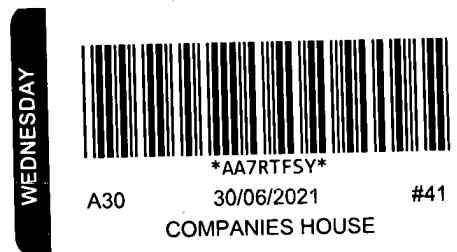


Civica UK Limited

Annual report and financial statements
Registered number 1628868
30 September 2020



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Directors' Report and Strategic Report

The directors present their report and the audited financial statements for the year ended 30 September 2020.

Principal activities

The principal activities of Civica UK Limited ("Civica", "the Company") are the provision of business-critical software and digital solutions, primarily to the public sector and regulated markets in the United Kingdom.

Strategic Report

Business model

Civica provides a wide range of software and associated services which are used to sustain and enhance the delivery of public services and to support accelerating digitisation and automation across the sector. Civica is recognised as a leading partner for customers across local and regional government, central government, health & care, social housing and education, underpinned by our specialist domain expertise, scale and focus and with an exceptional people-first culture.

Civica 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, Civica delivers value to our customers through our business model which comprises:

1. 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 management and governance, risk & compliance
2. Design, development and management of software solutions configured to the requirements of specific customers to modernise customer engagement through responsive digital services
3. Platform-based processing services around Civica software to help customers sustain delivery while reducing cost and risk and support business transformation.

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. Civica 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 2020 brought rapid upheaval and enormous challenges for all, Civica delivered a highly resilient performance across the 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. Having taken steps to ensure business continuity following the virus outbreak, we maintained Civica's track record of operational and financial performance, extending our history of strategy execution and continued growth.

Responding to COVID-19

An early signatory to the C-19 Business Pledge, we focused on safeguarding our people and the wider public health while working hard to support customers through business as usual. We moved quickly to enable our employees to work from home supported by established practices, and we diverted effort to provide innovative new software to support the tremendous effort by public and community services. This included updating software to deliver new legislation, such as allowing local authorities to deliver £1.6 billion in new grants.

Trading results

Following a strong first six months to March 2020, the Company maintained a resilient 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.

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Executing cloud at pace

Already recognised as a foundation for digital transformation and innovation, cloud technology took on greater significance during 2020. 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.

During the year we continued to accelerate our cloud strategy and the adoption of software as a service ('SaaS') solutions, which is 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 3,600, and we were delighted to be recognised with industry awards including Best Cloud Finance Solution at the 2020 Computing Cloud Excellence Awards.

Driving innovation

Through our proven product strategy framework, we continued to apply 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. It provides enhanced focus with a more systematic exploration of new opportunities, building on our wide range of activity including our work with partners and academic bodies and with initiatives such as CodeIT and Fresh Thinking.

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 such as Aurum, an AI-based analytics solution for the health sector which completed the equivalent of 13 years of analysis in 24 hours in a pilot with 6 NHS Trusts, finding £40 million of potential savings.

Complementary acquisitions

Civica has a highly successful record of acquiring and integrating complementary businesses which add market breadth and depth and expand the Company's market presence and scale of opportunity in line with our clear focus.

During 2020 we balanced the need for a prudent approach with continued exploration of opportunities to build for the future and to support the long-term strength of the Company. We completed two acquisitions, adding market-leading software assets and expertise aligned with our cloud strategy:

- Healthcare specialist Chameleon Information Management Services Limited, trading as InfoFlex. Used by more than 130 NHS Trusts, InfoFlex software manages clinical workflow and treatment processes, adding to Civica's capability and presence in the NHS and advancing our strategy to support the increased need for more integrated care.
- Fretwell-Downing Hospitality Holdings Limited, which provides SaaS software for catering management and complements the Company's compliance capabilities in particular in the education sector, supporting a complete process from food standards compliance to cashless and online payments.

Acquisitions are rapidly integrated to deliver greater value via combined capability and expertise including product cross-selling. Following prior acquisitions, during the year the Company established a stronger position in workforce solutions to recruit, engage, develop and support employees, while the Democracy & Engagement division delivered a strong performance with large-scale programmes including support of the UK's General Election.

Continued investment in our platform

The Company's operating platform underpins our activities and ensures a scalable growth foundation. During the year we made strong progress with our structured operational excellence programme, Centum, driving improvement initiatives across the business supported by an embedded programme office and a single set of internal systems.

Centum is designed to support the Company's strategic development and the way we operate. During 2020 we invested in a series of excellence programmes, including development, service delivery, sales and commercial management initiatives, and also delivered refreshed brand and positioning on existing strong awareness and advocacy.

Directors' Report and Strategic Report *(continued)*

Growth outlook

Civica has a highly resilient 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 2020 based on clear focus, strong commercial relationships with our customers and the Company's ongoing strategic development.

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 2020 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 services and transform digitally and to achieve above-market growth for the Company.

We believe Civica is in a strong position to continue our momentum and, with the enhancements to our platform, we expect to sustain our growth performance into 2021 and beyond.

Our people and our values

We are proud of Civica's exceptional people and culture and we continue to focus and invest in supporting and developing our team guided by the Civica Way framework. We look to attract bright, like-minded colleagues from all backgrounds who share our strong purpose and values, and we empower everyone to be their true self, supporting and celebrating each other across our diverse team.

Our core values are:

- **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 employer

We work hard to ensure Civica remains a great place to work, with a leading brand to attract and retain diverse talent. Accredited to the Investors in People 'Gold' standard, we focus our investment in our people and company through sustained programmes for engagement, learning & development, leadership and support. Our commitment to inspiring and rewarding high performance underpins both our value to customers and our continued growth.

Civica's position as an employer of choice is supported by strong employee ratings, including an excellent Net Promoter score of +49. A Glassdoor Employees' Choice award winner and one of the top 75 companies in the Financial Times Diversity Leaders list, our strong focus on employee wellbeing, supporting diversity and effective leadership continues to be recognised.

Supporting through COVID-19

Our teams have done an amazing job in responding to extraordinary change with exceptional resilience and flexibility. Having taken very rapid steps to safeguard our people and enable employees to work from home, we have given our people the support and flexibility to balance home and work lives. This has been supported by our focus on positive health, including Employee Assistance and Mental Health Champions programmes.

The Company's regular Pulse surveys have helped us understand the needs of employees during the pandemic. 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.

Where national circumstances allowed, colleagues were able to 'opt in' to a limited number of workspaces available in our hub offices, made possible by our workspace booking app and supported by attendance arrangements to protect the safety of colleagues.

Directors' Report and Strategic Report *(continued)*

Strong platform for growth

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

We encourage our people to build new skills throughout their careers and pursue their full potential. Through our Learning Academy, we provide sustained learning and development in the workplace tailored to the needs of employees and to build the skills needed to deliver for customers. During 2020 this amounted to 117,000 hours, including new online formats to reach more people.

With a strong leadership team and track record of delivery, succession planning is an important and consistent area of focus across our business. Structured activity ranged from regular talent planning and the expansion of our Potential leadership training programme.

Internally we continued to promote employees and managers into new roles across the Company, developing and retaining key skills while supporting our strategy and promoting collaboration.

The Company also provides a range of activities to foster and support innovation. Alongside existing activities such as regular CodeIT 'hackathons', new initiatives included our Fresh Thinking programme to enhance creativity in our developer community.

As a member of the 5% Club, we remain committed to our goal to make up 5 per cent of Civica's workforce with apprentices and graduates.

Diversity and inclusion

An inclusive workplace

We encourage our people 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.

A signatory to the TechTalent Charter since 2019, we're committed to inclusive recruitment and benchmarking our progress against industry best practice, and we were delighted to improve our ranking among the Financial Times Diversity Leaders.

The Company continues to champion women in technology and aims to increase the number of female employees through both development and recruitment of talented individuals. With a broad balance across the business, we were delighted that eight colleagues were shortlisted for the Computing Women in Tech Excellence Awards, winning the Outstanding Transformation category.

Investment in employee mental health is increasingly important. Civica now has 46 current Mental Health Champions trained to support colleagues in the workplace.

We work with charity Young Enterprise for employees to mentor and inspire young people to consider a career in technology.

Maintaining engagement

Keeping our people up-to-date and engaged is key to our success. 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.

Activities range from virtual First Impressions welcome days for new employees and Boomerang 'back-to-the-floor' initiatives run by our leadership team, together with opportunities for colleagues to challenge current processes and improve operations within our business.

A charitable workplace

Led by the Civica Foundation, we 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 Company supports regular fundraising events in aid of its partner charities. These include Young Enterprise, Action for Children, Shelter and Water for Kids.

Directors' Report and Strategic Report *(continued)*

Rewarding our people

We recognise the great efforts of our colleagues and their contribution to our performance. Schemes including Praise and our Civica Special Thanks & Recognition (CSTAR) programme ensure individuals and managers can both share gratitude and give reward points for deserving colleagues. Our annual Employee Awards, designed to recognise and reward our people who are actively going above and beyond had more than 1,078 nominations in 2020.

The Company 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.

Operational standards

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. We are also committed to identifying and assessing any potential risks and eliminating the possibility of modern slavery and human trafficking occurring in our business, including across our global supply chains.

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 Environmental Management Team, made up of passionate and knowledgeable employees, 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 company's performance and development. 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 Profit and Loss Account and note 3 to the financial statements;

These KPIs for the year ended 30 September 2020 and for the previous 2 financial years were:

		Year ended 30 September 2020	Year ended 30 September 2019	Year ended 30 September 2018
Turnover	£000	282,012	263,498	262,965
Gross profit	£000	230,714	217,596	218,143
%		81.8%	82.6%	83.0%
Operating profit before amortisation and exceptional charges	£000	63,013	53,143	48,716
%		22.3%	20.2%	18.5%
EBITDAE	£000	68,535	59,904	53,161
%		24.3%	22.7%	20.2%

Directors' Report and Strategic Report *(continued)*

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.

Streamlined Energy and Carbon Reporting (SECR)

Civica UK Limited's full SECR report is disclosed within Camelia Investment 1 Limited's annual report (10969863). Below is listed a short summary of energy consumption and annual GHG emissions for reference only. Please refer to Camelia Investment 1 Limited's SECR report for full details.

Emissions Source	GHG Scope (GHG Protocol)	Reporting Units	Year ended 30 September 2020
Electricity	Scopes 2 & 3	Kilowatt hour (kWh) Tonnes CO ₂ e	1,389,530 458.93

Principal risks and uncertainties

The board is responsible for the Company's approach to assessing risk and accepts that in creating value for the Company, the Company 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. 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 managed services primarily to the public sector, the main risks and uncertainties facing the Company surround the level of public sector funding available in future periods, the risks of technological advancement and the threat of competition.

Credit risk

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

The Company 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.

Directors' Report and Strategic Report *(continued)*

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

Dividends

Dividends received in the year amounted to £12,439,000 (2019: £12,500,000).

The directors do not recommend the payment of a dividend (2019: £nil).

Directors

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

Simon Downing
Wayne Story
Phillip Rowland
Michael Stoddard
Anthony Hughes
John Hood
William Loughrey (resigned 15 November 2019)
Gavin Leigh
Jeffrey Hewitt
Gary Bell
Stephen Thorn
David Spicer (appointed 27 May 2021)

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

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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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.

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

28 June 2021

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the 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 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 Company and of the profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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 Company and to prevent and detect fraud and other irregularities.

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of Civica UK Limited

Opinion

We have audited the financial statements of Civica UK Limited ("the company") for the year ended 30 September 2020 which comprise the profit and loss account and statement of other comprehensive income, balance sheet, statement of changes in equity 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 company's affairs as at 30 September 2020 and of its profit 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 company 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 company or to cease their operations, and as they have concluded that 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 are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Civica UK Limited (continued)

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 period 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 9, 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 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 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.

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

30 June 2021

Profit and loss account
For the year ended 30 September 2020

	<i>Note</i>	2020 £000	2019 £000
Turnover	2	282,012	263,498
Cost of sales		(51,298)	(45,902)
Gross profit		<u>230,714</u>	<u>217,596</u>
Administrative expenses		(203,718)	(190,608)
Operating profit before amortisation of intangible assets and exceptional charges		63,013	53,143
Exceptional costs	3	(3,664)	(2,993)
Amortisation of intangible assets	11	(32,353)	(23,162)
Operating profit	3	26,996	26,988
Income from investment in subsidiaries	6	12,439	12,500
Amounts written off investments	12	(12,534)	-
Profit before interest and taxation		<u>26,901</u>	<u>39,488</u>
Interest receivable and similar income	7	99	500
Interest payable and similar expenses	8	(3,661)	(27,602)
Profit before taxation		<u>23,339</u>	<u>12,386</u>
Tax on profit on ordinary activities	9	(8,198)	(6,683)
Profit for the financial year		<u><u>15,141</u></u>	<u><u>5,703</u></u>

The notes on pages 16 to 36 form part of the financial statements.

All turnover and results are derived from continuing activities.

Statement of Other Comprehensive Income
For the year ended 30 September 2020

	<i>Note</i>	2020 £000	2019 £000
Profit for the year		15,141	5,703
Other comprehensive income			
Re-measurement of the net defined benefit liability	<i>19</i>	(974)	(499)
Deferred tax on other comprehensive income	<i>9</i>	226	85
		<hr/>	<hr/>
Other comprehensive (loss)/income for the year, net of income tax		(748)	(414)
		<hr/>	<hr/>
Total other comprehensive income for the year		14,393	5,289
		<hr/> <hr/>	<hr/> <hr/>


The notes on pages 16 to 36 form part of the financial statements.

Balance sheet
At 30 September 2020

	<i>Note</i>	2020 £000	2019 £000
Fixed assets			
Tangible assets	<i>10</i>	15,407	17,596
Intangible assets	<i>11</i>	216,327	213,240
Investments	<i>12</i>	105,996	108,267
		<hr/>	<hr/>
		337,730	339,103
Current assets			
Debtors (including £99,821,000 (2019: £102,116,000) due after more than one year)	<i>13</i>	216,505	203,913
Cash at bank and in hand		24,017	26,225
		<hr/>	<hr/>
		240,522	230,138
Creditors: amounts falling due within one year	<i>14</i>	(116,206)	(103,377)
		<hr/>	<hr/>
Net current assets		124,316	126,761
		<hr/>	<hr/>
Total assets less current liabilities		462,046	465,864
		<hr/>	<hr/>
Funded by:			
Creditors: amounts falling due after more than one year	<i>15</i>	291,616	312,232
Provisions for liabilities and charges	<i>16</i>	372	578
Deferred tax liability	<i>17</i>	11,868	10,119
Pension deficit	<i>19</i>	3,017	2,155
Capital and reserves			
Called up share capital	<i>20</i>	5	5
Profit and loss account		155,168	140,775
		<hr/>	<hr/>
Shareholders' funds		155,173	140,780
		<hr/>	<hr/>
		462,046	465,864
		<hr/>	<hr/>

The notes on pages 16 to 36 form part of the financial statements.

These financial statements were approved by the board of directors on 28 June 2021 and were signed on its behalf by:



Phillip Rowland
Director

Statement of Changes in Equity
For the year ended 30 September 2020

	Share capital £000	Profit and loss £000	Total equity £000
Balance at 1 October 2018	5	135,486	135,491
Total comprehensive income for the year			
Profit for the year	-	5,703	5,703
Other comprehensive losses	-	(414)	(414)
Total comprehensive income for the year	-	5,289	5,289
Balance at 30 September 2019	5	140,775	140,780
	Share capital £000	Profit and loss £000	Total equity £000
Balance at 1 October 2019	5	140,775	140,780
Total comprehensive income for the year			
Profit for the year	-	15,141	15,141
Other comprehensive loss	-	(748)	(748)
Total comprehensive income for the year	-	14,393	14,393
Balance at 30 September 2020	5	155,168	155,173

The notes on pages 16 to 36 form part of the financial statements.

Notes

(Forming part of the financial statements)

1 Accounting policies

Civica UK Limited (the “Company”) is a Company limited by shares and incorporated and domiciled in the UK.

These 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, which is the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1,000, unless otherwise stated.

The Company 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 period has not been included;
- No separate Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included.

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 statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of the Group headed by Camelia Investment 1 Limited (the Group) and provides business-critical software and digital solutions which are integral to the Group’s business model. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

The Group has prepared financial forecasts comprising operating profit, balance sheet and cash flows to 30 September 2022. In preparing these forecasts, the Group has considered the principal areas of uncertainty within the forecasts and the underlying assumptions, in particular those relating to market and customer risks, cost management, 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 4%, which is assessed with reference to unsecured revenue and pipeline data, which would result in a total decrease of EBITDA by 15% 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 in the later part of the year, and continued post year end. The downside scenarios are considered before any potential costs mitigations which are in the Group’s control.

The Group has significant liquidity available to cope with additional cash requirements related to potential impacts of COVID-19. 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 £77.0m was available at year end.

Consequently, the directors have prepared the financial statements for the year ended 30 September 2020 on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

1.3 Basis of consolidation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

1.4 Turnover

Turnover comprises the value of sales of licences, support, hosting, maintenance and training services, consulting contracts, hardware and managed services.

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, hosting and maintenance is recognised over the period to which the contracted service relates. Revenue from the provision of training and consultancy 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.

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.

Notes (continued)

1 Accounting policies (continued)

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.

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 it is 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 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.

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 entity. At the acquisition date, the Company 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.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102. The Company elected not to restate business combinations that took place prior to the transition date. In respect of acquisitions prior to that date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Notes (continued)

1 Accounting policies (continued)

1.9 Intangibles and non-current assets

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 arises on the transfer of trade and assets from fellow subsidiaries, and 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 Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company 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 Company 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.

Amortisation

Amortisation is charged to the profit or loss over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are 3 years for capitalised development costs and 10 years for customer relationships.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 to 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 Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.10 Investments

Investments in subsidiaries are held at cost less impairment.

1.11 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.

Notes (continued)

1 Accounting policies (continued)

1.11 Tangible fixed assets (continued)

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.

1.12 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, and their fair value approximates their book value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.13 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 Company 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.

Notes (continued)

1 Accounting policies (continued)

1.13 Impairment excluding deferred tax assets (continued)

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.

1.14 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.

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.

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

1.15 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 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 Analysis of turnover

	2020 £000	2019 £000
Sale of goods	75,954	71,701
Rendering of services	206,058	191,797
	282,012	263,498
	282,012	263,498

Substantially all the Company's turnover arises from trade within the United Kingdom. In the opinion of the directors, all turnover is generated from a single trading activity, the supply of IT software and associated services.

3 Expenses and auditor's remuneration

	2020 £000	2019 £000
Included in profit/loss are the following;		
Depreciation and other amounts written off owned tangible fixed assets	3,771	3,256
Amortisation	32,353	23,162
Exceptional costs – included in administrative expenses	3,664	2,993
Project Centum – included in administrative expenses	1,751	3,505
Amounts charged under operating leases	5,343	4,786
	10,862	17,702
	10,862	17,702

During the year the Company incurred £3,664,000 (2019: £2,155,000) of costs relating to the strategic reorganisation of its operations which related to redundancy, company-funded furlough costs and aborted acquisition costs.

Exceptional costs in the prior year also include £838,000 for the potential additional liabilities relating to the company's pensions scheme in respect of the GMP equalisation (see note 19).

During the year, the Company continued the secondary phase of Project Centum to build a stronger platform for growth. Costs incurred by Civica UK Limited during 2020 were £1,751,000 (2019: £3,505,000). These costs are not core to the operations of the Company'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.

	2020 £000	2019 £000
Auditor remuneration		
Fees payable for the audit of the Company's financial statements	160	94
Taxation and other services	14	124
	174	218
	174	218

Notes *(continued)*

4 Emoluments of directors

The emoluments of the directors for the period in which they served in such a capacity are stated below:

	2020 £000	2019 £000
Aggregate emoluments	2,774	4,215
Pension contributions – defined contribution schemes	11	8
	2,785	4,223
	2,785	4,223
 <i>In respect of the highest paid director:</i>		
Emoluments	572	670
	572	670
	572	670
 Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	1	1
	1	1

5 Staff numbers and costs

The average number of people employed by the Company during the year was 2,685 (2019: 2,598).

The aggregate payroll costs of these people were as follows:

	2020 £000	2019 £000
Wages and salaries	113,449	110,605
Social security costs	11,475	11,606
Other pension costs	7,047	6,613
	131,971	128,824
	131,971	128,824

6 Income from investment in subsidiaries

	2020 £000	2019 £000
Dividend income received	12,439	12,500
	12,439	12,500

During the year, the company received dividends from wholly-owned subsidiaries as part of a corporate simplification exercise.

Notes (continued)

7 Interest receivable

	2020 £000	2019 £000
Bank interest receivable	69	24
Interest receivable from group undertakings	5	38
Exchange differences on intercompany loans	25	438
	99	500
	99	500

8 Interest payable and similar expenses

	2020 £000	2019 £000
Net interest expense on net defined benefit liabilities (see note 19)	31	27
Interest payable to group undertakings	3,630	3,438
Other interest	-	22
Impairment loss on amounts owed by group undertakings	-	24,115
	3,661	27,602
	3,661	27,602

The impairment loss on amounts owed by group undertakings relates to historic loan balances held with subsidiaries that are no longer active, arising at the time of their acquisition by the Company.

9 Taxation

	2020 £000	2020 £000	2019 £000	2019 £000	2019 £000
<i>Current tax</i>					
Corporation tax on income for the period	8,777			7,431	
Corporation tax adjustment in respect of prior periods	(278)			(141)	
	8,499			7,290	
Total current tax		8,499			7,290
<i>Deferred tax (see note 17)</i>					
Origination and reversal of timing differences	(1,811)			(1,158)	
Deferred tax change in rate	1,249			-	
Adjustments in respect of previous periods	35			466	
	(527)			(692)	
Total deferred tax		(527)			(692)
Total tax		7,972			6,598

	2020 Current tax £000	2020 Deferred tax £000	2020 Total tax £000	2019 Current tax £000	2019 Deferred tax £000	2019 Total tax £000
Recognised in Profit and loss account	8,499	(301)	8,198	7,290	(607)	6,683
Recognised in other comprehensive income	-	(226)	(226)	-	(85)	(85)
	8,499	(527)	7,972	7,290	(692)	6,598
Total tax	8,499	(527)	7,972	7,290	(692)	6,598

Notes (continued)

9 Taxation (continued)

Reconciliation of effective tax rate

	2020 £000	2019 £000
Profit for the year	15,141	5,703
Total tax expense recognised in profit and loss	(8,198)	(6,683)
<hr/>		
Profit excluding taxation	23,339	12,386
Tax using the UK corporation tax rate of 19% (2019: 19%)	(4,434)	(2,353)
Non-taxable income/(expense)	(97)	(4,511)
Goodwill amortisation not deductible for tax purposes	(2,670)	(1,653)
Losses previously recognised now written off	-	(51)
Income not subject to tax	2,363	2,375
Other timings differences	277	-
Amounts written off investments not subject to tax	(2,381)	-
Corporation tax adjustment in respect of previous periods	278	141
Deferred tax adjustment in respect of previous periods	(35)	(466)
Deferred tax change of rate	(1,499)	-
Difference between deferred tax and corporation tax rate	-	(165)
<hr/>		
Total tax expense included in profit or loss	(8,198)	(6,683)
<hr/>		

The main rate of UK corporation tax for the year ended 30 September 2020 was 19%. In the Spring 2020 budget it was announced that the Corporation Tax rate would remain at 19% from 1 April 2020, rather than reducing to 17% as previously enacted. The rate of 19% was substantively enacted at the balance sheet date.

10 Tangible fixed assets

	Freehold property £000	Leasehold property £000	Plant and equipment £000	Total £000
<i>Cost</i>				
At beginning of year	11,615	4,781	23,518	39,914
Additions	22	3	1,817	1,842
Acquired	-	22	214	236
Disposals	(821)	-	-	(821)
<hr/>				
At end of year	10,816	4,806	25,549	41,171
<hr/>				
<i>Depreciation</i>				
At beginning of year	1,511	2,835	17,972	22,318
Charge for the year	289	641	2,841	3,771
Eliminated on disposals	(325)	-	-	(325)
<hr/>				
At end of year	1,475	3,476	20,813	25,764
<hr/>				
<i>Net book value</i>				
At 30 September 2020	9,341	1,330	4,736	15,407
<hr/>				
At 30 September 2019	10,104	1,946	5,546	17,596
<hr/>				

Notes (continued)

11 Intangible assets

	Note	Customer Relationships £000	Software £000	Goodwill £000	Capitalised Development £000	Total £000
<i>Cost</i>						
At beginning of the year		85,934	10,742	202,232	61,881	360,789
Additions		-	3,065	2,265	5,356	10,686
Acquired			25	-	-	25
Reclassified from investments	12	13,323	-	11,405	-	24,728
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of the year		99,257	13,832	215,902	67,237	396,228
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>						
At beginning of the year		16,802	8,350	69,360	53,037	147,549
Charge for the year		9,788	2,336	14,661	5,568	32,353
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of the year		26,590	10,686	84,021	58,605	179,902
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>						
At 30 September 2020		<u>72,667</u>	<u>3,146</u>	<u>131,881</u>	<u>8,632</u>	<u>216,326</u>
At 30 September 2019		<u>69,132</u>	<u>2,392</u>	<u>132,872</u>	<u>8,844</u>	<u>213,240</u>

Amortisation charge

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

12 Investments in subsidiary companies

	£000
Balance at the start of the year	108,267
Additions in the year	34,940
Amounts written off investments	(12,484)
Reclassification to intangible assets (see note 11)	(24,728)
	<hr/>
Balance at the end of the year	<u>105,995</u>

The additions in the year relate to:

- The purchase of the entire issued share capital of:
 - Fretwell Downing Hospitality Holdings Ltd and its subsidiary Fretwell Downing Hospitality Ltd for consideration of £10,381,000 including costs.
 - Chameleon Information Management Services Ltd and its subsidiary Flex Software Ltd for consideration of £24,551,000 including costs.
- Adjustment to consideration and costs on acquisitions in the prior year amounting to £8,000.

During the year, the Company also undertook a corporate structure simplification exercise, following which the investments in subsidiaries were written down by £12,484,000. This affected investments in non-trading subsidiaries following the receipt of dividends (see note 9) and does not indicate an impairment in any underlying trade.

Notes (continued)

12 Investments in subsidiary companies (continued)

During the year, the trade and assets of the following wholly owned subsidiaries were hived up into Civica UK Limited at their respective book values, which were equal to fair values, and customer relationships were recognised at fair value in accordance with FRS102.

Subsidiary	Date of hive up
TranSend Solutions Limited	30 November 2019
Warwick International Computing Systems Limited	31 January 2020
Trac Systems Limited	31 March 2020
Zedcore Systems Limited	31 March 2020
Fretwell Downing Hospitality Limited	30 September 2020

The cost of the Company's investment in the subsidiaries reflected the underlying fair value of their net assets, goodwill and customer relationships at the time of hive up. As a result of this transfer, the value of the Company's investments in these subsidiaries fell below the amount at which they were stated in the Company's accounting records.

As the directors consider that, as there has been no overall loss to the Company, that diminution to the investments has been included in the purchase accounting for the trade and assets of the subsidiaries, so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets, goodwill and customer relationships. The effect of this is to recognise goodwill of £11,405,000, customer relationships of £13,323,000 and decrease the carrying value of investments by an equivalent amount.

Details of Civica UK Limited's subsidiaries at 30 September 2020 are given below:

Company	Country of incorporation	Principal activities	Class and % of shares held
<i>Active companies:</i>			
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%
Civica Election Services Limited (formerly Electoral Reform 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%
<i>Dormant companies:</i>			
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%
Asidua (GB) Limited *	Northern Ireland	Inactive	Ordinary 100%
IPL Group Limited	United Kingdom	Inactive	Ordinary 100%
IPL Information Processing Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Consultancy Services 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%
WTG Technologies Group Limited	United Kingdom	Inactive	Ordinary 100%
WTG Technologies Limited *	United Kingdom	Inactive	Ordinary 100%
SFW Limited	United Kingdom	Inactive	Ordinary 100%
Visionware EBT Trustee Limited *	Scotland	Inactive	Ordinary 100%
iCasework Inc *	USA	Inactive	Ordinary 100%
Carval Computing Limited	United Kingdom	Inactive	Ordinary 100%
iCasework Holding 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%

Notes (continued)

12 Investments in subsidiary companies (continued)

Company	Country of incorporation	Principal activities	Class and % of shares held
<i>Dormant companies (continued):</i>			
Warwick IC Systems Limited *	United Kingdom	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%

* 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.

Entity acquired in the year ended 30 September 2020.

Registered office addresses

United Kingdom: South Bank Central, 30 Stamford Street, London, SE1 9LQ.
Northern Ireland: 10 Weavers Court, Belfast, BT12 5GH.
Republic of Ireland: 18-19 College Green, Dublin 2.
India: Notus Pride (1st Floor), Sarabhai Campus, Bhailal Amin Marg, Vadodara - 390007, India.
Scotland: Princess Exchange, 1 Earl Grey Street, Edinburgh, Scotland, EH3 9EE.

13 Debtors

	2020 £000	2019 £000
Trade debtors	34,069	30,048
Amounts owed by group undertakings	99,821	102,116
Prepayments and accrued income	82,615	71,749
	<u>216,505</u>	<u>203,913</u>

Debtors include amounts owed by group undertakings of £99,821,000 (2019: £102,116,000) 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.

Notes (continued)

14 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	10,033	13,328
Corporation tax	3,005	2,993
Other taxation and social security	11,467	11,579
Accruals	21,930	19,992
Contingent consideration	-	450
Deferred income	69,771	55,035
	<u>116,206</u>	<u>103,377</u>

15 Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Amounts owed to group undertakings	<u>291,616</u>	<u>312,232</u>

16 Provisions for liabilities and charges

	Property Provisions £000	Total Provisions £000
At beginning of the year	578	578
Utilised/released during the year	(206)	(206)
At end of the year	<u>372</u>	<u>372</u>

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

17 Deferred taxation

Deferred tax asset and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Employee benefits	570	365	-	-	570	365
Accelerated capital allowances	2,446	2,115	-	-	2,446	2,115
Arising on business combinations	-	-	(15,330)	(13,061)	(15,330)	(13,061)
Other	446	462	-	-	446	462
	<u>3,462</u>	<u>2,942</u>	<u>(15,330)</u>	<u>(13,061)</u>	<u>(11,868)</u>	<u>(10,119)</u>

The amount of the net reversal of deferred tax liabilities expected to occur next year is £2,913,000 (2019: £2,343,000), relating to the reversal of existing timing differences on intangible fixed assets, and a net reversal of deferred tax assets of nil (2019: £nil) relating to the reversal of timing differences on tangible fixed assets and pension liabilities.

Notes *(continued)*

18 Acquisitions

During the year, the trade and assets of the following wholly owned subsidiaries were hived up into Civica UK Limited at their respective book values, which were equal to fair values, and customer relationships were recognised at fair value in accordance with FRS 102. Consideration equal to the book value was recognised as a transaction in the respective inter-company accounts, unless otherwise stated.

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

The effects of each acquisition on the Company's assets and liabilities are as follows:

TranSend Solutions Limited (30 November 2019)

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Tangible fixed assets	37	-	37
Intangible assets	-	3,868	3,868
Trade and other debtors	931	-	931
Cash	1,251	-	1,251
Trade and other creditors	(1,599)	-	(1,599)
Deferred tax liability	-	(735)	(735)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	620	3,133	3,753
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The business contributed £3,502,000 to the Company's revenue for the year. Overheads were subsumed into other operations following hive up and therefore net profit is not reported separately.

Warwick International Computing Systems Limited (31 January 2020)

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Tangible fixed assets	23	-	23
Intangible assets	-	3,610	3,610
Trade and other debtors	221	-	221
Cash	268	-	268
Trade and other creditors	(1,817)	-	(1,817)
Deferred tax liability	(2)	(686)	(688)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	(1,307)	2,924	1,617
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The business contributed £2,465,000 to the Company's revenue for the year. Overheads were subsumed into other operations following hive up and therefore net profit is not reported separately.

Notes *(continued)*

18 Acquisitions *(continued)*

Trac Systems Limited and its subsidiary Zedcore Systems Limited (31 March 2020)

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Tangible fixed assets	54	-	54
Intangible assets	-	3,053	3,053
Trade and other debtors	1,588	-	1,588
Cash	934	-	934
Trade and other creditors	(1,929)	-	(1,929)
Deferred tax liability	(8)	(580)	(588)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	639	2,473	3,112
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The businesses contributed £4,720,000 to the Company's revenue for the year. Overheads were subsumed into other operations following hive up and therefore net profit is not reported separately.

Fretwell Downing Hospitality Limited (30 September 2020)

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Tangible fixed assets	146	-	146
Intangible assets	-	2,792	2,792
Trade and other debtors	1,121	-	1,121
Cash	781	-	781
Trade and other creditors	(2,281)	-	(2,281)
Deferred tax liability	(4)	(530)	(534)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	(237)	2,262	2,025
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The business contributed £nil to the Company's revenue for the year. Overheads were subsumed into other operations following hive up and therefore net profit is not reported separately.

Notes (continued)

19 Employee benefits

Defined benefit plans

The Company 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”).

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 latest actuarial valuation was at 5 April 2018.

Group Scheme and Systems Scheme

The Group Scheme and Systems Scheme are sectionalised, and the assets and liabilities attributable to the Company are ring-fenced. The Company 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 1 April 2017, and the Systems Scheme was at 1 November 2017.

The Company includes the assets and liabilities of these arrangements in the 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 period 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 Company.

Net pension liability

	2020 £000	2019 £000
Defined benefit obligation	(28,909)	(28,763)
Plan assets	25,892	26,608
	<hr/>	<hr/>
Net pension liability	(3,017)	(2,155)
	<hr/> <hr/>	<hr/> <hr/>

Movements in present value of defined benefit obligation

	2020 £000	2019 £000
At 1 October	(28,763)	(25,550)
Service cost	-	(838)
Interest expense	(520)	(708)
Remeasurement: actuarial gains/(losses)	(841)	(2,837)
Benefits paid	1,215	1,170
	<hr/>	<hr/>
At 30 September	(28,909)	(28,763)
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

19 Employee benefits *(continued)*

Movements in fair value of plan assets

	2020 £000	2019 £000
At 1 October	26,608	24,464
Interest income	489	681
Remeasurement: return on plan assets less interest income	(133)	2,338
Administrative expenses	(28)	(15)
Contributions by employer	175	310
Benefits paid	(1,215)	(1,170)
	25,892	26,608
At 30 September	25,892	26,608

Expense recognised in the profit and loss account

	2020 £000	2019 £000
Past service cost – GMP equalisation (exceptional cost)	-	(838)
Net interest on net defined benefit liability	(31)	(27)
Administrative expenses	(28)	(15)
	(59)	(880)
Total expense recognised in profit or loss	(59)	(880)

The total recognised in the statement of other comprehensive income are remeasurement losses of £974,000 (2019: £499,000).

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

	2020 Fair value £000	2019 Fair value £000
Equities	8,255	11,488
Fixed income bonds	9,008	7,698
Group pension contract	2,031	2,473
Cash	160	190
Guaranteed annuity rates	5,179	4,790
Other	1,259	(31)
	25,892	26,608
	25,892	26,608
Actual return on plan assets	(133)	2,338

Notes (continued)

19 Employee benefits (continued)

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

	2020 %	2019 %
Discount rate	1.6 – 1.8	1.8 – 2.0
Inflation rate (RPI)	3.0 – 3.2	3.2 – 3.4
Future pension increases	2.5 – 5.0	2.4 – 5.0

In valuing the liabilities of the pension funds at 30 September 2020, 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: 21.4 to 22.2 years (male), 23.4 to 24.3 years (female).
- Future retiree upon reaching 65: 22.4 to 23.3 years (male), 24.6 to 24.6 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 Company 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.

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £7,047,000 (2019: £6,613,000).

20 Called up share capital

	2020 £	2019 £
<i>Allotted, called up and fully paid</i>		
5,000 ordinary shares of £1 each	5,000	5,000

Notes (continued)

21 Contingent liabilities and commitments

The Company has entered into cross guarantee arrangements with certain of its parent companies, and other group subsidiaries to guarantee the bank facilities of the group headed by Camelia Investment 1 Limited. Bank facilities are secured by fixed and floating charges over the Company's property, assets and undertakings. At the balance sheet date the total outstanding in relation to these arrangements amounted to £678,502,000 (2019: £658,003,000).

Non-cancellable operating lease rentals are payable as follows:

	2020 £000	2019 £000
Within one year	4,326	2,921
Between one and five years	13,523	9,465
After five years	14,601	10,941
	32,450	23,327
	32,450	23,327

22 Intermediate and ultimate parent company

The Company's immediate parent company is Civica Holdings Limited. The Company's ultimate parent company at the balance sheet date is Camelia Investment 1 Limited. Both companies are incorporated in the United Kingdom, and their registered office is South Bank Central, 30 Stamford Street, London, SE1 9LQ.

The smallest and largest group in which the results of the Company were consolidated was that headed by Camelia Investment 1 Limited. The consolidated accounts of this company are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

23 Related parties

The Company has taken advantage of the exemptions available in FRS 102 not to disclose related party transactions with wholly owned subsidiaries of the Group headed by Camelia Investment 1 Limited. There are no transactions with any other related parties.

24 Subsequent event

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 Company has acquired the entire share capital of:

Parago Software Limited, a company incorporated in the United Kingdom, and its subsidiary Parago Software Inc, a company incorporated in the United States of America. The business provides estate and asset management Software-as-a-Service (SaaS) to the education sector, with annual turnover of approximately £1.7m.

Agylia Group Limited and subsidiary Agylia Care Limited, companies incorporated in the United Kingdom. Agylia's principal activity is the provision of learning management and eLearning Software-as-a-Service (SaaS) across multiple markets, with annual turnover of approximately £4.2m.

Equiniti HR Solutions Limited, a company incorporated in the United Kingdom, that provides HR and payroll solutions across a range of markets, including the NHS, with annual turnover of approximately £5.8m.

Ntropy Data, Inc, a company incorporated in the United States of America which provides an innovative software-as-a-service platform for community and stakeholder engagement, with annual turnover of approximately £0.1m.

Thelma EU Limited, a company incorporated in the United Kingdom, which provides medical billing software to the independent healthcare section, with annual turnover of approximately £3.1m.

Calibrand Limited and subsidiary Caliquial Limited, companies incorporated in the United Kingdom, which provides e-assessment solution software, with annual turnover of approximately £0.6m.

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 Company 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 19.

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.

Recoverability of debtors

Debtors are stated in the balance sheet at their nominal value less any appropriate provision for irrecoverable amounts. In determining whether provision is required against any debtors, the Directors are required to make a judgement regarding the overall recoverability of the debtor. In exercising this judgement, consideration is given to both the overall economic environment in which a debtor operates as well as specific indicators that the recovery of the nominal balance may be in doubt.

Calculating the appropriate level of provision against debtors involves a key source of estimation uncertainty, namely estimating the quantum of balances irrecoverable.

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 18.

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

Goodwill impairment

The company assesses the carrying value of goodwill on an annual basis for any indications of impairment, with the key assumptions being the future profit and cash generating ability of the underlining asset. The directors are satisfied that no impairment provision is required.