	81	-	81
Contract liabilities	1,987	(775)	1,212
Other payables	911	-	911
Provisions	64	-	64
Corporation tax	183	-	183
Deferred tax	-	4,792	4,792
Total liabilities	3,966	4,017	7,983
Total identifiable net assets at fair value, net of cash acquired	(2,677)	15,275	12,598
Goodwill			12,452
Purchase consideration transferred			25,050
Satisfied by			
Cash consideration			27,259
Deferred consideration			759
Cash acquired			(2,968)
			25,050

The acquired business contributed revenues of £3,382,000 and net profit of £930,000 to the Group for the period from 7 October to 30 April 2023.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

24 ACQUISITIONS (continued)**24.3 myPay Solutions**

On 21 October 2022, the Group acquired 100 per cent of the issued share capital of Creative Solutions Software Corp, which trades as "myPay Solutions" and is registered in Delaware, USA. The fair value of the total consideration net of cash and borrowings acquired was £16,843,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 21 October 2022 to 30 April 2023.

myPay Solutions is an established and highly regarded partner to CPA firms, enabling accounting and tax firms to provide accurate, timely online payroll services and payroll tax services to their clients across the United States.

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	-	13,277	13,277
Contract assets	1,944	(1,944)	-
Restricted cash - client funds	56,680	-	56,680
Corporation tax	59	-	59
Deferred tax	222	-	222
Total assets	58,905	11,333	70,238
Liabilities			
Trade payables	104	-	104
Client obligations	56,680	-	56,680
Accruals	1,509	-	1,509
Contract liabilities	325	(68)	257
Other payables	121	-	121
Deferred tax	-	3,028	3,028
Total liabilities	58,739	2,960	61,699
Total identifiable net assets at fair value, net of cash acquired	166	8,373	8,539
Goodwill			8,304
Purchase consideration transferred			16,843
Satisfied by			
Cash consideration			19,567
Cash acquired			(2,724)
			16,843

The acquired business contributed revenues of £9,488,000 and net profit of £794,000 to the Group for the period from 21 October to 30 April 2023.

24.4 Apex

On 24 February 2023, the Group acquired 100 per cent of the issued share capital of Gator Blocker Corp (which is registered in Delaware, USA) and its subsidiaries Apex Software Technologies LLC, Apex Software Technologies ES LLC and Apex Holdings Software Technologies LLC (collectively referred to as "Apex"). The fair value of the total consideration net of cash and borrowings acquired was £54,049,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 24 February 2023 to 30 April 2023.

Apex is a leading cloud based Human Capital Management (HCM) software provider for payroll service bureaus (PSBs) and Certified Public Accountant (CPA) firms.

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	-	35,841	35,841
Intangible assets - Technology	-	6,855	6,855
Intangible assets - Brand	-	1,711	1,711
Property, plant and equipment	81	-	81
Right-of-use assets	547	-	547
Trade receivables from contracts with customers	26	-	26
Deferred tax	-	2,316	2,316
Other receivables	1,776	-	1,776
Total assets	2,430	46,723	49,153
Liabilities			
Trade payables	154	-	154
Accruals	703	-	703
Contract liabilities	382	(120)	262
Lease liabilities	622	-	622
Provisions	383	-	383
Other payables	244	-	244
Deferred tax	-	10,127	10,127
Total liabilities	2,488	10,007	12,495
Total identifiable net assets at fair value, net of cash acquired	(58)	36,716	36,658
Goodwill			17,391
Purchase consideration transferred			54,049
Satisfied by			
Cash consideration			36,321
Borrowings settled			19,591
Cash acquired			(1,863)
			54,049

The acquired business contributed revenues of £2,056,000 and net profit of £310,000 to the Group for the period from 24 February 2023 to 30 April 2023.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

24 ACQUISITIONS (continued)**24.5 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.

24.6 Pro-forma effect of acquisitions on revenue and profit

If the acquisitions had occurred on 1 May 2022, consolidated pro-forma revenue and net loss before tax for the Group for the year ended 30 April 2023 would be £338,329,000 and £206,113,000 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 2022. No adjustment has been made for additional financing that was required to finance the acquisition.

25 EVENTS AFTER THE BALANCE SHEET DATE

The Group and Company have no events to report after the balance sheet date.

26 SHARE BASED PAYMENTS

In prior years the ultimate parent company issued equity settled shares to management, who are employed by a subsidiary company (2022: 24,855 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 the year ended 30 April 2023, the ultimate parent company set aside 6,356 cash settled C1 shares (2022: 900 C1 Shares) for management, who are employed by a subsidiary company. The 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 issued in prior years was 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:

Settlement method	2023 Grant A Cash	2022 Grant B Equity	2022 Grant A Equity	2021 Grant A Equity	2020 Grant A Equity	2019 Grant A Equity
Share price on issue	£793	£16	£10	£5	£5	£1
Price paid	£1	£1	£1	£1	£1	£1
Dividend yield	0%	0%	0%	0%	0%	0%
Risk-free interest rate	3.0%	3.0%	3.0%	3.0%	1.3%	1.3%
Forecast maturity	30/04/2024	30/04/2024	30/04/2024	30/04/2024	30/04/2024	30/04/2024
Volatility	32.9%	39.5%	32.9%	38.2%	35.1%	36.7%
Fair value of shares	£5,038,147	£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	Number of shares
At 1 May 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
Granted in the year	6,356	-	-	-	-	-
Forfeited in the year	-	(1,500)	(2,650)	(517)	-	-
Outstanding at 30 April 2023	6,356	7,012	16,018	19,548	32,805	43,605

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

The equity settled share-based payment cost charged to the income statement for the year ended 30 April 2023 was £9,510,000 (2022: £5,852,000).

The cash settled share-based payment cost charged to the income statement for the year ended 30 April 2023 was £1,488,000 (2022: £nil), this is shown within accruals at 30 April 2023.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

27 RESERVES
COMPANY

At 1 May 2021

Result for the year

At 30 April 2022

Result for the year

At 30 April 2023

**Retained
earnings**
£'000

-

-

-

-

-

28 CONTINGENT LIABILITIES

There are no contingent liabilities (2022: none).

29 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 £2,577,000 (2022: £2,432,000). Pension contributions unpaid at the year end were £733,000 (2022: £731,000).

30 DIVIDENDS PER SHARE

The Company did not declare or pay a dividend in the year (2022: £nil).

31 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 26.

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 2023, £431,000 (2022: £353,000) related to these transactions was charged through administrative expenses. There were outstanding amounts payable of £25,000 at 30 April 2023 (2022: £46,000).

During the year ended 30 April 2023, IRIS Debtco Limited charged interest on amounts owed by IRIS Bidco Limited totalling £162,257,000 (2022: £144,887,000) and there were outstanding amounts due of £1,514,406,000 at 30 April 2023 (2022: £1,352,149,000) as set out in note 15. In addition, during the year ended 30 April 2023, IRIS Debtco Limited was charged interest on amounts owed to IRIS Midco Limited totalling £162,257,000 (2022: £144,887,000) and there were outstanding amounts payable of £1,514,406,000 at 30 April 2023 (2022: £1,352,149,000) as set out in note 16.

32 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.

	2023	2022
	£'000	£'000
At 1 May	2,481	1,902
Effect of movement in exchange rates	(163)	145
Non-controlling interest's share of profit for the year	602	434
At 30 April	<u>2,920</u>	<u>2,481</u>

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

33 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 2023 £'000	Year ended 30 April 2022 £'000
Revenue	319,080	255,724
Effect of fair value of contract liabilities on acquisition	2,402	1,774
Impact of deferring of revenue on certain professional services income streams	163	349
Impact of deferring of revenue on certain licence income streams	28	15
Management Revenue	321,673	257,862

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 2023 £'000	Year ended 30 April 2022 £'000
Operating profit		17,142	19,407
Depreciation and amortisation			
Depreciation and loss on disposal of property, plant and equipment	11	2,730	3,519
Depreciation and loss on right-of-use assets	12	2,531	2,438
Amortisation of intangibles	10	73,905	62,840
		79,166	68,797
Acquisition related items			
Transaction related costs	6	6,426	10,247
Post-acquisition integration costs		2,515	535
Revisions to deferred consideration for prior year acquisitions		5,411	-
Effect of fair value of contract liabilities on acquisition		2,402	1,774
		16,754	12,556
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		(2,558)	(2,437)
Impact of recognising rents as they fall due		(2,625)	(1,744)
Impact of share based payments		10,998	5,852
		5,815	1,671
Material non-recurring investment expenditure			
Transformational projects including Next Generation Elements Product Suite		8,355	2,360
Costs relating to the implementation of a single, integrated group wide ERP		5,832	7,212
		14,187	9,572
Other adjustments			
Restructuring and one off legal costs including redundancies and office closures		1,693	1,682
Foreign exchange losses recognised below EBITDA		3,297	-
		4,990	1,682
Management EBITDA		138,054	113,685

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 £2,558,000 (2022: £2,437,000) and the impact of recognising rents as they fall due of £2,625,000 (2022: £1,744,000) has also been removed as this impact was not included in the Management Accounts for the year ended 30 April 2023 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 2023 £'000	Year ended 30 April 2022 £'000
Net cash flows generated from operating activities	98,595	85,554
Acquisition related items paid	9,077	9,222
Costs paid for transformational projects including Next Generation Elements Product Suite	7,216	3,636
Restructuring costs paid	1,175	1,906
Costs paid relating to the implementation of a single, integrated group wide ERP	6,143	7,503
Taxation paid	1,138	423
Decrease/ (increase) in client funds	24,692	4,136
Purchase of tangible assets	(1,631)	(1,591)
Development expenditure	(7,620)	(7,103)
Rent paid	(2,734)	(2,841)
Management operating cash flow	136,051	100,845

Notes to the Financial Statements (continued)
for the Year ended 30 April 2023

34 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 2023 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.

35 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 2023:

	Registration number
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
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 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
Net-Worx (2001) Limited	04278636
Paycheck Plus UK Ltd	08889273
Payplus Limited	06642764
PTP Software Ltd	03166974
Results Squared Ltd	05897771
Sandgate Systems Limited	07442104
Senta SaaS Limited	08964408
Staffology Limited	11759993
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

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.