Camelia Investment 1 Limited

Annual report and consolidated financial statements

Registered number 10969863

30 September 2021

Contents

Directors' Report and Strategic Report

The directors present their report and the audited consolidated financial statements for the year ended 30 September 2021.

Principal activities

The principal activities of the Group are building the software to sustain and enhance public services globally, with our core focus in the United Kingdom, Ireland, Australia, New Zealand, South-East Asia and North America.

Strategic Report

Business model

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

The Group has a strong track record as one of the UK's leading software providers, driven by a clear strategy and purpose to help our customers to address rising expectations and complex challenges. Building on the foundation of our cloud software and applying local knowledge on a global scale, Civica delivers value to our customers through our business model. This comprises of development, support and management of a broad range of software to deliver and improve core business activities and organisational efficiency. These comprise both sector-specific ('vertical') applications for individual markets and cross-sector ('horizontal') platforms for digital engagement, financial management, people and workforce management and governance, risk and compliance

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

Business review

While the extraordinary events of the last two years continued to bring rapid upheaval and enormous challenges for all, the Group continued to deliver a high performance across the 2021 financial year. This was driven by the nature of our software in delivering critical activities for the public sector and supported by our exceptional team, cloud technology and strong infrastructure.

Responding to COVID-19

An early signatory to the C-19 Business Pledge in 2020, we continued to focus on safeguarding our people and the wider public health while working hard to support customers through business as usual throughout the financial year. We continued to enable our employees to work from home or office, based on varying restrictions on movement across our respective geographies. With an established blended working approach, the business is well placed to respond to potential future restrictions that may arise, ensuring that the health and safety of our colleagues and customers is protected, while continuing to serve the business needs of our customers.

Trading results

The Group delivered a very strong trading performance for the full year with progress across core markets and continued strategic development, underpinned by balanced investment in our people, our products and our platform.

Regardless of the continued impact of COVID-19 across the globe, Group turnover during the year to 30 September 2021 was £458.9 million (year ended 30 September 2020: £424.9 million), underpinned by good order intake with the volume of major sales increased by 16 per cent. Operating profit before depreciation, amortisation and exceptional charges increased by 18.7 per cent to £110.5 million (year ended 30 September 2020: £93.1 million).

Our market-aligned growth strategy continues to focus on sales of innovative software functionality (including cloud migration) to new and existing customers, and supporting their digital transformation through new business, cross-sell and upsell opportunities – alongside our sustained emphasis on investing in our people.

The Group's activities are focused on common vertical markets in the UK and Ireland, Asia Pacific and North America. UK and Ireland revenues were £350.7 million (2020: £327.6 million), led by increased contribution from health and care, democracy and engagement and social housing divisions. Revenues from Asia Pacific and North America made up approximately 24 per cent of Group turnover.

Directors’ Report and Strategic Report *(continued)*

Business review *(continued)*

Trading results *(continued)*

With a large and diverse customer base, cross selling of our products across markets and geographies remains a strategic focus and we saw continued momentum through a systematic approach including 6 key products identified and sold into the APAC market in 2021.

Executing cloud at pace

Cloud technology took on greater significance during 2021. With a change in the pace of more agile working and digital adoption, the experience during the pandemic demonstrated the speed with which innovative projects and services can be deployed and our products were ready to meet this demand. Over the year, 75 percent of all major sales were for cloud-based solutions.

During the year we continued to accelerate our cloud strategy including through the acquisition of businesses with of software as a service (‘SaaS’) solutions, which are helping to deliver more efficient, flexible and secure services and a stronger foundation for the future. Civica grew the number of cloud customers to approximately 6,000, and we were delighted to be recognised with industry awards including Best Cloud Finance Solution at the 2021 Computing Cloud Excellence Awards.

Driving innovation

We focused on innovation throughout the business. Our NorthStar innovation lab is driving better outcomes for public services through the acceleration and application of new ideas and technologies. We continue to invest in software R&D and we made great steps forward in growing our addressable market, establishing our software with more customers in more countries.

Innovation is key to helping the public sector to digitise and automate people-intensive operations to meet rising demand and to reduce costs. With a particular focus around automation, data and devices, NorthStar is driving a pipeline of new products and is helping promote and decode advanced technologies such as artificial intelligence (AI), machine learning (ML), and augmented and virtual reality (ARVR). Since launching Aurum in 2020, an AI-based analytics solution for the health sector, NorthStar have two further products in development which will support the Housing and Transport market and NHS and care homes, respectively.

Complementary acquisitions

Civica has a highly successful record of acquiring and integrating complementary businesses which add market breadth and depth and expand the Group’s market presence and scale of opportunity in line with our clear focus. With proven processes and a consistent strategy, the Group has completed more than 35 acquisitions in the last 10 years.

We completed seven acquisitions in 2021 from across our geographies. We added capability and further scale for the health and care and education sectors as well complementary products in people and workforce management, and governance, risk and compliance capabilities.

- For the Education sector, Parago Software Limited – a specialist in schools’ asset and estate management and governance. Additionally, digital assessment capability and support for organisations building more skilful workplaces came with Calibrand Limited.
- Our people and workforce management focus was further enhanced through Agylia Group Limited, a digitally focused global learning management platform and Equiniti HR Solutions Limited for HR, payroll, time and attendance capability. ntropy data Inc, an innovative software-as-a-service platform for community and stakeholder engagement also expanded this focus area.
- Our governance, risk and compliance capability was expanded further with ArborSafe Australia Pty Limited, a market leading asset management software solution, further expanded this capability.
- For the Health and Care sector, Medical Billing and Collection, the UK’s number-one digital billing service provider to the independent medical practitioner sector.

Acquisitions are rapidly integrated to deliver greater value via combined capability and expertise including product cross-selling.

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

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Complementary acquisitions *(continued)*

As we continued to deliver our strategy to focus on software, we have begun to transition our BPO (Business Process Outsourcing) contracts back to our customers, where they will leave a legacy of improved in-house services. After the close of the financial year, we also made the decision to divest our remaining Licencing and Cloud and Software Lifecycle (LCSL) activity in the UK, as this no longer supports the company's software focused growth strategy.

Continued investment in our platform

Our global operating platform underpins the Group's activities and ensures a scalable growth foundation. During the year we made strong progress with our structured operational excellence programme, Centum. This is used to drive improvement initiatives across the business. In particular in FY21 we have:

- Reviewed the opportunities to accelerate to an increasingly subscriptions-based offer responding to increasing demand from our customers.
- Continued our programme of product investment to enhance our software's deployment in the Cloud. In FY21 this ongoing programme of investment has resulted in approx. 75% of our major sales' activity being Cloud based with software for more than 6,000 customers deployed in the cloud.
- Expanded the scope of our Sales Excellence programme to refresh our approach to the recruitment of sales talent, launch new on-boarding training (using our Agylia Learning Management systems), develop and launch a range of specific training for our pre-sales community and launch performance management dashboards for the sales community as the 1st suite of our Analytics and Business Intelligence ("ABI") platform.
- Accelerated a programme to enable the sale of products developed in the UK to similar markets in APAC, with early success achieved for the programme with our Costmaster product in Singapore and our Cx Housing Management product in Australia; and continued the roll-out of our pricing-recommendation tools across the UK software business.
- Sustained our investment in project and programme management (PPM) with the launch of the Delivery Academy which with ongoing programmes has resulted in continued improvement in the efficacy of our implementation projects in FY21.
- Completed the roll-out of our framework for secure software development lifecycle and software development together with a standard framework for agile-based working, whilst expanding our specialist teams and tooling for software quality assurance and testing.
- Grown our team in Vadodara, India, to over 850 colleagues providing an outstanding resource to support all parts of the business globally including back office and Group functions.
- Delivered refreshed brand and positioning on existing strong customer and employee advocacy.

Environmental and Social Governance

Focused around employees, customers and communities, corporate responsibility is integral to our approach in order to contribute to an improved and sustainable environment and create social value. We continue to make progress across a number of areas, with increased awareness of our activities and further engagement with our people to help the business deliver on our commitments supported by ethical policies. This was enhanced further in 2021 with the introduction of the ESG (Environment and Social Governance) Committee, which is committed to delivering on our Carbon Reduction Plan and activities which will see us achieve Net Zero by 2040.

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

Growth outlook

Civica has a sustainable platform-based business model focused around core markets and capabilities. Notwithstanding a year of enormous upheaval and tremendous pressures for all involved in public services and more widely, we maintained momentum in 2021 based on clear focus, strong commercial relationships with our customers and the Group's ongoing strategic development.

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Growth outlook *(continued)*

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

We believe Civica is in a strong position to continue our momentum and, with the enhancements to our global platform, we expect to sustain our growth performance into 2022 and beyond.

Our people and our values

Our strength lies in our people and our culture, which underpins both our value to customers and our continued growth and development. Civica's strength has always radiated from our engaged and high performing people and purpose-driven culture. With our deep sector and software expertise and depth of leadership, we build durable long-term relationships based on a shared purpose and commitment.

We continue to focus and invest in supporting and developing our team guided by our Civica Way framework. Across the globe, we aim to recruit diverse colleagues from all backgrounds who share our strong purpose and values. We offer outstanding training and development for people to develop careers with us while empowering everyone to feel able to bring their true selves to work.

Our core values:

- **Knowledge**: With a deep understanding of our customers and of software, we are committed to developing and sharing our insight and expertise to help customers and colleagues achieve their goals.
- **Integrity**: Reinforced by our culture, we maintain consistently high standards as a trusted partner, delivering what we promise and remaining open, straightforward and fair at all times.
- **Action**: We focus on delivering timely and effective results, always looking to do more and go further with a desire to help customers and colleagues make a positive difference and fulfil their potential.

A leading global employer

We work hard to ensure Civica remains a great place to work, with a leading brand to attract and retain diverse talent from across the globe. An accredited Investors in People 'Gold' business, we continuously invest in our people and business through sustained programmes for engagement, learning and development, leadership and support via our successful Civica Academy.

Our dedicated focus on employee wellbeing, supporting diversity and effective leadership continues to be recognised. This was shown by an excellent 2021 employee Net Promoter index of +50. We maintained our position as one of the top UK IT companies in the 2022 UK Financial Times Diversity Leaders list, maintained our Employer of Choice award win in 2021 at the Australian Business Awards. In August 2021, we were certified as a Great Place to Work in India.

Emerging from the pandemic

For many in the Civica team, 2021 proved to be just as challenging as 2020 with a second wave of Covid-19 in India, further restrictions in Australia and the UK only emerging from their restrictions in June 2021. With a constant focus on the safety and wellbeing of all our people, we supported our colleagues and the communities they are part of. In just one example, in Vadodara, India, we backed fundraising to establish a 500-bed dedicated coronavirus hospital, with colleagues around the globe giving generously to the cause.

We continued to give our people the tools and support they needed, to work in an agile way. This balanced appropriate remote working, with face-to-face time with customers and Civica colleagues. This 'blended working' model has been supported across our organisation, offering managers the tailored training needed to support remote/blended teams and maintain collaboration and innovative ways of working. This has been supported by our focus on positive health, including Employee Assistance and Mental Health Champions programmes.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

Emerging from the pandemic *(continued)*

The Group's regular Pulse surveys have helped us understand the needs of employees as we emerged from the pandemic and moved towards a blended working model. Throughout the year, we adapted our strategy to support health and wellbeing, with additional support to meet the needs of remote working from enhanced communications and tools to increase engagement and collaboration and to our wellbeing hub.

With many colleagues able to opt in to visit our hub offices during the period, we facilitated this via a simple online booking system and Covid-safe attendance arrangements to protect the safety of employees.

Growth through skills and leadership

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

We encourage everyone to grow their skill set throughout their Civica careers and to reach their full potential. Through our global Civica Academy, we provide sustained learning and development in the workplace tailored to the needs of employees and to build the diverse skill set needed to deliver for customers. During 2021 we delivered a record 220,000 hours of training (10% up on 2020), building on the success of online training formats established in 2020.

With a strong leadership team and track record of delivery, succession planning is a vital and consistent area of focus across our business. During the period, we delivered new training for leaders around succession planning for leaders, created a new Head of Talent position and launched a new Leadership in Action programme. Succession planning and talent management were also introduced as new modules within our Raising the Bar leadership programme.

Our comprehensive Civica Academy works to progress our people. Alongside structured coaching, mentoring, regular check-ins, objective plans, we also encourage people to take ownership to drive their own careers and be their own 'Chief Learning Officers'. We aim to promote and progress everyone, regardless of background. We continue to develop our blended training and self-directed e-learning, continuously reviewing our current training, investing in new and improved modules and maximising our Civica Agylia learning management system.

During 2021, we expanded our Sales Excellence Programme to help all our teams perform to their absolute best and support our customers in the strongest way possible. We also grew our coaching programme with a new formal qualification available for people across the Group. Our successful mentoring programme continues to help people reach their full potential, find the best internal opportunities and feel even more supported in the workplace.

Via our successful Civica NorthStar innovation lab, we provide a range of activities to foster and support innovation. Everybody at Civica has a unique perspective, experience and skills, which is why anyone can submit and engage with ideas to deliver the public services of the future at the new NorthStar Innovation Portal.

As a member of the 5% Club, we remain committed to our goal to make up 5% of Civica's workforce with apprentices and graduates. We continued to attract graduates to our Vadodara India hub and welcomed a large cohort of graduates to our Central Government division in Summer 2021, based in our Belfast and South West hubs.

Diversity, equality and inclusion

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

We grew momentum in our Diversity, Equality and Inclusion (DE&I) strategy via our new affinity groups: these offer a safe space for everyone to hold discussions across a wide range of areas from menopause to the LGBTQIA community, accessibility, race and ethnicity, early careers and parents and guardians.

We continue to champion women in technology, increasing the number of female employees through development, promotion and recruitment of talented women. In 2021, we celebrated Pride Month and Black History Month across the business, and we were very proud to share so many inspirational stories – helping people to feel included and welcome at Civica regardless of race, gender or sexuality.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

Diversity, equality and inclusion *(continued)*

A signatory to the Tech Talent Charter since 2019, we're committed to inclusive recruitment and benchmarking our progress against industry best practice, and we were delighted to maintain our position as a Financial Times Diversity Leaders in 2021/22.

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

	As at 31 December 2021		As at 31 December 2020	
	Female	**Male**	**Female**	**Male**
Number of employees	2,380	2,884	2,306	2,762
Of which managers	333	659	360	660
Of which senior managers	102	227	79	184
Of which Group directors	1	7	1	6

Senior Managers are defined as managers who have direct line responsibility for managers of teams of people.

Investment in employee mental health and wellbeing is increasingly important. Civica now has 60 Mental Health Champions across the globe, trained to support colleagues in the workplace. We run regular Health and Wellbeing virtual 1:1's with our partner provider Sander's Fitness, focussed on improving mental and physical health and new resolutions sessions.

We work with charity Young Enterprise for employees to mentor and inspire young people to consider a career in technology. Our Coding for Kids scheme, launched and developed by a female graduate, has involved several schools across Northern Ireland. In 2021, we held our first Northern Ireland Digital Awareness Week, successfully reaching hundreds of school children across the region and encouraging careers in technology and coding from an early age.

Maintaining engagement

Keeping our people up-to-date and engaged is key to our success and we recognise that great communication in the blended working world is crucial. From making sure teams understand how their roles contribute to our strategy, to sharing ideas and feedback, we run a comprehensive programme of continuous activity across multiple channels to keep employees informed and engaged. Our annual employee engagement and Employer Net Promoter Score surveys allow us to track engagement and listen/quickly respond to feedback within the business.

We've also built on all our support networks for employees such as Yammer groups, coffee roulette and Boomerang 'back-to-the-floor' sessions from our leadership team – all of which are regularly shared with colleagues through our internal communications such as our weekly Take Five e-newsletter.

Charity at work

Led by the Civica Foundation, we continue to create social value and make a difference to people and communities around the world. We encourage our people to 'Donate-a-day' for a worthwhile cause, act as a Charity Champion for their office and share their fundraising ideas with colleagues.

Throughout the year, the Group supports regular fundraising events in aid of its partner charities. These include Young Enterprise, Action for Children, Shelter and Water for Kids in the UK, and Whitelion and Room to Read in Australia. A wide range of further charitable events during the year included support for a new COVID ward in Vadodara India and sponsored hikes and Boycott your Bed for Action for Children. We strengthened our support for tackling violence towards women with our continued White Ribbon accreditation in Australia.

Reward and recognition

We recognise the great efforts of our colleagues and their contribution to our performance and recognise how important it is to say thank you for a job well done. Our annual global Civica Employee Awards, designed to recognise and reward our people who are actively going above and beyond were held in the UK, Australia and India, with more than 2,000 nominations received in 2021.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

Reward and recognition*(continued)*

Our 'Praise' scheme allows people to share their gratitude for colleagues online and our Civica Special Thanks and Recognition (CSTAR) programme rewards employees who have gone the extra mile.

The Group provides a highly competitive benefits package, including flexible elements which people can tailor to their needs such as extra holiday and cycle-to-work schemes, plus employee offers. During 2021, we introduced a new MyRewards portal for employees to easily access their total reward statement including salary, core benefits, partner benefits and discounts, and access to the CSTAR and CPERKS portals.

Civica is currently joining the Real Living Wage Employer scheme, with a commitment to ensuring all employees are paid over and above the UK minimum wage/national living wage.

Anti-corruption and human rights

We are fully committed to sound and fair business practices including zero tolerance on anti-corruption. Prevention, deterrence and detection of fraud or bribery is the responsibility of all, and the company encourages employees to report any suspicions in confidence.

Civica recognises that work is crucial to a person's dignity, well-being and development and as such we are committed to the creation of jobs and working conditions in which people can work in freedom, safety and dignity at a global level. We expect the same from all contractors, suppliers and other business partners across our global supply chain. We are committed to identifying and assessing any potential risks and eliminating the possibility of modern slavery and human trafficking occurring in our business.

We also pledge to provide a workplace environment where colleagues are recognised as the most valuable asset, treated with respect, dignity, and consideration. This commitment is built upon a framework of policies and procedures designed to ensure fairness throughout a colleague's employment lifecycle.

Civica embraces difference across all parts of the organisation. We will not tolerate any discriminatory practices in talent attraction, compensation, access to learning and development, promotion nor exit practices, based on gender (including gender reassignment and pregnancy), marital status, family status, religious belief, disability, age, racial grounds, sexual orientation or any other area which could give rise to discrimination.

Sustainable business

As a growing, fast-paced business, we understand the need to minimise our impact on the environment, which we continually review and strive to improve by working with employees, customers and suppliers. Our global Environmental Social Governance team, made up of volunteers from across the business, are passionate about driving positive change and making a difference in the local communities we serve. The ESG team supports the development of Civica's environmental policy and helps turn our great ideas into action.

Through effective use of technology, we help customers opt for more sustainable choices too, for example digital meeting apps to remove paper and supporting agile working at customer sites.

Key performance indicators

Management use various key performance indicators (KPIs) to routinely monitor the Group's performance and development. Management considers these KPIs to be key, as they are output performance indicators which can be applied consistently across the group, and their input drivers can be clearly understood by management. Those KPIs include:

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

Directors' Report and Strategic Report *(continued)*

Key performance indicators *(continued)*

These KPIs for the years ended 30 September 2021, 30 September 2020 and 30 September 2019 were:

		Year ended 30 September 2021	Year ended 30 September 2020	Year ended 30 September 2019
Turnover	£000	**458,872**	424,942	425,568
Gross profit	£000	**378,669**	346,398	345,136
%		**82.5%**	81.5%	81.1%
Operating profit before amortisation and exceptional charges	£000	**102,116**	85,612	80,379
%		**22.3%**	20.1%	18.9%
EBITDAE	£000	**110,516**	93,126	89,065
%		**24.1%**	21.9%	20.9%
Operating cash flow	£000	**120,201**	87,808	77,929
Operating cash flow as a % of EBITDAE		**108.8%**	94.3%	87.5%

The business also monitors a series of non-financial KPIs that underpin our approach to driving the business forward. These include net promoter score (customer and employee) and customer satisfaction metrics. There are also a number of operational performance indicators that are tracked within the business to ensure that the operations of the group are monitored and managed effectively, with action plans to drive continuous improvement.

Environmental policy

Civica is aware that operating its business has a potential impact on the environment. We believe that it is important to work with our customers, suppliers, partners and employees to follow sound sustainability practices to prevent pollution, reduce the negative and enhance the positive environmental and social impacts of its business activities.

To this end, Civica is committed to the following goals:

1. To identify and understand the direct and indirect impact Civica's facilities, operations, business practices, products and services may have on the environment in line with Civica's context. To operate our business in a manner that is sensitive to the needs and concerns of all stakeholders and the surrounding environment.
2. To use where practical the latest technology to develop sound environmentally conscious means of providing our products and services.
3. To consider environmental issues in our decision making, whilst recognising that business concerns might affect the course of action.
4. To minimise the creation of waste and pollution in our operations and business activities. We will dispose of waste conscientiously and creatively by encouraging a "reduce/reuse/recycle" culture.
5. To educate and train our employees in the use of environmentally conscious practices, recognising that no matter what their roles are, they are also responsible for protecting the environment.
6. To increase employee contribution to environmental initiatives.
7. To ensure compliance with relevant environmental legislation, ISO 14001 and other requirements related to our operations.
8. To set and achieve environmental objectives and targets at all appropriate levels and in line with the company goals as part of an on-going programme of continuous improvement.
9. To have local, facility based, initiatives.

Directors' Report and Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting (SECR)

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

This SECR report contains details on annual GHG emissions, total energy consumption for Civica UK Limited ("CUKL") and Civica Election Services Limited ("CES") covering our facilities, transport assets, and energy efficiency and environmental management actions implemented during the financial year. Subsidiaries within the Group which do not qualify as 'large' in their own right, under the definitions of the legislation, have been excluded from this disclosure. This report contains our SECR disclosure for the year ended 30 September 2021.

Methodology

Scope of analysis and data collection

During the year ended 30 September 2021 the Group collected primary data for offices and business travel activities including: electricity consumption (kWh), electricity transmission and distribution (kWh losses), gas consumption (kWh), company car mileage, and employee mileage claims ("Grey Fleet"). All primary data used within this report is from 1 October 2020 to 30 September 2021, covering our financial year. The scope of our GHG emissions calculation covers all of CUKL's and CES's operations.

Calculation Methodology

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

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

GHG Emissions Scopes

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

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

Energy Consumption

The table below displays our annual energy consumption for electricity, natural gas and business travel for the year ended 30 September 2021 and year ended 30 September 2020. In line with SECR reporting requirements this is presented in kilowatt hours (kWh).

Emissions Source	GHG Scope (GHG Protocol)	Reporting Units	Year ended 30 September 2020	Year ended 30 September 2021	Y.o.Y % Change
Electricity	Scopes 2 & 3	kWh	1,886,246	1,459,524	-22.6%
Natural Gas	Scope 1	kWh	755,446	1,093,528	+44.8%
Grey Fleet	Scope 1	kWh	1,832,279	196,499	-89.3%
Company Cars	Scope 3	kWh	348,683	259,489	-25.6%
Total Energy Consumption (kWh)			**4,822,654**	**3,009,040**	**-37.6%**

GHG Emissions Reporting

In accordance with the SECR Emissions Reporting requirements outlined in the Companies Act for large companies our GHG disclosure for the year ended 30 September 2021 and year ended 30 September 2020 is listed below. Results have been split by scope as outlined by the GHG Protocol calculation methodology.

Directors' Report and Strategic Report *(continued)*

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

GHG Emissions Reporting *(continued)*

GHG Emissions Scope	Result Units	Year ended 30 September 2020	Year ended 30 September 2021	Y.o.Y % Change
Scope 1	tonnes CO_2e	226.05	264.41	+17.0%
Scope 2	tonnes CO_2e	439.76	309.90	-29.5%
Scope 3	tonnes CO_2e	496.54	75.92	-84.7%
Total GHG Emissions	**tonnes CO_2e**	**1,162.35**	**650.23**	**-44.1%**
GHG Emissions Intensity 1	**tonnes CO_2e/£m turnover**	**3.77**	**1.92**	**-48.4%**
GHG Emissions Intensity 2	**tonnes CO_2e/employee**	**0.41**	**0.21**	**-48.2%**

Total GHG Emissions for Scope 1, Scope 2, and Scope 3 for the year ended 30 September 2021 are 650.23 tonnes CO_2e. Of the total GHG emissions, Scope 1 accounts for 40.7%, Scope 2 accounts for 47.7 %, and Scope 3 accounts for 11.6%. GHG Emissions CO_2e Intensity per £m turnover is 1.92 tonnes CO_2e, and per employee is 0.21 tonnes CO_2e.

Please note that the year ended 30 September 2020 company car and grey fleet energy and emission figures above have been amended to move 'car allowance' figures which had been reported as company cars to now report under grey fleet as they relate to private car use. Civica's total energy consumption and GHG emissions footprint in the year ended 30 September 2020 remains unchanged.

Energy Efficiency & Environmental Management

During the reporting year Civica has been focusing upon enhancing our current environmental and carbon management programmes and have set up a dedicated Environmental and Social Governance (ESG) working group. Our ESG working group has executive and board level representation, ensuring that environmental and sustainability issues remain paramount to our organisations.

Civica is currently in the process of defining our GHG emissions footprint for both our global and UK operations for FY 2020-21. The calculation scope of our global and UK GHG emissions footprints includes additional scope 3 emissions sources (water, waste, business travel) which exceeds the current scope of our SECR assessment. Our global and UK GHG emissions footprints will act as a baseline for the development of robust GHG emissions reduction targets, in order to meet our aim to become a Net Zero Carbon organisation by 2040 (or sooner).

Over the course of the financial year due to restrictions implemented as a result of the Covid-19 pandemic, we have significantly reduced business mileage completed by company cars and grey fleet. Civica will be transitioning our current diesel company car fleet to hybrid or electric models to reduce our GHG emissions.

Civica does not expect mileage (and GHG emissions) levels to return to pre-pandemic levels, as the majority of business is completed remotely via MS Teams. Business operations have remained stable despite the lack of physical meetings. In addition, Civica has adopted a flexible working approach, whereby employees have the flexibility to work blended hours meaning they are not required to be permanently based on-site. This in turn has led to the closure of a number of our offices, which will help to continue to reduce our GHG emissions.

Our group energy contract renewal is due in October 2021 and Civica will be looking to renew with a provider of verified green tariffs, to move away from the fossil fuel based (brown) tariffs.

Aside from our direct environmental impacts we are also continuing to review how we reduce our indirect environmental impacts through the materials and services we procure. For example, Civica is moving the supply of our laptop/IT equipment destruction services to a supplier who will recycle this equipment; is actively reducing the amount of single-use plastics procured; and discussing with suppliers to implement a number of green initiatives on our company benefits page for employees.

Corporate governance

The Civica Group is majority owned by funds managed and/or advised by Partners Group, and is controlled by a Board comprising Partners Group-nominated non-executive directors and Civica management.

The Group continues to operate a strong framework of corporate governance across the business to ensure the successful delivery of business outcomes in line with our strategy and priorities, management of risk and focus on delivery of excellent service to our customers. This framework is managed through the following components.

Directors' Report and Strategic Report *(continued)*

Corporate governance *(continued)*

Group Board

The Board is responsible for the overall strategy of the Group and the effective management of risk and performance. It meets on a monthly basis to review business performance from a strategic, financial and operational perspective and to ensure that risks are appropriately managed, including major bids and investments. The performance review is closely aligned to the key priorities in respect of financial performance, products and services, people, customer service and operational efficiency. Business planning is conducted on an annual basis, again in line with the strategy and key priorities, and is approved by the Board. The Board had an effective balance of executive (2) and non-executive (5) directors during the year. Since the year end, a further non-executive director has joined the board.

Audit Committee

The purpose of the Audit Committee is to review the financial statements and controls of the Group on behalf of the Group Board. The committee is responsible for being assured that the principles and policies comply with best practice and accounting standards. The committee will also consult with the external auditors reviewing key risk areas, seeking to satisfy itself that the internal control and compliance environment is adequate and effective, and recommending to the group board the appointment and remuneration of the external auditors.

The Audit Committee is chaired by the Group's non-executive chairman, and comprises the chief executive officer and Group Board members from Partners Group. The chief financial officer is invited to attend but is not a member of the audit committee.

Remuneration Committee

The function of the Remuneration Committee is to provide oversight of the terms and conditions and remuneration of senior employees on behalf of the Group Board.

The Remuneration Committee is chaired by the Group's non-executive chairman, and in addition comprises the chief executive officer and Group Board members from Partners Group.

Executive Management Board

The Executive Management Board consists of the chief executive and chief financial officers, the executive directors for the operating divisions and the chief officers for people, marketing, business development, product strategy, technology and infrastructure. It meets on a monthly basis to discuss strategic issues and the effective management of people and culture, opportunity, risk and business improvement.

Monthly business reviews

Each unit within the Group is subject to a monthly business review by Executive Management Board members to assess the financial and operational performance and business risks, review the financial projections and review working capital management and cash flow performance. Financial and operational key performance indicators in each unit are aligned to the key priorities of the Group as highlighted above. Specific business risks are identified and mitigated through this process.

Commercial, legal and project management controls

All acquisition, capital investment and business development activity is controlled through a methodical process of qualification, review and approval, which is dependent upon both value and complexity to ensure appropriate management of business risk and effective use of business resources.

Operational processes

As Civica continues to grow organically and through acquisition, we constantly review operational processes across the Group to support effective product and service development and efficient delivery to customers as well as our internal administration. This is enhanced by a sustained cross-company improvement programme to strengthen our operating platform and to drive consistent best practice globally. This is underpinned by a wide range of management accreditations including ISO 9001 (quality), ISO 14001 (environmental), OHSAS 18001 (Health & Safety), ISO 22301 (Business Continuity), ISO 20000 (IT service management) and ISO 27001 (information security).

Directors' Report and Strategic Report *(continued)*

Principal risks and uncertainties

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

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

The Group's primary and material financial risk management objectives and policies concern the Group's external borrowings (see notes 16 and 17), the level of operating cash flow (see the cash flow statement) required to be generated to repay interest at the interest rates given in note 16, leverage ratio, and the amount of headroom achieved above and beyond the minimum leverage required.

The Board monitored all of the above primary financial risks within the Group's risk management objectives and policies at least monthly and continues to do so.

At 30 September 2021, leverage headroom was 56.2 per cent and EBITDA headroom was 128.5%.

The group manages operating cashflow as a key performance indicator across all businesses within the Group. As a result of strong cash management and business growth, the business has been steadily deleveraging and increasing headroom against it's bank borrowings, which are described in note 16.

Specifically addressing some of the key risk areas:

Interest rate risk

The company regularly reviews its exposure to fluctuations in underlying interest rate movements which underpin the company's borrowings, and ensures appropriate actions are undertaken to mitigate this risk. As part of this review, an interest cap was put in place for the majority of the sterling borrowings of the Group, to minimise any impact of variable interest rates rising above forecast levels.

Liquidity risk

The company regularly reviews its exposure to risks which may affect the liquidity of the Group, to ensure that appropriate cash and working capital facilities are in place to enable the ongoing operation of the business.

In terms of the Group's cash balances, these are held in standard instant access bank accounts in the geographies in which the group operates, with regular reviews undertaken to ensure adequate working capital is available to each of the businesses in those geographies. Any surplus funds are periodically repatriated to the Group so that the Group can manage the overall liquidity of the business effectively.

The group has access to a revolving credit facility, of which £62m is undrawn, and can be called at any time. The revolving credit facility forms part of the Group's debt facility as described in Note 16.

Market risk

The Group operates a portfolio of businesses across a number of geographies, and therefore has some exposure to foreign exchange risk. Approximately 23 per cent of the Group's revenues are outside of the UK, primarily in Australia and Singapore. The Board regularly reviews this risk and ensures plans are in place to effectively manage it, including:

- Delivering the software and services locally, with locally paid resources so that costs of delivery are in the same currency as revenues;
- Denominating some of the Group's borrowing facilities in local currency, to provide a natural cash flow hedge.

Credit risk

The Group offers standard market credit terms to customers, typically 30 days, and regularly assesses the credit risk of new and existing customers to the Group.

Directors' Report and Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Credit risk *(continued)*

The Group operates predominantly in the public sector, where customers are seen as very low risk of default, and this is further mitigated by payment from customers being a key requirement of continuing to be licensed to use our business critical software applications.

Post Brexit

Under Civica's governance framework we consistently review risks and uncertainties and as such we monitor and assess market and legislative developments, which include Brexit. As a UK-headquartered business with operations in the UK, Australia, New Zealand, Singapore, India and North America, the Group is not reliant on labour or product supply from within the European Union. We benefit from a highly transferable skills base such that there is minimal impact on recruitment or resourcing. We continue to monitor the situation, to review regulatory developments and to implement appropriate action as the need arises. We remain cautious while the full, long-term implications of Brexit are unclear. For example, we consider it possible that the potential need to implement a high volume of legislative change could give rise to short-term market capacity issues across the industry. However, we believe the company is very well placed to support customers and remain committed and look forward to working with customers to mitigate any risk.

Future developments

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

Subsequent events

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

Digital medical record specialist; Medical I.T. Pty Limited, a company incorporated in Australia, in December 2021.

Dividends

The directors do not recommend the payment of a dividend on ordinary shares. Dividends of £78,013,000 on preference shares were accrued during the year (*2020: £70,932,000 accrued*).

Directors

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

Executive directors:

Wayne Story	Chief Executive Officer	
Phillip Rowland	Chief Financial Officer	
Martin Franks	Director	Appointed 18 January 2022

Subsequent to the year end, Martin Franks has been appointed as a director of the Group. On 28 February 2022 Phillip Rowland will retire from the Civica Group, and Martin will become the Chief Financial Officer.

Non-executive directors:

Simon Downing	Non-Executive Chairman	
Christian Unger	Partners Group representative	
Bilge Ogut	Partners Group representative	
Charles Rees	Partners Group representative	
Guy Berruyer	Non-Executive Director	
Franck Cohen	Non-Executive Director	Appointed 1 October 2021

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

Directors' Report and Strategic Report *(continued)*

Directors *(continued)*

Wayne Story – Chief Executive Officer

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

Phillip Rowland – Chief Financial Officer

Phill is responsible for leading all aspects of our global financial and commercial operations, together with strategic and corporate development initiatives. Since joining in 2009, he has overseen high standards of financial and operational performance and growth underpinned by the Group's global operating platform. Phill has 25 years broad experience in public and private ownership and has been instrumental in Civica's private equity backed investment cycles. He started his career as a chartered accountant with Coopers & Lybrand (now PwC) and followed a variety of roles for British Aerospace (now BAE Systems) with leadership positions including at Capita Group and Equiniti Group. He is a Fellow of the Institute of Chartered Accountants in England & Wales. In 2022, Phill will be retiring from the Civica Group after nearly 13 years.

Martin Franks – Director

Martin joined the Civica Group on 18 January 2022 and we will become the Chief Financial Officer on 28 February 2022. Martin has over 25 years of experience with international B2B technology businesses including 2 successful private equity cycles. Before joining Civica, he was CFO of Foundry, a developer of software for the media and entertainment industries. He started his career as a Chartered Accountant with PwC and has a degree in French and German from Cambridge University.

Simon Downing – Non-Executive Chairman

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

Christian Unger – Partners Group representative

Christian Unger is Head of the Operating Directors and Entrepreneurial Governance business unit, based in Zug. He is a member of the Board of Directors of the firm's portfolio companies Civica and SPi Global. Christian is a member of Partners Group's Global Executive Board and has been with the firm since 2013, bringing 26 years of industry experience in the media and digital space. Prior to joining Partners Group, he was global CEO of Ringier AG, Switzerland's largest media company. During that time, he was also Chairman of Betty Bossi AG and board member of Scout24, jobs.ch, RingierAxelSpringer AG and Publigroupe AG. Before Ringier, he was CEO of QXL Ricardo/Allegro, a publicly listed e-commerce company (at the LSE in London) which he sold to Naspers for 2bn CHF in 2008. Christian started his career at Bertelsmann AG and holds a master's degree in economics from the European Business School, Germany.

Bilge Ogut – Partners Group representative

Bilge Ogut is Head of the Private Equity Technology business unit, based in Zug. She is a member of the Global Investment Committee, the Private Equity Direct Leads Investment Committee, Chairwoman of the Private Equity Direct Co-Investments and Direct Lead Growth Investments in Technology Investment Committee and a member of the Board of Directors of the firm's portfolio companies Civica Idera and Unit 4. She has been with Partners Group since 2013 and has 29 years of industry experience. Prior to joining Partners Group, she worked at Standard Bank, Warburg Pincus and Goldman Sachs. She holds an MBA from Harvard Business School, Massachusetts, USA and a bachelor's degree from the Wharton School at the University of Pennsylvania, USA.

Directors' Report and Strategic Report *(continued)*

Directors *(continued)*

Charles Rees – Partners Group representative

Charles Rees is part of the Partners Group European Private Equity business unit, focused on Tech investments. He has been with Partners Group since 2011. He is a member of the Board of Directors of the firm's portfolio companies Civica and Unit4, and has also been involved with the firm's investments in Foncia, Cerba Healthcare and Vermaat. Prior to joining Partners Group, he worked at Goldman Sachs. He holds a bachelor's degree in social and political sciences from the University of Cambridge, UK.

Guy Berruyer – Non-Executive Director

Guy was a FTSE-100 CEO of Sage Group from October 2010 until November 2014. His career in technology includes 17 years with SAGE, during which time he was instrumental in driving its cloud strategy. Guy was previously with Groupe Bull and Intuit. Guy is currently non-executive chairman of DL Software in France, and a non-executive director at Meggitt PLC, A FTSE-100 Company. He has an MBA from Harvard Business School and a degree in electrical engineering.

Franck Cohen – Non-Executive Director

Franck Cohen is the former President of SAP Digital Core & Industry Solutions, and prior to that, held a number of roles, including global chief customer officer, President of EMEA, and Senior Vice President, COO of EMEA. Franck began his career in 1987 when he created an ERP company in France. Ten years later, he joined Intentia, a Swedish ERP company, where he held several roles including General Manager of EMEA and EVP of Sales Worldwide. In 2006, when Intentia merged with Lawson Software. He subsequently relocated to the United States to lead the North American and the EMEA organization. Franck is also the chairman of a not-for-profit association, PassW promoting inclusive AI, and a strategic advisor of UIPATH & Workday and the chairman of CYE, a cyber security company in Israel. Franck has a BSc in Mathematics and Electronic Engineering from the University of Tel Aviv.

About Partners Group

Partners Group is a leading global private markets firm. Since 1996, the firm has invested over USD 170 billion in private equity, private real estate, private debt, and private infrastructure on behalf of its clients globally. Partners Group seeks to generate strong returns through capitalizing on thematic growth trends and transforming attractive businesses and assets into market leaders. The firm is a committed, responsible investor and aims to create sustainable returns with lasting, positive impact for all its stakeholders. With USD 127 billion in assets under management as of 31 December 2021, Partners Group provides an innovative range of bespoke client solutions to institutional investors, sovereign wealth funds, family offices and private individuals globally. The firm employs more than 1,500 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland; Denver, USA; and Singapore. It has been listed on the SIX Swiss Exchange since 2006 (symbol: PGHN). For more information, please visit www.partnersgroup.com or follow us on LinkedIn or Twitter.

Disclosure of information to auditor

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

Directors' duty to promote the success of the Group

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

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

Directors' Report and Strategic Report *(continued)*

Directors' duty to promote the success of the Group *(continued)*

In promoting the success of Civica, the directors have regard to the Group's stakeholders, including customers, employees, communities, suppliers, shareholders and investors, with focus on our core values of Knowledge, Integrity and Action. The 'business review' and 'our people and our values' sections of this report on pages 1 to 7 set out how Civica engages with stakeholders to ensure business decisions result in long-term sustainable growth and support our strong and purpose-driven culture.

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

The Group maintains high standards of business conduct through the effective corporate governance framework described on pages 10 and 11. This is underpinned by strong operational processes, policies and accreditations to drive consistent best practice across the Group.

Wates Principles

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

Purpose and leadership

The directors develop and promote the Group's purpose with a clear strategy, underpinned by the values and culture set out in the 'business model', 'business review' and 'our people and our values' sections of the strategic report on pages 1 to 7.

Board composition

The Group board comprised 2 executive and 5 non-executive directors during the year, with an effective combination of skills and experience. This is further described under the 'corporate governance' section on page 10 and 11, and the composition of the board along with the background and experience of the directors is set out on pages 13 to 15.

Wates Principles

Director responsibilities

To ensure effectiveness and accountability, the Group's governance structure includes various committees and an executive management board, each with clear purposes and responsibilities. These are detailed on pages 10 and 11.

Opportunity and risk

Civica's success is built on sustainable long-term growth. The board promote this through identifying opportunities, such as those set out in the 'business review' on pages 1 to 4, whilst maintaining effective risk management controls described on pages 12 and 13.

Remuneration

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

Stakeholder relationships and engagement

Engagement with stakeholders is integral to Civica's approach. The 'business review' and 'our people and our values' sections of this report on pages 1 to 7 set out how Civica engages with stakeholders to ensure business decisions result in long-term sustainable growth and to and create social value.

Other information

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

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

Directors' Report and Strategic Report *(continued)*

Auditor

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

By order of the board

Phillip Rowland
Director

South Bank Central
30 Stamford Street
London
SE1 9LQ

22 February 2022

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

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

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

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor’s report to the members of Camelia Investment 1 Limited

Opinion

We have audited the financial statements of Camelia Investment 1 Limited (“the Company”) for the year ended 30 September 2021 which comprise the Consolidated Profit and Loss Account, the Consolidated Other Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 30 September 2021 and of the Group’s loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We have evaluated the directors’ conclusions by performing the following:

- critically assessing assumptions in base case and downside scenarios relevant to liquidity and covenant metrics, in particular by comparing to historical trends in severe economic situations and our knowledge of the entity and the sector in which it operates;
- assessing whether downside scenarios applied mutually consistent and severe assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies;
- assessing the working capital assumptions inherent in the forecasts to actual recent experience and existing supplier/customer arrangements;

We also compared past budgets to actual results to assess the directors' track record of budgeting accurately. We inspected the confirmation from the lender of the level of committed financing, and the associated covenant requirements. We evaluated the achievability of the actions the directors consider they would take to improve the position should the risks materialise, taking into account the extent to which the directors can control the timing and outcome of these. We considered whether the going concern disclosure in note 1.2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities. We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates such as impairment and pension assumptions; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Fraud and breaches of laws and regulations – ability to detect *(continued)*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 18, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

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

Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

22 February 2022

Consolidated Profit and Loss Account

for year ended 30 September 2021

	Note	**Year ended 30 September 2021 £000**	**Year ended 30 September 2020 £000**
Turnover	*1,3*	**458,872**	424,942
Cost of sales		**(80,203)**	(78,544)
Gross profit		**378,669**	346,398
Administrative expenses		**(386,295)**	(354,271)
Operating profit before amortisation and exceptional charges		**102,116**	85,612
Exceptional charges	*4*	**(15,166)**	(9,038)
Amortisation	*10*	**(94,576)**	(84,447)
Group operating loss		**(7,626)**	(7,873)
Interest receivable and similar income	*7*	**1,436**	644
Interest payable and similar expenses	*8*	**(117,111)**	(113,168)
Loss before taxation		**(123,301)**	(120,397)
Tax on loss on ordinary activities	*9*	**(23,416)**	(5,130)
Loss for the financial year		**(146,717)**	(125,527)

All turnover and results are derived from continuing activities.

The notes on pages 30 to 63 form part of the financial statements.

Consolidated Other Comprehensive Income
for the year ended 30 September 2021

	Note	**Year ended 30 September 2021 £000**	**Year ended 30 September 2020 £000**
Loss for the year		**(146,717)**	(125,527)
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		**(966)**	(833)
Remeasurement of the net defined benefit pension liability	*20*	**1,328**	(974)
Deferred tax on other comprehensive income	*9*	**(252)**	166
Other comprehensive income for the year, net of income tax		**110**	(1,641)
Total comprehensive income for the year		**(146,607)**	(127,168)

The notes on pages 30 to 63 form part of the financial statements.

Consolidated Balance Sheet
at 30 September 2021

	Note	**2021**		2020	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets					
Goodwill	*10*	**547,592**		546,922	
Other intangibles	*10*	**605,058**		623,429	
			1,152,650		1,170,351
Tangible assets	*11*		**15,942**		20,519
			1,168,592		1,190,870
Current assets					
Debtors (including £4,178,000 *(2020: £4,520,000)* due after more than one year)	*13*	**158,443**		162,645	
Cash at bank and in hand		**56,344**		48,374	
		214,787		211,019	
Creditors: amounts falling due within one year	*14*	**(173,374)**		(159,033)	
Net current assets			**41,413**		51,986
Total assets less current liabilities			**1,210,005**		1,242,856
Creditors: amounts falling due after more than one year	*15*		**(1,544,162)**		(1,450,760)
Provisions for liabilities					
Deferred tax liability	*18*	**(122,587)**		(103,789)	
Provisions	*19*	**(6,139)**		(3,091)	
Pensions and similar obligations	*20*	**(1,525)**		(3,017)	
			(130,251)		(109,897)
Net liabilities			**(464,408)**		(317,801)
Capital and reserves					
Called up share capital	*21*		**58**		58
Share premium account			**942**		942
Profit and loss account			**(465,408)**		(318,801)
Shareholders' deficit			**(464,408)**		(317,801)

The notes on pages 30 to 63 form part of the financial statements.

These financial statements were approved by the board of directors on 22 February 2022 and were signed on its behalf by:

Phillip Rowland
Director

Company registered number: 10969863

Company Balance Sheet
at 30 September 2021

	Note	**2021**		2020	
		£000	**£000**	£000	£000
Fixed assets					
Investments	*12*		**588,776**		588,776
Current assets					
Debtors	*13*	**13**		10	
		13		10	
Creditors: amounts falling due within one year	*14*	**-**		(8)	
Net current assets			**13**		2
Total assets less current liabilities			**588,789**		588,778
Creditors: amounts falling due after more than one year	*15*		**(858,333)**		(780,295)
Net liabilities			**(269,544)**		(191,517)
Capital and reserves					
Called up share capital	*21*		**58**		58
Share premium account			**942**		942
Profit and loss account			**(270,544)**		(192,517)
Shareholders' deficit			**(269,544)**		(191,517)

The notes on pages 30 to 63 form part of the financial statements.

These financial statements were approved by the board of directors on 22 February 2022 and were signed on its behalf by:

Phillip Rowland
Director

Company registered number: 10969863

Consolidated Statement of Changes in Equity

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

	Note	**Share capital £000**	**Share premium £000**	**Profit and loss £000**	**Total equity £000**
Balance at 1 October 2020	*21*	**58**	**942**	**(318,801)**	**(317,801)**
Total comprehensive income for the year					
Loss for the year		-	-	(146,717)	(146,717)
Other comprehensive income		-	-	110	110
Total comprehensive income for the year		-	-	(146,607)	(146,607)
Balance at 30 September 2021	*21*	**58**	**942**	**(465,408)**	**(464,408)**

The notes on pages 30 to 63 form part of the financial statements.

Company Statement of Changes in Equity

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

	Share capital £000	Share premium £000	Profit and loss £000	Total equity £000
Balance at 1 October 2020	**58**	**942**	**(192,517)**	**(191,517)**
Total comprehensive income for the year				
Loss for the year	-	-	(78,027)	(78,027)
Total comprehensive income for the year	-	-	(78,027)	(78,027)
Balance at 30 September 2021	**58**	**942**	**(270,544)**	**(269,544)**

The notes on pages 30 to 63 form part of the financial statements.

Consolidated Cash Flow Statement
for the year ended 30 September 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Loss for the year		**(146,717)**	(125,527)
Adjustments for:			
Depreciation and amortisation	*10,11*	**100,862**	90,210
Foreign exchange (gains)/losses	*7,8*	**(1,321)**	(450)
Interest receivable and similar income	*7*	**(115)**	(194)
Interest payable and similar charges	*8*	**117,111**	113,168
Profit on disposal of fixed assets	*4*	**(1,498)**	-
Taxation	*9*	**23,416**	5,130
		91,738	82,337
Decrease/(increase) in trade and other debtors		**6,791**	(9,591)
Increase in trade and other creditors		**3,694**	4,273
Increase/(decrease) in provisions		**2,926**	(985)
Pension contributions in excess of service cost		**(207)**	(143)
		104,942	75,891
Tax paid		**(10,959)**	(3,600)
Net cash from operating activities		**93,983**	72,291
Cash flows from investing activities			
Interest received	*7*	**115**	194
Acquisition of subsidiaries	*2*	**(53,510)**	(27,502)
Purchase of tangible fixed assets	*11*	**(5,970)**	(3,542)
Proceeds from sale of tangible fixed assets		**6,684**	664
Purchase of software intangible assets	*10*	**(2,733)**	(3,084)
Capitalised development expenditure	*10*	**(7,840)**	(7,627)
Net cash from investing activities		**(63,254)**	(40,897)
Cash flows from financing activities			
Proceeds from the issue/(purchase) of ordinary share capital		**3**	(3)
Proceeds from new bank loans		**52,900**	97,000
Interest paid		**(37,252)**	(40,040)
Repayment of borrowings		**(38,000)**	(77,000)
Payment of facility fees		**(6)**	(810)
Net cash from financing activities		**(22,355)**	(20,853)
Net increase in cash and cash equivalents		**8,374**	10,541
Cash and cash equivalents at the beginning of the year		**48,374**	37,792
Effect of exchange rate fluctuations on cash held		**(404)**	41
Cash and cash equivalents at the end of the year		**56,344**	48,374

The notes on pages 30 to 63 form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

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

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

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

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

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Financial Reporting Council (FRC) issued *"Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risk"* in 2016, and the directors have considered this when preparing these financial statements.

The financial statements have been prepared on the going concern basis, notwithstanding the Group has made a loss of £146.7m in the year to 30 September 2021 *(2020: £125.5m)* and as at that date had net liabilities of £464.4m *(2020: £317.8m),* which the directors believe to be appropriate for the following reasons.

The Group meets its day-to-day working capital requirements through cash generated from the business, with facilities of £62m available for short-term bank borrowing if required. Financing from its shareholders and borrowings from external banks have been utilised to fund acquisitions.

As at 30 September 2021, the Group had net current assets of £41.4m *(2020: £52.0m)* and the Group generated positive operating cash from operating activities of £94.0m for the year then ended *(2020: £72.3m).*

As disclosed in note 15, included in Creditors: amounts falling due after more than one year are preference shares and related accrued dividends of £858.2m *(2020: £780.2m),* which are redeemable on an exit or earlier by the Company (with the consent of directors representing the majority shareholder). The directors, who include representatives for the Group's majority shareholder, have considered the likelihood of an early redemption within the next 12 months that could affect their assessment of going concern, and consider the likelihood remote.

As disclosed in note 15, included in Creditors: amounts falling due after more than one year are external borrowings of £686.0m *(2020: £670.6m)* which mature between April 2024 and October 2025. The directors anticipate that this balance will be refinanced in future years prior to maturity, and consider the Group to be in a position to obtain such finance.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern (continued)

The directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows to 30 September 2023. For the purposes of their assessment of the appropriateness of the preparation of the Group's accounts on a going concern basis, the directors have considered the principal areas of uncertainty within the forecasts and the underlying assumptions, in particular those relating to market and customer risks, cost management and working capital management. Specifically, the forecasts also consider the impact of COVID-19 including the potential uncertainty of demand for the services provided by the Group; disruption in deliveries and supply chains; and delays in receiving cash from customers. The Group continues to take actions as necessary to reduce the impact and has instituted measures to reduce costs and preserve cash.

The Group forecasts have been stress-tested to consider the sensitivity to severe but plausible downside scenarios, including the following potential circumstances: decrease in expected revenue by 6%, which is assessed with reference to unsecured revenue and pipeline data, which would result in a total decrease of EBITDA by 25% ignoring any cost savings, decrease in cash conversion by 10%, and LIBOR increasing by 1%. In assessing this sensitivity on revenues, the Group has had regard to its order book and the amount of revenues in the forecast which are already subject to contract, but the forecasts are nonetheless contingent on the Group attracting new customers and retaining existing ones. The ability to do this has been demonstrated historically, including during the COVID-19 pandemic. The downside scenarios are considered before any potential costs mitigations which are in the Group's control.

The Group has significant liquidity available. The Group's forecasts indicate that even in the severe but plausible downside scenarios it would have sufficient funds to operate within the financial covenants on its loan facilities and to continue to meet its liabilities as they fall due for payment for the forecast period. This includes the availability of the revolving credit facility under existing banking agreements, of which £62.0m was available at year end.

Consequently, the directors have prepared the financial statements for the year ended 30 September 2021 on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Turnover

Turnover comprises the value of sales of licences, support and maintenance, cloud, implementation services, hardware and managed services. Turnover excludes both value added tax and transactions between group companies.

Revenue from the sale of initial licence fees is recognised at the point an irrevocable commitment to use the software is received from the customer. Revenue from the provision of annual licence fees, support, cloud and maintenance is recognised over the period to which the contracted service relates. Revenue from the provision of implementation services is recognised when the services have been performed. Hardware sales are recognised on delivery. Hardware maintenance revenues are recognised evenly over the period to which they relate. Revenue from the delivery of managed services contracts is recognised over the life of the contract on a long-term contract accounting basis.

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Expenses

Operating lease

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

Finance lease

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

Interest receivable and Interest payable

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

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

1.6 Taxation

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

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

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

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

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

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

1.7 Foreign currency

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Foreign currency (continued)

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

1.8 Business combinations

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

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

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.9 Intangible assets and goodwill

Goodwill

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

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

Research and development

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

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

Other intangible assets

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Intangible assets and goodwill (continued)

Amortisation

Amortisation is charged to the profit or loss over the estimated useful lives of intangible assets, on a straight-line basis, with no residual value. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- goodwill — 10 to 20 years
- customer relationships — 10 to 24 years
- software (own use) — 4 to 5 years
- software development — 1 to 20 years
- brands — 20 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 'Impairment of Assets' when there is an indication that goodwill or an intangible asset may be impaired.

1.10 Tangible fixed assets

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

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

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

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

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable provisions. Trade and other creditors are recognised at transaction price. Subsequent to initial recognition they are measured at cost, less provisions according to any perceived risks. Amounts recoverable on contracts represent accrued income balances that have not currently been billed to customers.

Interest-bearing borrowings classified as basic financial instruments

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

Cash and cash equivalents

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

1.12 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

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

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Employee benefits

Defined contribution pension plans

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

Defined benefit plans

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

Defined benefit plans (continued)

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

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

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

1.14 Provisions

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

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

Notes *(continued)*

2 Acquisitions of businesses

Parago Software Limited *and its subsidiary* ***Parago Software Inc***

On 11 November 2020, the Group acquired the entire share capital of Parago Software Limited and its subsidiary Parago Software Inc for consideration of £5,200,000 plus acquisition costs of £268,000. Parago provides school management cloud software. The business contributed revenue of £1,899,000 and net profit of £580,000 to the Group's revenue and net loss for the year.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	Fair value adjustments	Recognised values on acquisition
	£000	£000	£000
Acquiree's net liabilities at the acquisition date:			
Tangible fixed assets	49	-	**49**
Intangible assets	-	2,017	**2,017**
Trade and other debtors	325	-	**325**
Cash	1,555	-	**1,555**
Trade and other creditors	(514)	(1,305)	**(1,819)**
Deferred tax asset/(liability)	(11)	(431)	**(442)**
Provisions	-	(41)	**(41)**
Net identifiable assets and liabilities	1,404	240	**1,644**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**5,200**
Costs directly attributable to the business combination			**268**
Total consideration			**5,468**
Goodwill on acquisition			**3,824**

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

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

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Agylia Group Limited and its subsidiaries ("Agylia Group")

On 19 November 2020, the Group acquired the entire share capital of the Agylia Group for consideration of £13,438,000 plus acquisition costs of £517,000. The Agylia Group specialises in digital learning software. The business contributed revenue of £2,678,000 and net loss of £503,000 to the Group's revenue and net loss for the year.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	Fair value adjustments	Recognised values on acquisition
	£000	£000	£000
Acquiree's net liabilities at the acquisition date:			
Tangible fixed assets	32	-	**32**
Intangible assets	1,517	5,190	**6,707**
Trade and other debtors	989	-	**989**
Cash	2,123	-	**2,123**
Trade and other creditors	(597)	(292)	**(889)**
Deferred tax liabilities	-	(1,284)	**(1,284)**
Provisions	-	(72)	**(72)**
Net identifiable assets and liabilities	4,064	3,542	**7,606**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**13,438**
Costs directly attributable to the business combination			**517**
Total consideration			**13,955**
Goodwill on acquisition			**6,349**

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

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

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Equiniti HR Solutions Limited

On 28 November 2020, the Group acquired the entire share capital of Equiniti HR Solutions Limited for consideration of £13,235,000 plus acquisition costs of £476,000. Equiniti HR Solutions specialises in HR and payroll cloud software and solutions. The business contributed revenue of £4,355,000 and net profit of £1,776,000 to the Group's revenue and net loss for the year.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	**Fair value adjustments**	**Recognised values on acquisition**
	£000	**£000**	**£000**
Acquiree's net liabilities at the acquisition date:			
Intangible assets	-	7,361	**7,361**
Trade and other debtors	931	(46)	**885**
Cash	-	-	**-**
Trade and other creditors	(148)	(400)	**(548)**
Deferred tax liabilities	-	(1,204)	**(1,204)**
Net identifiable assets and liabilities	783	5,711	**6,494**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**13,235**
Costs directly attributable to the business combination			**476**
Total consideration			**13,711**
Goodwill on acquisition			**7,217**

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

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

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Ntropy Data Inc

On 14 January 2021, the Group acquired the entire share capital of Ntropy Data Inc for consideration of £2,018,000, plus deferred consideration of £750,000 plus acquisition costs of £386,000. Ntropy provides innovative software-as-a-service platforms for community and stakeholder engagement. The business contributed revenue of £181,000 and net profit of £130,000 to the Group's revenue and net loss for the year.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	**Fair value adjustments**	**Recognised values on acquisition**
	£000	**£000**	**£000**
Acquiree's net liabilities at the acquisition date:			
Intangible assets	-	2,100	**2,100**
Trade and other debtors	3	-	**3**
Cash	93	-	**93**
Trade and other creditors	(154)	-	**(154)**
Deferred tax liabilities	-	(525)	**(525)**
Net identifiable assets and liabilities	(58)	1,575	**1,517**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**2,018**
Deferred consideration			**750**
Costs directly attributable to the business combination			**177**
Total consideration			**2,945**
Goodwill on acquisition			**1,428**

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

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

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

ArborSafe Australia Pty Limited and its subsidiaries ("ArborSafe Group")

On 23 February 2021, the Group acquired the entire share capital the ArborSafe Group for consideration of £9,400,000 plus acquisition costs of £297,000. The ArborSafe Group provides tree asset management software solutions. The business contributed revenue of £1,744,000 and net profit of £773,000 to the Group's revenue and net loss for the year.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	**Fair value adjustments**	**Recognised values on acquisition**
	£000	**£000**	**£000**
Acquiree's net liabilities at the acquisition date:			
Tangible fixed assets	51	-	**51**
Intangible assets	-	2,425	**2,425**
Trade and other debtors	366	-	**366**
Cash	341	-	**341**
Trade and other creditors	(629)	52	**(577)**
Provisions	(10)	-	**(10)**
Net identifiable assets and liabilities	119	2,477	**2,596**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**9,400**
Costs directly attributable to the business combination			**297**
Total consideration			**9,697**
Goodwill on acquisition			**7,101**

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

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

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Calibrand Limited and its subsidiaries ("Calibrand Group")

On 24 February 2021, the Group acquired the entire share capital of the "Calibrand Group" for consideration of £972,000 plus acquisition costs of £219,000. The "Calibrand Group" specialises in online assessment software. The business contributed revenue of £365,000 and net profit of £147,000 to the Group's revenue and net loss for the year.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values £000	**Fair value adjustments £000**	**Recognised values on acquisition £000**
Acquiree's net liabilities at the acquisition date:			
Tangible fixed assets	1	-	**1**
Intangible assets	-	173	**173**
Trade and other debtors	55	-	**55**
Cash	458	-	**458**
Trade and other creditors	(325)	(28)	**(353)**
Deferred tax liabilities	11	(40)	**(29)**
Net identifiable assets and liabilities	200	105	**305**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**972**
Costs directly attributable to the business combination			**219**
Total consideration			**1,191**
Goodwill on acquisition			**886**

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

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

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Thelma-EU Limited

On 24 February 2021, the Group acquired the entire share capital of Thelma-EU Limited trading as Medical Billing and Collection (MBC) for consideration of £11,693,000 plus acquisition costs of £386,000. MBC provides a medical billing solution to the independent healthcare sector. The business contributed revenue of £2,252,000 and net profit of £759,000 to the Group's revenue and net loss for the year.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	Fair value adjustments	Recognised values on acquisition
	£000	£000	£000
Acquiree's net liabilities at the acquisition date:			
Tangible fixed assets	129	-	**129**
Intangible assets	966	4,614	**5,580**
Trade and other debtors	538	-	**538**
Cash	431	-	**431**
Trade and other creditors	(1,250)	(114)	**(1,364)**
Deferred tax liabilities	(59)	(978)	**(1,037)**
Provisions	-	(58)	**(58)**
Net identifiable assets and liabilities	755	3,464	**4,219**
Total cost of business combination:			
Consideration paid:			
Initial cash consideration relating to business combination			**11,693**
Costs directly attributable to the business combination			**386**
Total consideration			**12,079**
Goodwill on acquisition			**7,860**

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

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

Notes *(continued)*

2 Acquisitions of businesses *(continued)*

Acquisitions in prior periods

The Group acquired the entire share capital of Chameleon Information Management Services Limited and its subsidiary Flex Software Limited on 30 July 2020. The business contributed revenue of £5,555,000 and net profit after tax of £2,015,000 to the results of the Group in the prior year.

Subsequently, in accordance with FRS 102, the provisional fair values have been adjusted to recognise assets and liabilities in line with the Group's accounting policies as at the dates of acquisition:

	Fair value adjustment £000
Trade and other creditors	**(5,055)**
Deferred tax asset/(liability)	**(2)**
Provisions	**59**
Net adjustment to identifiable assets and liabilities	**(4,998)**
Total cost of business combination:	
Adjustment to consideration	**(221)**
Adjustment to costs directly attributable to the business combinations	**61**
Total adjustment to consideration	**(160)**
Adjustment to goodwill on acquisition	**4,838**

Notes *(continued)*

3 Turnover

	Year ended 30 September 2021 £000	Year ended 30 September 2020 £000
Sale of goods	**95,954**	88,397
Rendering of services	**362,918**	336,545
Total turnover	**458,872**	424,942

	Year ended 30 September 2021 £000	Year ended 30 September 2020 £000
By activity:		
Owned software and related equipment	**78,399**	62,734
Third party software and services	**17,555**	25,663
Implementation and consulting services	**113,879**	116,210
Recurring support and managed services	**249,039**	220,335
Total turnover	**458,872**	424,942
By geographical market:		
United Kingdom	**350,693**	327,552
Australasia and Far East	**100,886**	89,961
North America	**7,293**	7,429
Total turnover	**458,872**	424,942

Notes *(continued)*

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2021 £000	2020 £000
Depreciation of owned tangible fixed assets	**6,286**	5,763
Amortisation	**94,576**	84,447
Exceptional costs – included in administrative expenses	**15,166**	9,038
Project Centum 2 – included in administrative expenses	**2,114**	1,751

During the year the Group incurred exceptional costs of which £6,777,000 (*2020: £4,134,000*) related to the strategic reorganisation of its operations and property portfolio, £nil (*2020: £320,000*) salary costs for furloughed employees, £139,000 (*2020: £184,000*) of aborted acquisition costs, £5,505,000 *(2020: £nil)* of sales preparation costs, and £4,400,000 (*2020: £4,400,000*) related to fees payable to Partners Group. The Group incurred exceptional income of which £1,655,000 *(2020: £nil)* related to profit on disposal on the sale of freehold property. The net profit on disposal included in exceptional costs amounted to £1,498,000 *(2020: £nil).*

Following the acquisition of the Civica Group in October 2017, the Group commenced a secondary phase of Project Centum to build a stronger platform for growth. Costs incurred during 2021 were £2,114,000 (*2020: £1,751,000*). These costs are not core to the operations of the Group's activities and separate disclosure allows users of the accounts to better understand the underlying trading performance and to create a better comparative for future trading periods.

Auditor's remuneration:

	2021 £000	2020 £000
Audit of these financial statements	**115**	73
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**418**	385
Taxation and other services	**30**	81
	563	539

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2021	2020
Technical	**4,427**	3,983
Sales and marketing	**247**	224
Administration	**670**	644
	5,344	4,851

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	**198,133**	178,281
Social security costs	**16,699**	15,282
Contributions to defined contribution plans	**13,380**	12,750
	228,212	206,313

Notes *(continued)*

6 Directors' remuneration

	2021	2020
	£000	£000
Directors' remuneration	**1,458**	1,476

The aggregate of remuneration of the highest paid director was £517,000 (*2020: £572,000*).

Some of the directors (Partners Group representatives) are employees of Partners Group and are also directors of other Partners Group portfolio companies. These directors' services to Civica Group do not occupy a significant amount of their overall time and, as such, the directors do not consider that they have received any remuneration for their incidental services as directors to the company and the group during the years ended 30 September 2020 and 30 September 2021. Civica Group has not paid any remuneration to these directors.

Transactions with key management personnel are disclosed in note 24.

7 Interest receivable and similar income

	2021	2020
	£000	£000
Bank interest	**115**	194
Exchange differences on inter-company loans	**1,321**	450
Total interest receivable and similar income	**1,436**	644

8 Interest payable and similar expenses

	2021	2020
	£000	£000
Interest payable on financial liabilities	**39,055**	42,205
Net interest expense on net defined benefit liabilities	**43**	31
Accrued preference share dividends (see note 16)	**78,013**	70,932
Total interest payable and similar expenses	**117,111**	113,168

Notes *(continued)*

9 Taxation

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

	2021		2020	
	£000	**£000**	£000	£000
Current tax				
UK corporation tax on income for the year	**(4,826)**		(3,443)	
UK corporation tax adjustment in respect of prior periods	**434**		1,144	
Overseas tax on income for the year	**(5,763)**		(3,727)	
Total current tax		**(10,155)**		(6,026)
Deferred tax (see note 18)				
Origination and reversal of timing differences	**11,729**		8,550	
Adjustments in respect of previous periods	**(135)**		1,920	
Effect of change in tax rate	**(25,107)**		(9,408)	
Total deferred tax		**(13,513)**		1,062
Total tax		**(23,668)**		(4,964)

	2021			2020		
	Current tax £000	**Deferred tax £000**	**Total tax £000**	Current tax £000	Deferred tax £000	Total tax £000
Recognised in Profit and loss account	**(10,155)**	**(13,261)**	**(23,416)**	(6,026)	896	(5,130)
Recognised in other comprehensive income	**-**	**(252)**	**(252)**	-	166	166
Total tax	**(10,155)**	**(13,513)**	**(23,668)**	(6,026)	1,062	(4,964)

Notes *(continued)*

9 Taxation *(continued)*

Analysis of current tax recognised in profit and loss

	2021	2020
	£000	£000
UK corporation tax	**(4,392)**	(2,299)
Foreign tax	**(5,763)**	(3,727)
Total current tax recognised in profit and loss	**(10,155)**	(6,026)

Reconciliation of effective tax rate

	2021	2020
	£000	£000
Loss for the year	**(146,717)**	(125,527)
Total tax (charge)/credit recognised in profit and loss	**(23,416)**	(5,130)
Loss excluding taxation	**(123,301)**	(120,397)
Tax using the UK corporation tax rate of 19%	**23,427**	22,875
Non-deductible expenses	**(14,848)**	(13,490)
Goodwill amortisation	**(7,397)**	(6,397)
Deductions not in the P & L	**128**	-
Recognition of previously unrecognised tax losses	**(407)**	7
Effect of corporation tax rates in foreign jurisdictions	**(717)**	(1,372)
Tax adjustment in respect of previous periods	**299**	3,064
Foreign exchange adjustments on overseas deferred tax	**-**	14
Difference between deferred tax rate and corporation tax rate	**1,206**	(423)
Deferred tax change of rate	**(25,107)**	(9,408)
Total tax expense included in profit or loss	**(23,416)**	(5,130)

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £3,835,000.

Notes *(continued)*

10 Intangible assets and goodwill

Group	Goodwill £000	Customer relationships £000	Software (own use) £000	Software development £000	Brands £000	Total £000
Cost						
At start of the year	641,902	566,108	9,171	118,790	63,477	1,399,448
Acquisitions through business combinations	40,211	22,470	261	1,517	-	64,459
Additions – internally developed	-	-	-	9,849	-	9,849
Additions – externally purchased	-	-	2,732	76	-	2,808
Effect of movements in foreign exchange	-	28	-	(511)	-	(483)
At end of the year	682,113	588,606	12,164	129,721	63,477	1,476,081
Amortisation and impairment						
At start of the year	94,980	85,647	5,995	32,953	9,522	229,097
Amortisation for the year	39,541	33,679	2,651	15,531	3,174	94,576
Effect of movements in foreign exchange	-	1	-	(243)	-	(242)
At end of the year	134,521	119,327	8,646	48,241	12,696	323,431
Net book value						
At 30 September 2021	**547,592**	**469,279**	**3,518**	**81,480**	**50,781**	**1,152,650**
At 30 September 2020	**546,922**	**480,461**	**3,176**	**85,837**	**53,955**	**1,170,351**

Amortisation charge

The amortisation charge is recognised in the administrative expenses line in the profit and loss account.

Notes *(continued)*

11 Tangible fixed assets

Group

	Freehold land and buildings £000	Leasehold property £000	Computer equipment, fixtures and fittings £000	Total £000
Cost				
At start of the year	10,008	3,052	21,375	34,435
Acquisitions through business combinations	-	17	194	211
Additions	433	14	6,324	6,771
Disposals	(5,382)	(1,644)	(3,135)	(10,161)
Effect of movements in foreign exchange	-	(5)	(680)	(685)
At end of the year	5,059	1,434	24,078	30,571
Depreciation and impairment				
At start of the year	667	1,717	11,532	13,916
Depreciation charge for the year	148	613	5,525	6,286
Disposals	(551)	(1,527)	(2,947)	(5,025)
Effect of movements in foreign exchange	-	(4)	(544)	(548)
At end of the year	264	799	13,566	14,629
Net book value				
At 30 September 2021	**4,795**	**635**	**10,512**	**15,942**
At 30 September 2020	**9,341**	**1,335**	**9,843**	**20,519**

Notes *(continued)*

12 Fixed asset investments

Company	Shares in subsidiary undertakings £000
Cost and net book value	
At start of year and end of year	**588,776**

Shares in subsidiary undertakings (which are included in these Group accounts) at the year-end are as follows:

Company	Country of incorporation	Principal activities	Class and % of shares held
Active companies:			
Camelia Investment 2 Limited	United Kingdom	Holding company	Ordinary 100%
Camelia Investment 3 Limited *	United Kingdom	Holding company	Ordinary 100%
Camelia Bidco Limited *	United Kingdom	Holding company	Ordinary 100%
Chambertin (Holdings) Limited *	United Kingdom	Holding company	Ordinary 100%
Chambertin Finance Limited *	United Kingdom	Holding company	Ordinary 100%
Chambertin Midco Limited *	United Kingdom	Holding company	Ordinary 100%
Chambertin Acquisition Limited *	United Kingdom	Holding company	Ordinary 100%
Cornwall TopCo Limited *	United Kingdom	Holding company	Ordinary 100%
Cornwall MidCo Limited *	United Kingdom	Holding company	Ordinary 100%
Cornwall BidCo Limited *	United Kingdom	Holding company	Ordinary 100%
Civica Group Limited *	United Kingdom	Holding company	Ordinary 100%
Civica Holdings Limited *	United Kingdom	Holding company	Ordinary 100%
Civica UK Limited *	United Kingdom	Trading **	Ordinary 100%
Civica Pty Limited *	Australia	Trading **	Ordinary 100%
Civica BPO Pty Limited *	Australia	Trading **	Ordinary 100%
Civica Solutions Pty Ltd *	Australia	Trading **	Ordinary 100%
Civica Education Pty Ltd *	Australia	Trading **	Ordinary 100%
Civica Pte Limited *	Singapore	Trading **	Ordinary 100%
Civica North America Inc. *	USA	Trading **	Ordinary 100%
Civica Technologies Limited *	United Kingdom	Holding company	Ordinary 100%
Asidua Holdings Limited *	Northern Ireland	Holding company	Ordinary 100%
Civica NI Limited *	Northern Ireland	Trading **	Ordinary 100%
Civica Ireland Limited *	Republic of Ireland	Trading **	Ordinary 100%
Civica Resource Private Limited *	India	Trading **	Ordinary 100%
Icon Global Solutions Pty Ltd *	Australia	Trading **	Ordinary 100%
IGS Assets Pty Ltd *	Australia	Trading **	Ordinary 100%
Civica Election Services Limited*	United Kingdom	Trading **	Ordinary 100%
Shaw & Sons Limited *	United Kingdom	Trading **	Ordinary 100%
Chameleon Information Management Services Limited *	United Kingdom	Trading **	Ordinary 100%
Flex Software Limited *	United Kingdom	Trading **	Ordinary 100%
Agylia Group Limited *	United Kingdom	Trading **	Ordinary 100%
Agylia Care Limited *	United Kingdom	Trading **	Ordinary 100%
Civica HR Solutions Limited (formerly Equiniti HR Solutions Limited) *	United Kingdom	Trading **	Ordinary 100%
Thelma-EU Limited *	United Kingdom	Trading **	Ordinary 100%
Parago Software Limited *	United Kingdom	Trading **	Ordinary 100%
Calibrand Limited *	United Kingdom	Trading **	Ordinary 100%
Caliqual Limited *	United Kingdom	Trading **	Ordinary 100%
Parago Software Inc *	USA	Trading **	Ordinary 100%
Arborsafe Holdings Pty Limited *	Australia	Trading **	Ordinary 100%
Arborsafe Australia Pty Limited *	Australia	Trading **	Ordinary 100%
Arborsafe Australia Consulting Pty Limited *	Australia	Trading **	Ordinary 100%
Arborsafe Technology Holdings Pty Limited *	Australia	Trading **	Ordinary 100%
Ntropy Data Inc *	USA	Trading **	Ordinary 100%

Notes *(continued)*

12 Fixed asset investments *(continued)*

Company	Country of incorporation	Principal activities	Class and % of shares held
Dormant companies:			
Civica Services Limited *	United Kingdom	Inactive	Ordinary 100%
Alahar Limited *	United Kingdom	Inactive	Ordinary 100%
Norwel Computer Services Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Financial Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Trustees Limited *	United Kingdom	Inactive	Ordinary 100%
Sudiar Limited *	United Kingdom	Inactive	Ordinary 100%
Radius Pension Trustees Limited *	United Kingdom	Inactive	Ordinary 100%
Asidua (GB) Limited *	Northern Ireland	Inactive	Ordinary 100%
WTG Technologies Group Limited *	United Kingdom	Inactive	Ordinary 100%
WTG Technologies Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Group Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Information Processing Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Holdings Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Type B Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Software Products Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Consultancy Services Limited *	United Kingdom	Inactive	Ordinary 100%
SFW Limited *	United Kingdom	Inactive	Ordinary 100%
iCasework Holding Limited *	United Kingdom	Inactive	Ordinary 100%
Carval Computing Limited *	United Kingdom	Inactive	Ordinary 100%
Shaw & Sons (Holdings) Limited *	United Kingdom	Inactive	Ordinary 100%
Shaw & Sons Group Limited *	United Kingdom	Inactive	Ordinary 100%
Electoral Services Limited *	United Kingdom	Inactive	Ordinary 100%
Electoral Reform (Market Research) Limited *	United Kingdom	Inactive	Ordinary 100%
The Election Centre Limited *	United Kingdom	Inactive	Ordinary 100%
Warwick IC Systems Limited *	United Kingdom	Inactive	Ordinary 100%
England Consulting Pty Ltd *	Australia	Inactive	Ordinary 100%
Icon Global Group Pty Ltd *	Australia	Inactive	Ordinary 100%
Visionware EBT Trustee Limited *	Scotland	Inactive	Ordinary 100%
Simula Pty Ltd *	Australia	Inactive	Ordinary 100%
iCasework Inc. *	USA	Inactive	Ordinary 100%
OneStep Solutions (Resources) Limited *	United Kingdom	Inactive	Ordinary 100%
OneStep Solutions LLP *	United Kingdom	Inactive	100%
Nationwide Retail Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Visionware Limited *	Scotland	Inactive	Ordinary 100%
iCasework Limited *	United Kingdom	Inactive	Ordinary 100%
Membership Engagement Services Limited *	United Kingdom	Inactive	Ordinary 100%
Xpress Software Solutions Limited *	United Kingdom	Inactive	Ordinary 100%
Modern Mindset Limited *	United Kingdom	Inactive	Ordinary 100%
Trac Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Zedcore Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Transend Solutions Limited *	United Kingdom	Inactive	Ordinary 100%
Warwick International Computing Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Fretwell-Downing Hospitality Holdings Limited *	United Kingdom	Inactive	Ordinary 100%
Fretwell-Downing Hospitality Limited *	United Kingdom	Inactive	Ordinary 100%
Asset Edge Pty Limited *	Australia	Inactive	Ordinary 100%
Tecsys Limited *	United Kingdom	Inactive	Ordinary 100%
Calibrand (Ireland) Limited *	Ireland	Inactive	Ordinary 100%
Agylia Limited *	United Kingdom	Inactive	Ordinary 100%
Agilia Limited *	United Kingdom	Inactive	Ordinary 100%
Content Master Limited *	United Kingdom	Inactive	Ordinary 100%
Content Masters Limited *	United Kingdom	Inactive	Ordinary 100%
CM Luminosity Limited *	United Kingdom	Inactive	Ordinary 100%
Content Master Inc *	USA	Inactive	Ordinary 100%

Notes *(continued)*

12 Fixed asset investments *(continued)*

Investments in joint ventures at the year-end are as follows:

Company	Country of incorporation	Principal activities	Class and % of shares held
Medical Broking Company Limited *	United Kingdom	Trading **	Ordinary 50%

* Interests held indirectly

** All trading companies' principal activities are in line with those of the Group, being the provision of business-critical software and digital solutions, primarily to the public sector and regulated markets in the United Kingdom, Australasia, South-East Asia and North America.

Registered office addresses

United Kingdom: South Bank Central, 30 Stamford Street, London, SE1 9LQ.
Northern Ireland: 10 Weavers Court, Belfast, BT12 5GH.
Civica Ireland Limited: 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2
Calibrand (Ireland) Limited: FDW House, Blackthorn Business Park, Coes Road, Dundalk, Co. Lough
Scotland: 105 West George Street, Glasgow, Strathclyde, G2 1PB.
Australia: Ground Floor 277 William Street Melbourne VIC 3000.
Singapore: 6 Harper Road, Leong Huat Building, 04-08, Singapore 369674.
USA: 52 Hillside Court, Englewood, Ohio 45322, USA.
India: Notus Pride (1st Floor), Sarabhai Campus, Bhailal Amin Marg, Vadodara - 390007, India.

Subsidiary audit exemptions

The following subsidiary companies took advantage of the exemption from audit of their individual financial statements under Section 479A of the Companies Act 2006. As a condition of that exemption, the Company has guaranteed the liabilities of these subsidiaries as at 30 September 2021, at which date all of these subsidiaries were inactive other than Thelma-EU Limited, and they had combined liabilities of £1,855,000.

Company	Registered number
Chameleon Information Management Services Limited	03072160
Flex Software Limited	03234912
Parago Software Limited	07148896
Agylia Group Limited	03863494
Agylia Care Limited	05366073
Civica HR Solutions Limited	11450921
Thelma-EU Limited	06280085
Calibrand Limited	02572446
Caliqual Limited	07889999

Notes *(continued)*

13 Debtors

	Group 2021 £000	**Company 2021 £000**	Group 2020 £000	Company 2020 £000
Trade debtors	**50,468**	**-**	46,486	-
Amounts recoverable on contracts	**86,093**	**-**	94,644	-
Prepayments and other debtors	**20,209**	**-**	21,169	-
Corporation tax	**1,673**	**3**	346	10
Amounts due from group undertakings	**-**	**10**	-	-
	158,443	**13**	162,645	10

Group

Prepayments and other debtors include £4,178,000 *(2020: £4,520,000)* due after more than one year.

Company

Debtors include amounts owed by group undertakings of £10,000 *(2020: £nil)* due after more than one year. Recoverability of this debtor is reviewed annually and the intention of the Company not to recall it within less than one year is communicated to the relevant group undertaking. No interest is accrued, and the fair value is not materially different to the book value.

14 Creditors: amounts falling due within one year

	Group 2021 £000	**Company 2021 £000**	Group 2020 £000	Company 2020 £000
Trade creditors	**12,504**	**-**	14,073	-
Taxation and social security	**13,122**	**-**	13,418	-
Accruals and other creditors	**32,215**	**-**	38,601	8
Deferred income	**115,158**	**-**	92,941	-
Contingent consideration	**375**	**-**	-	-
	173,374	**-**	159,033	8

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group 2021 £000	**Company 2021 £000**	Group 2020 £000	Company 2020 £000
Bank loans and overdrafts (see note 16)	**685,957**	**-**	670,568	-
Preference shares classified as liabilities	**587,776**	**587,776**	587,776	587,776
Accrued dividends on preference shares	**270,429**	**270,429**	192,416	192,416
Amounts owed to group undertakings	**-**	**128**	-	103
	1,544,162	**858,333**	1,450,760	780,295

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings.

	Group 2021 £000	**Company 2021 £000**	Group 2020 £000	Company 2020 £000
Creditors falling due after more than one year				
Secured bank loans	**685,957**	**-**	670,568	-
Preference shares classified as liabilities	**587,776**	**587,776**	587,776	587,776
Accrued dividends on preference shares	**270,429**	**270,429**	192,416	192,416
	1,544,162	**858,205**	1,450,760	780,192

Secured bank loans

Included as a deduction against bank loans are £6,057,000 *(2020: £7,934,000)* of costs attributable to the raising of bank loans. The costs are being amortised over the duration of the loans.

Secured bank loans falling due after more than one year include £35,000,000 *(2020: £20,000,000)* relating to a revolving credit facility, which is available to the Group until April 2024. The facility has been utilised to part-fund acquisitions. The Group has the sole discretion to roll the loan over in periods of between 1 and 6 months (unless otherwise agreed), and is not obliged to make payment in cash until April 2024. The Group does not intend to repay the loan within the next 12 months.

The Group's bank loans are secured by way of a fixed and floating charge over the assets of the Group. Bank loans are denominated in Sterling, with the exception of £45,164,000 *(2020: £46,652,000)* included within creditors falling due after more than one year which is denominated in Australian Dollars and translated to Sterling at the year end rate. Bank loans attract interest rates at LIBOR plus margins of between 3.25% and 7.25%. All bank loans are repayable at maturity, which range between April 2024 and October 2025.

Preference shares

The holders of the preference shares are entitled to 10% per annum dividends in priority of the rights of any other class of shares, which accrue and are compounded annually. They have no right to capital other than the repayment of the issue price of the preference shares. They are redeemable on an exit or earlier by the Company (with the consent of directors representing the majority shareholder), and have no voting rights.

Notes *(continued)*

17 Analysis of changes in net debt

Group

	At 30 September 2020 £000	Cash flow £000	Non cash changes £000	**At 30 September 2021 £000**
Bank debt due after more than one year	(670,568)	(14,994)	(395)	**(685,957)**
Gross debt	(670,568)	(14,994)	(395)	**(685,957)**
Cash at bank and in hand	48,374	8,374	(404)	**56,344**
Net debt	(622,194)	(6,620)	(799)	**(629,613)**

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets**		**Liabilities**		**Net**	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Accelerated capital allowances	**2,896**	2,455	**-**	-	**2,896**	2,455
Arising on business combinations	**-**	-	**(145,089)**	(120,568)	**(145,089)**	(120,568)
Employee benefits	**363**	573	**-**	-	**363**	573
Other	**19,243**	13,751	**-**	-	**19,243**	13,751
Deferred tax assets / (liabilities)	**22,502**	16,779	**(145,089)**	(120,568)	**(122,587)**	(103,789)

The group has tax losses arising in the UK of £53,828,000 that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group, and they have arisen in subsidiaries that have no ability to use these losses in the foreseeable future.

The amount of the net reversal of deferred tax liabilities expected to occur next year is £14,160,000, relating to the reversal of timing differences on intangible fixed assets and £1,052,000 relating to the reversal of timing differences on fixed assets.

Company

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

Notes *(continued)*

19 Provisions

Group	Property provisions £000
Balance at beginning of the year	**(3,091)**
Amounts arising from acquisitions	(58)
Created during the year	(5,206)
Utilised during the year	2,013
Released during the year	154
Effect of movements in foreign exchange	49
Balance at end of the year	**(6,139)**

Property provisions relate to dilapidation and onerous lease provisions. These are utilised as costs are incurred.

Company

The Company has no provisions.

20 Employee benefits

Defined benefit plans

The Group operates a defined benefit scheme, the Radius Group Pension Scheme ("the Radius Scheme"), and is a participating employer in two other defined benefit pension schemes, The Sanderson Group Retirement Benefit Scheme ("the Group Scheme") and The Pension and Life Assurance Plan of Sanderson Systems Limited ("the Systems Scheme"). The schemes were acquired on the acquisition of the Civica Group. The schemes are funded by the Group, based on the pension funds' actuarial measurement frameworks.

Radius Scheme

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

The latest actuarial valuation was at 5 April 2021.

Group Scheme and Systems Scheme

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

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

The latest actuarial valuation of the Group Scheme was at 31 March 2020, and the Systems Scheme was at 31 October 2020.

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

The Group expects to pay £291,000 in contributions to these defined benefit plans in the year ending 30 September 2022.

Notes *(continued)*

20 Employee benefits *(continued)*

Net pension liability

	2021	2020
	£000	£000
Defined benefit obligation	**(27,518)**	(28,909)
Plan assets	**25,993**	25,892
Net pension liability	**(1,525)**	(3,017)

Movements in present value of defined benefit obligation

	2021	2020
	£000	£000
At 1 October 2020	**(28,909)**	(28,763)
Service cost	**-**	-
Interest expense	**(471)**	(520)
Remeasurement: actuarial gains/(losses)	**1,043**	(841)
Benefits paid	**819**	1,215
At 30 September 2021	**(27,518)**	(28,909)

Movements in fair value of plan assets

	2021	2020
	£000	£000
At 1 October 2020	**25,892**	26,608
Interest income	**428**	489
Remeasurement: return on plan assets less interest income	**285**	(133)
Administrative expenses	**(19)**	(28)
Contributions by employer	**226**	171
Benefits paid	**(819)**	(1,215)
At 30 September 2021	**25,993**	25,892

Expense recognised in the profit and loss account

	2021	2020
	£000	£000
Net interest on net defined benefit liability	**(43)**	(31)
Administrative expenses	**(19)**	(28)
Total expense recognised in profit or loss	**(62)**	(59)

The total recognised in the statement of other comprehensive income are remeasurement gain of £1,328,000 (*2020: loss £974,000*).

Notes *(continued)*

20 Employee benefits *(continued)*

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

	2021 Fair value £000	2020 Fair value £000
Equities	**7,317**	8,255
Fixed income bonds	**11,637**	9,008
Group pension contract	**-**	2,031
Cash	**840**	160
Property	**283**	-
Guaranteed annuity rates	**4,263**	5,179
Other	**1,653**	1,259
	25,993	25,892
Actual return on plan assets	**285**	(133)

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

	2021 %	2020 %
Discount rate	**1.9 – 2.0**	1.6 – 1.8
Inflation rate (RPI)	**3.4 – 3.8**	3.0 – 3.2
Future pension increases	**3.1 – 5.0**	2.5 – 5.0

In valuing the liabilities of the pension funds at 30 September 2021, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.1 years (male), 23.9 to 24.6 years (female).
- Future retiree upon reaching 65: 23.4 years (male), 25.4 to 26.1 years (female).

GMP equalisation

On 26 October 2018, the High Court issued a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes, including the three that Civica Group operates or participates in. The Group provided £838,000 in the year ended 30 September 2019 for the potential additional liabilities relating to the Group's schemes.

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

Notes *(continued)*

20 Employee benefits *(continued)*

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £16,699,000 (*2020 £12,750,000*).

21 Capital and reserves

Share capital

In thousands of shares	Ordinary shares	Preference shares	Total
On issue at start and end of the year – fully paid	**1,000**	**58,777,648**	**58,778,648**

		2021 £	2020 £
Allotted, called up and fully paid			
705,573	A ordinary shares of £0.01 each	**7,056**	7,056
49,427	B ordinary shares of £0.01 each	**494**	494
175,800	C ordinary shares of £0.01 each	**1,758**	1,758
69,200	D ordinary shares of £0.70 each	**48,440**	48,440
Total classified in shareholders' funds		**57,748**	57,748
58,777,647,545	Preference shares of £0.0000001 each	**5,878**	5,878
Total classified in creditors: amounts falling due after more than one year		**5,878**	5,878
Total allotted, called up and fully paid share capital		**63,626**	63,626

Share class rights

Ordinary shares

The holders of the A ordinary shares have full voting rights.

The holders of the B and C ordinary shares have no voting rights.

The holders of the D ordinary shares have voting rights which provide that each holder is entitled to such number of votes equal to 5% of the total number of votes available to be cast on any resolution.

The holders of A, B, C and D ordinary shares are entitled to receive full dividend and capital distribution (including on winding up). They have no rights of redemption.

Preference shares

The holders of the preference shares have no voting rights. They are entitled to 10% per annum dividends in priority of the rights of others of any class of shares. They have no right to capital other than the repayment of the issue price of the preference shares. They are redeemable on an exit or earlier by the Company (with the consent of directors representing the majority shareholder).

Reserves

Reserves of the Group represent the following:

Share premium

The excess of consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss

Cumulative total comprehensive income net of distributions to shareholders.

Notes *(continued)*

22 Financial instruments

Carrying amount of financial instruments

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

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2021 £000	**Company 2021 £000**	Group 2020 £000	Company 2020 £000
Less than one year	**6,548**	**-**	7,236	-
Between one and five years	**14,120**	**-**	18,849	-
More than five years	**7,270**	**-**	15,272	-
	27,938	**-**	41,357	-

During the year £8,277,000 (*2020 period £8,847,000*) was recognised as an expense in the profit and loss account in respect of operating leases.

24 Related parties

Group

Transactions with key management personnel

Total compensation of key management personnel in the year amounted to £1,458,000 (*2020: £1,476,000*). At 30 September 2021, management personnel own 6.62% (*2020: 6.62%*) of the issued share capital of the Company.

During the year, preference share dividends of £2,546,000 (*2020: £2,315,000*) payable to key management personnel were accrued. The balance outstanding at the year-end was £8,827,000 (*2020: £6,259,000*).

Other related party transactions

At 30 September 2021, 93.38% (*2020: 93.38%*) of the issued share capital of the Company is held by funds owned or managed by Partners Group Holding AG ('Partners Group'), a company registered in Switzerland and listed on the SIX Stock Exchange in Zurich.

During the year, preference share dividends of £72,876,000 (*2020: £66,262,000*) payable to Partners Group were accrued. The balance outstanding at the year-end was £252,624,000 (*2020: £179,769,000*).

Fees of £4,400,000 (*2020: £4,400,000*) were paid to Partners Group AG, a subsidiary of Partners Group Holding AG, during the year.

Company

Transactions with key management personnel

During the year, preference share dividends of £2,546,000 (*2020: £2,315,000*) payable to key management personnel were accrued. The balance outstanding at the year-end was £8,827,000 *(2020: £6,259,000).*

Other related party transactions

During the year, preference share dividends of £72,876,000 (*2020: £66,262,000*) payable to Partners Group were accrued. The balance outstanding at the year-end was £252,624,000 *(2020: £179,769,000*).

Notes *(continued)*

25 Accounting estimates and judgements

Key sources of estimation uncertainty

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

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

Pension assumptions

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

Revenue recognition

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

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

Fair values

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

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

26 Subsequent events

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

Digital medical record specialist; Medical I.T. Pty Limited, a company incorporated in Australia.