Addendum to the Financial Statements for the year-ended 30 September 2017

This addendum has been prepared to enhance disclosures in the group's published financial statements for the year-ended 30 September 2017 specifically concerning financial risks to ensure full compliance with the Walker Guidelines.

Whilst the Group's risk management objectives and policies are discussed in the Directors' Report and Strategic Report, and in the financial statements, 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 and the amount of headroom achieved above and beyond the minimum leverage required.

At 30 September 2017, Leverage headroom was 29.2%.

All the group's external borrowings were repaid on 12 October 2017, following the acquisition of the group. New financing facilities were put in place on 12 October 2017.

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.

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 in 2018, an interest cap was put in place for the majority of the sterling borrowings of the group, so as to minimise any impact of variable interest rates rising above forecast levels.

Liquidity risk

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

On 12 October 2017, all of the group's borrowings were repaid as part of the sale of the group by OMERS Private Equity to Partners Group, funded by funds managed and/or advised by Partners Group, and new borrowing facilities. As well as the group being sufficiently cash generative, the borrowing facilities include a £100m revolving facility to support the group's working capital requirements.

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 group so that the group can manage the overall liquidity of the business effectively.

Market risk

The group operates a portfolio of businesses across a number of geographies, and therefore has some exposure to foreign exchange risk. Approximately 20% of the group's revenues are outside of the UK, primarily in Australasia 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.

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.