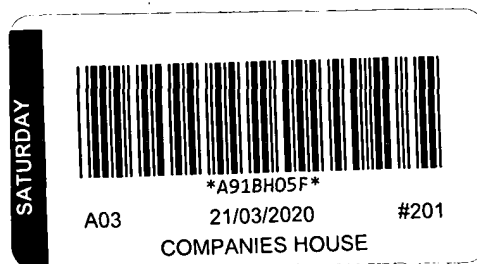


**Strategic Report, Directors' Report and
Financial Statements for the Year Ended 30 April 2019**
for
IRIS Business Software Limited



**Contents of the Financial Statements
for the Year Ended 30 April 2019**

	Page
Company Information	1
Strategic Report	2
Directors' Report	4
Independent Auditors' Report	6
Income Statement	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

**Company Information
for the Year Ended 30 April 2019**

DIRECTORS:

K P Dady
E Mortimer-Zhika
M D Cox

REGISTERED OFFICE:

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

REGISTERED NUMBER:

02050075 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Registered Auditors &
Chartered Accountants
1 Embankment Place
London
WC2N 6RH

**Strategic Report
for the Year Ended 30 April 2019**

The Directors present their strategic report of IRIS Business Software Limited ("the Company") for the year ended 30 April 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of business-critical payroll software and services for use by SMEs in the UK.

The Company operates within the IRIS Software Group of Companies headed by the Group's intermediate holding company, IRIS Debtco Limited.

STRATEGIC REVIEW

IRIS Business Software Limited is a member of the IRIS Software Group (the "Group") which is one of the largest privately held software Groups in the UK. The Group's mission is to be the most trusted provider of business-critical software and services to small and medium-sized businesses.

The Group is managed on a consolidated basis and the Strategic Review pertains to the whole Group.

The IRIS vision is to liberate time, talent and energy of UK businesses to enable them to stay one-step-ahead of their competition. IRIS helps achieve this through innovative software and services that automate the mundane, but critical day-to-day business tasks. Our software takes the burden of compliance, enables productivity, facilitates collaboration and provides insight for UK businesses to connect and serve an increasingly new generation of customers.

With 40 years' experience and a predominantly UK focus, the business offers the greatest range of specialist accountancy, financial, human resources, parent engagement, payroll and bookkeeping solutions - managed under the leading IRIS, Cascade, PS Financials, Earnie, FMP Global, Star, ParentMail, Kashflow, Results Squared, BioStore, Contact Group, Hosted Accountants, Keytime, PTP, School Asset Manager and Taxfiler product brands. Over 650,000 SMEs and 21,000 UK accountancy firms use IRIS applications. Four million parents and guardians use IRIS apps to connect with their child's school. 780,000 UK employees are managed by IRIS HR solutions and 2.3 million UK employees are paid by IRIS payroll solutions.

The benefits delivered by our products are frequently recognised through independent awards. IRIS was the winner of 'Practice Software of the Year' at The British Accountancy Awards in 2015, 2013, 2012 and runner up in 2016, as well as a Finalist at the Pay and Benefits Awards 2015. In 2019 Taxfiler was a finalist in the Accountancy Software Excellence Awards, and the IRIS Managed Payroll shortlisted for Financial Provider of the Year in the General Practice Awards.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks are managed at a consolidated Group level.

The Directors continue to identify and evaluate operational and other risks faced by the Group, implementing changes where necessary to reduce risk to manageable levels. The quality of earnings is underpinned by strong legal and financial governance, coupled with a focus on improving customer service and increasing the lifetime value of our customers.

The Group's business operations rely on the efficient and uninterrupted operation of its information technology systems and networks. To support the business, detailed business continuity plans are in place for all major locations backed up by third party contracts to provide dedicated alternate facilities and systems in the event of disaster.

The Group also pays attention to scalability of infrastructure to ensure all systems remain appropriate for the needs of the business as it continues to grow.

The software market in which the Group operates is characterised by evolving technology, market practices and industry standards. The Group has a strong commitment to Research and Development, which allows for identification of, and adaptation to technological, compliance and market changes, thereby ensuring demands of customers are met and products are delivered on the latest technology platforms.

The Group operates in a competitive environment where the quality of products is paramount. We employ quality assurance teams to reduce risk associated with new product releases and to improve both the quality and the timeliness of releases. The Group attaches enormous importance to providing the highest levels of customer service, which is seen as a major differentiator.

The Directors acknowledge that the economic environment can affect the overall performance of the Group's businesses in terms of both revenues and costs. Through continued development of products and services, the Group endeavours to ensure that it delivers good value to its customers.

All technology companies are vulnerable to disruptive market entrants. IRIS has a market leading position and reputation for quality which means it is well positioned. IRIS also has the largest and most integrated suite of accountancy products in the market. The combination of IRIS's market standing and value its solutions deliver, results in customers renewing their subscription from year to year.

**Strategic Report
for the Year Ended 30 April 2019**

PRINCIPAL RISKS AND UNCERTAINTIES - continued

The Company relies on intellectual property laws including laws on copyright, trade secrets and trademarks to protect its products. In spite of such laws and regulations being in place, unauthorised copying of software may still occur. To mitigate this risk the Company endeavours to police the unauthorised use of its products, uses secure storage of its source code and engages the services of specialists to enforce and protect the Company's intellectual property rights.

The Company's activities expose it to a number of financial risks including credit risk, interest rate risk, cash flow and liquidity risk.

Cash flow and liquidity risk

The Group manages its day-to-day cash flow requirements through free cash reserves and the use of an available revolving credit facility of up to £40m. This funding is made available to the Company through cash pooling arrangements and cash transfers within the group.

Interest rate risk

The Company is exposed to interest on amounts owed by group undertakings, and amounts owed to group undertakings. The interest rates are fixed.

Credit risk

The Company's principal financial assets are bank balances and cash, and trade and other receivables and amounts owed by group undertakings.

The Company's credit risk is primarily attributable to its amounts owed by group undertakings. The amounts presented in the balance sheet are net of impairment. An allowance for impairment is made where there is an expected credit loss event which is evidence of a reduction in the recoverability of the cash flows and expected credit loss.

The Company's also has credit risk related to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an expected loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

EVENTS AFTER THE REPORTING PERIOD

Effective 1 September, the Group announced the appointment of Elona Mörtemer-Zhika to the position of Chief Executive Officer. She succeeds Kevin Dady who has been promoted to the role of Executive Chairman. Elona joined IRIS in 2016 as Chief Financial Officer and was promoted to Chief Operating Officer in 2018, responsible for a wide range of functions including all revenue generation, Customer Service, IT, Facilities, Group Transformation, M&A integration, Legal and HR.

FINANCIAL PERFORMANCE

The Key Performance Indicators which effect the Company, through the impact on its investments, are managed at a Group level. Further information on these Key Performance Indicators, and the performance of the Group can be found in the Consolidated Financial Statements of IRIS Debtco Limited.

The Company made an operating profit in the year of £6,179,406 (2018: 6,295,685) with revenues of £13,429,203 (2018: £13,847,821). Operating profit includes a Group management fee recharge of £1,340,836 (2018: £1,468,183). Looking forward, the Directors anticipate similar levels of growth and profitability for the foreseeable future.

The balance sheet of the Company shows net assets of £46,677,150 (2018: £37,655,404) and net current assets of £45,186,121 (2018: £132,918,235), reflecting the stability and profitability of the Company. Liquidity is managed at a Group level, and Cash balances are pooled centrally by the Group to be made available to the Company as required for its operations.

Looking ahead, the Directors believe that there are substantial opportunities for further growth. As a result, the Directors are confident in the Group's prospects going forward.

ON BEHALF OF THE BOARD:

.....
M D Cox - Director

Date: 13/03/2020

**Directors' Report
for the Year Ended 30 April 2019**

The directors present their report with the audited financial statements of the company for the year ended 30 April 2019.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 2019 (30 April 2018: nil).

RESEARCH AND DEVELOPMENT

The company has continued to invest in research and development to maintain and improve its competitive position.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2018 to the date of this report.

K P Dady
E Mortimer-Zhika

Other changes in directors holding office are as follows:

M D Cox - appointed 1 February 2019

POLITICAL DONATIONS AND EXPENDITURE

The company made no political donations during the year (2018: £nil).

GOING CONCERN

Liquidity is managed at Group level using long-term group bank facilities. Cash generated by the entity is swept to a related IRIS group company overnight. Access to this facility is made available as needed to ensure the business remains a going concern. The entity is expected to continue to be profitable, contributing to the overall profitability of the Group.

Having considered these risks and the current uncertain economic environment, the directors believe that the company has adequate resources to continue in operational existence as a trading company for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

CORPORATE SOCIAL RESPONSIBILITY

IRIS continues to be strongly aware of its responsibility for its actions and encourages a positive impact on the environment and communities it serves. Along with ensuring we are compliant and actively engaged in sustainability, IRIS enables our employees to 'give back' to the community and raise money for charity by allowing them to have 3 days per year to support local communities raising money or volunteering for a number of charitable causes.

DIRECTORS' INDEMNITIES

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

**Directors' Report
for the Year Ended 30 April 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

.....
M D Cox - Director

Date: 13/03/2020

Independent Auditors' Report to the Members of IRIS Business Software Limited

Report on the audit of the financial statements

Opinion

In our opinion, IRIS Business Software Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit and for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Reports"), which comprise: the statement of financial position as at 30 April 2019; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the effects on the United Kingdom following the recent withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential ongoing implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, as set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

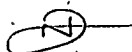
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Nigel H Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

19th March 2020

**Income Statement
for the Year Ended 30 April 2019**

		30/4/19	30/4/18 as restated
	Notes	£	£
TURNOVER	4	13,429,203	13,847,821
Administrative expenses		<u>(7,249,797)</u>	<u>(7,552,136)</u>
OPERATING PROFIT	8	6,179,406	6,295,685
Interest receivable and similar income	6	<u>8,371,815</u>	<u>7,711,760</u>
		14,551,221	14,007,445
Interest payable and similar expenses	7	<u>(5,467,355)</u>	<u>(5,014,265)</u>
PROFIT BEFORE TAXATION		9,083,866	8,993,180
Tax charge/(credit) on profit	9	<u>(62,120)</u>	<u>21,735</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>9,021,746</u></u>	<u><u>9,014,915</u></u>

**Statement of Comprehensive Income
for the Year Ended 30 April 2019**

	Notes	30/4/19 £	30/4/18 as restated £
PROFIT FOR THE YEAR		9,021,746	9,014,915
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>9,021,746</u>	<u>9,014,915</u>

Statement of Financial Position
30 April 2019

	Notes	30/4/19 £	30/4/18 as restated £
FIXED ASSETS			
Owned			
Intangible assets	11	977,701	714,907
Tangible assets	12	365,411	373,705
Right-of-use			
Leased assets	18	1,008,139	-
		<u>2,351,251</u>	<u>1,088,612</u>
CURRENT ASSETS			
Stocks	13	15,100	30,689
Debtors	14	143,810,661	130,951,043
Contract assets	4	1,963,313	1,917,465
Cash at bank		-	19,038
		<u>145,789,074</u>	<u>132,918,235</u>
CREDITORS			
Amounts falling due within one year	15	(96,594,695)	(92,240,457)
CONTRACT LIABILITIES			
Amounts falling due within one year	4	(4,008,258)	(4,056,708)
NET CURRENT ASSETS		<u>45,186,121</u>	<u>36,621,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>47,537,372</u>	<u>37,709,682</u>
CREDITORS			
Amounts falling due after more than one year	16	(860,222)	-
PROVISIONS FOR LIABILITIES	19	-	(54,278)
NET ASSETS		<u>46,677,150</u>	<u>37,655,404</u>
CAPITAL AND RESERVES			
Called up share capital	20	12	12
Retained earnings		46,677,138	37,655,392
SHAREHOLDERS' FUNDS		<u>46,677,150</u>	<u>37,655,404</u>

The financial statements were approved and authorised for issue by the Board of Directors on 13/03/2020 and were signed on its behalf by:

M D Cox - Director

**Statement of Changes in Equity
for the Year Ended 30 April 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 May 2017	12	26,973,417	26,973,429
Prior year adjustment	-	1,667,060	1,667,060
Balance at 30 April 2017 as restated	<u>12</u>	<u>28,640,477</u>	<u>28,640,489</u>
Changes in equity			
Total comprehensive income	-	9,014,915	9,014,915
Balance at 30 April 2018 as restated	<u>12</u>	<u>37,655,392</u>	<u>37,655,404</u>
Changes in equity			
Total comprehensive income	-	9,021,746	9,021,746
Balance at 30 April 2019	<u>12</u>	<u>46,677,138</u>	<u>46,677,150</u>

**Notes to the Financial Statements
for the Year Ended 30 April 2019**

1. GENERAL EXPLANATION

The Company's financial statements are prepared in accordance with 'Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework' and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling as that is the currency of the primary economic environment in which the company operates.

The principal accounting policies applied in the preparation of these financial statements are set out in note 3. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. STATUTORY INFORMATION

IRIS Business Software Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

3. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Changes in accounting policies

The company has adopted the following standards in the year:

- IFRS 9, "Financial Instruments" (effective periods beginning on or after 1 January 2018)
This standard affects the disclosure requirements in relation to Financial Instruments and has no material effect on the reported figures.
- IFRS 15, "Revenue from Contracts with Customers" (effective periods beginning on or after 1 January 2018)
This standard affects the disclosure requirements in relation to Contracts with Customers as described below.
- IFRS 16, "Leases" (effective periods beginning on or after 1 January 2019)
This standard affects the reporting of assets held under operating leases as described below.

The Directors considered the impact on the Group of other new and revised accounting standards, interpretations or amendments and do not note any revised or new accounting standards, which will have an impact on the Group financial statements outside of those adopted for this period.

**Notes to the Financial Statements - continued
for the Year Ended 30 April 2019**

3. ACCOUNTING POLICIES - continued**Effect of implementation of IFRS 15**

	As reported £ 2017	IFRS 15 Adjustment £	Restated 2017 £
Contract assets	-	1,930,854	1,930,854
Contract liabilities	3,078,626	263,794	3,342,420
Retained earnings	26,973,417	1,667,060	28,640,477

	As reported 2018 £	Adjustment from 2017 £	IFRS 15 Adjustment £	Restated 2018 £
Contract assets	-	1,930,854	(13,389)	1,917,465
Contract liabilities	3,797,577	263,794	(4,663)	4,056,708
Revenue	13,843,158	-	4,663	13,847,821
Administrative expenses	7,538,747	-	13,389	7,552,136
Retained earnings	35,997,058	1,667,060	(8,726)	37,655,392

The Company has applied IFRS 15 using the full retrospective method, whereby the standard has been applied as if it had always been applicable. After assessing the new standard, Management have determined that it affects the recognition timing of certain revenue streams (thereby adjusting balances previously disclosed as deferred revenue) along with sales commission costs (previously recognised in the income statement in the period incurred but under the new standard need to be initially recognised as a contract asset and then recognised in the income statement over the expected life of the customer contract).

Effect of implementation of IFRS 16

The Company has applied IFRS 16 using the modified retrospective method, whereby the Right-of use asset is introduced at the start of the current year at a value representing the discounted future cash flows, together with a corresponding lease liability.

IFRS 16 has had the effect of creating a Right of use asset as at 1 May 2018 of £1,203,274 and a corresponding lease liability of £1,203,274. Right of use assets have been created relating to building leases.

Going concern

The directors are satisfied that the company has sufficient resources to continue in operation for the foreseeable future. The related IRIS Group companies have confirmed that they will provide this support for twelve months from the date of signing these financial statements. Accordingly, these financial statements have been prepared on a going concern basis and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under FRS 101.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue represents invoiced software licence fee income, support and maintenance income and services income.

Perpetual software licence fee income is recognised in full on delivery of the licence and the issue of authorisation codes to activate the software.

Support and maintenance income is deferred at the date of invoicing and released to the profit and loss account over the duration of the maintenance contract. The balance of maintenance income not released to the profit and loss account is carried in the balance sheet within deferred revenue.

Services income is recognised in the month the services are performed. Subscription income is recognised in the month the service is provided.

Intangible fixed assets

Intangible assets are stated at fair value less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over their estimated useful lives.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development;
- The ability to use the intangible asset generated.

Where the Directors are satisfied as to the technical, commercial and financial viability of individual projects, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is expected to be between three and five years.

Financial instruments

The company has no financial assets measured at fair value through profit or loss.

**Notes to the Financial Statements - continued
for the Year Ended 30 April 2019**

3. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the United Kingdom where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is measured on a non-discounted basis.

Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

**Notes to the Financial Statements - continued
for the Year Ended 30 April 2019**

3. ACCOUNTING POLICIES - continued

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss:

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

Tangible fixed assets

Freehold Land is shown at historic cost and is not depreciated.

All other property, plant and equipment is stated at historic cost less depreciation. Historic cost includes expenditure that is directly attributable to the acquisition. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated lives, as follows:

Freehold land	Nil
Freehold property	2% straight line basis on cost
Improvements to property	10% to 20% straight line basis

The assets residual lives and useful lives are reviewed, and adjusted if appropriate, at the end of each accounting period.

Impairment of assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

**Notes to the Financial Statements - continued
for the Year Ended 30 April 2019**

3. ACCOUNTING POLICIES - continued

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional less provision for impairment. Due to their short-term nature the carrying amount of trade receivables approximates to their fair value.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. We have assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Contract liabilities

Contract liabilities consist of amounts received and receivable during the year relating to existing support contracts which will constitute income for inclusion in a subsequent year's profit and loss account.

Interest income and expense

Interest income and expense is recognised using the effective interest method.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Capitalisation of development cost

The Company capitalises internal costs of software development, where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. Judgement is required in determining whether a project is suitable for capitalisation and in determining the useful economic life.

Revenue Recognition

The key area of judgement in respect of recognising revenue is the timing of recognition, specifically in relation to recognition and deferral of revenue on support contracts where management assumptions and estimates are necessary.

Recoverability of Amounts due from group undertakings

The key area of judgement in respect of recoverability of Amounts due from group undertakings is the continued liquidity of the Group.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company, being no material part of which is undertaken outside the United Kingdom.

Contract assets of £1,963,313 (2018: £1,917,465) represent sales commission costs which are recognised over the expected life of the customer.

Contract liabilities of £3,918,258 (2018: £4,056,708) represent revenue received up front for contracts which are recognised over a period of up to 12 months. Materially all of the opening balance of contract liabilities has been recognised as revenue in the year.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2019

4. **TURNOVER - continued**

Revenue from contracts with customers

Contract balances

	30/4/19	30/4/18 as restated
	£	£
<i>Contract assets</i>		
Current		
Contract assets	712,943	668,505
Non-current		
Contract assets	1,250,370	1,248,960
	<u>1,963,313</u>	<u>1,917,465</u>
<i>Contract liabilities</i>		
Current		
Contract liabilities	<u>4,008,258</u>	<u>4,056,708</u>

5. **EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 30 April 2019 nor for the year ended 30 April 2018.

The company has no direct employees (2018: nil) other than directors. The directors did not receive remuneration for their services to the Company in the current or prior year. The remuneration paid by other group companies for their services as directors of the company has been apportioned as £ nil (2018: nil).

	30/4/19	30/4/18
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

6. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	30/4/19	30/4/18
	£	£
Intercompany interest receivable	<u>8,371,815</u>	<u>7,711,760</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	30/4/19	30/4/18
	£	£
Intercompany interest payable	5,405,886	5,014,265
Interest on lease liabilities	61,469	-
	<u>5,467,355</u>	<u>5,014,265</u>

8. **OPERATING PROFIT**

The operating profit is stated after charging

	2019	2018
	£	£
Group management charges	1,340,836	1,468,183
Depreciation - owned assets	8,294	73,222
Depreciation - right-of-use assets	195,135	-
Loss on disposal of fixed assets	-	979
Lease costs recharged	-	225,425
Development costs amortisation	184,178	107,949
Auditors' remuneration	<u>14,685</u>	<u>15,008</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2019

9. TAX CHARGE / (CREDIT) ON PROFIT**Analysis of tax charge/(credit)**

	30/4/19	30/4/18
	£	£
Deferred tax	62,120	(21,735)
Total tax charge/(credit) in income statement	<u>62,120</u>	<u>(21,735)</u>

Factors affecting the tax credit

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30/4/19	30/4/18 as restated
	£	£
Profit before income tax	<u>9,083,866</u>	<u>8,993,180</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,725,935	1,708,704
Effects of:		
Expenses not deductible for tax purposes	93,727	
Prior year adjustments		(513)
Group relief	<u>(1,757,542)</u>	<u>(1,729,926)</u>
Tax charge/(credit)	<u>62,120</u>	<u>(21,735)</u>

Deferred tax liability

	Capital allowances in excess of depreciation £	Total £
Balance at 1 May 2018		
Credit to income statement	62,120	62,120
Balance at 30 April 2019	<u>62,120</u>	<u>62,120</u>

The tax rate for the current year is 19%.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10. PRIOR YEAR ADJUSTMENT

During the year, the Company adopted IFRS 15, "Revenue from Contracts with Customers". The effect of the adoption of the standard is shown below:

Effect of implementation of IFRS 15

	As reported £ 2017	IFRS 15 Adjustment £	Restated 2017 £
Contract assets	-	1,930,854	1,930,854
Contract liabilities	3,078,626	263,794	3,342,420
Retained earnings	26,973,417	1,667,060	28,640,477

	As reported 2018 £	Adjustment from 2017 £	IFRS 15 Adjustment £	Restated 2018 £
Contract assets	-	1,930,854	(13,389)	1,917,465
Contract liabilities	3,797,577	263,794	(4,663)	4,056,708
Revenue	13,843,158	-	4,663	13,847,821
Administrative expenses	7,538,747	-	13,389	7,552,136
Retained earnings	35,997,058	1,667,060	(8,726)	37,655,392

Notes to the Financial Statements - continued
for the Year Ended 30 April 2019

11. INTANGIBLE FIXED ASSETS

	Development costs £
COST	
At 1 May 2018	842,808
Additions	<u>446,972</u>
At 30 April 2019	<u>1,289,780</u>
AMORTISATION	
At 1 May 2018	127,901
Amortisation for year	<u>184,178</u>
At 30 April 2019	<u>312,079</u>
NET BOOK VALUE	
At 30 April 2019	<u>977,701</u>
At 30 April 2018	<u>714,907</u>

The Intangible asset relates to the initial costs for an on-line backup service.

12. TANGIBLE FIXED ASSETS

	Freehold property £	Totals £
COST		
At 1 May 2018 and 30 April 2019	<u>595,808</u>	<u>595,808</u>
DEPRECIATION		
At 1 May 2018	222,103	222,103
Charge for year	<u>8,294</u>	<u>8,294</u>
At 30 April 2019	<u>230,397</u>	<u>230,397</u>
NET BOOK VALUE		
At 30 April 2019	<u>365,411</u>	<u>365,411</u>
At 30 April 2018	<u>373,705</u>	<u>373,705</u>

Included in cost of freehold property is freehold land of £100,000 (2018: £100,000) which is not depreciated.

13. STOCKS

	30/4/19 £	30/4/18 £
Inventories	<u>15,100</u>	<u>30,689</u>

There is no material difference between the balance sheet value of stocks and their replacement value.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30/4/19 £	30/4/18 £
Trade debtors	406,432	521,868
Amounts owed by group undertakings	143,006,077	130,008,208
Other debtors	<u>398,152</u>	<u>420,967</u>
	<u>143,810,661</u>	<u>130,951,043</u>

Interest is charged on inter-company loans with a value of £10,000,000 or more (2018: £10,000,000 or more) at 6.31% (2018: 6.31%). Inter-company loans are unsecured and repayable on demand.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2019

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30/4/19	30/4/18 as restated
	£	£
Bank loans and overdrafts (see note 17)	4,718	-
Lease liabilities (see note 18)	233,320	-
Trade creditors	79,077	18,733
Amounts owed to group undertakings	95,081,229	90,639,735
VAT	976,659	1,141,471
Accruals	219,692	440,518
	<u>96,594,695</u>	<u>92,240,457</u>

Interest is charged on amounts due to group undertakings with a value of over £10,000,000 (2018: over £10,000,000) at 6.31% (2018: 6.31%). Inter-company loans are unsecured and repayable on demand.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30/4/19	30/4/18
	£	£
Lease liabilities (see note 18)	798,102	-
Deferred tax (see note 9)	62,120	-
	<u>860,222</u>	<u>-</u>

17. FINANCIAL LIABILITIES - BORROWINGS

	30/4/19	30/4/18
	£	£
Current:		
Bank overdrafts	4,718	-
	<u>4,718</u>	<u>-</u>

The Bank overdraft is repayable on demand and is offset for interest purposes against cash balances in other group entities.

18. LEASING

Right-of-use assets

Tangible fixed assets

	Building £	Total £
COST		
At 1 May 2018		
and 30 April 2019	<u>1,203,274</u>	<u>1,203,274</u>
DEPRECIATION		
Charge for year	<u>(195,135)</u>	<u>(195,135)</u>
NET BOOK VALUE		
At 30 April 2019	<u>1,008,139</u>	<u>1,008,139</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2019

18. LEASING - continued

Lease liabilities

Minimum lease payments fall due as follows:

	30/4/19 £	30/4/18 £
Gross obligations repayable:		
Within one year	233,889	-
Between one and five years	918,515	-
In more than five years	28,443	-
	<u>1,180,847</u>	<u>-</u>
Finance charges repayable:		
Within one year	569	-
Between one and five years	145,900	-
In more than five years	2,956	-
	<u>149,425</u>	<u>-</u>
Net obligations repayable:		
Within one year	233,320	-
Between one and five years	772,615	-
In more than five years	25,487	-
	<u>1,031,422</u>	<u>-</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	More than 5 years £	Totals £
Bank overdrafts	4,718	-	-	-	4,718
Leases	<u>233,320</u>	<u>211,763</u>	<u>560,852</u>	<u>25,487</u>	<u>1,031,422</u>
	<u>238,038</u>	<u>211,763</u>	<u>560,852</u>	<u>25,487</u>	<u>1,036,140</u>

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IFRS17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2018. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 May 2018 was 5.5%.

Operating lease commitments disclosed as at 30 April 2018	£ 1,421,538
Discounted using the group's incremental borrowing rate of 5.5%	<u>(218,264)</u>
Additional finance lease liability	<u>1,203,274</u>

19. PROVISIONS FOR LIABILITIES

	30/4/19 £	30/4/18 £
Other provisions		
Dilapidations provision	<u>-</u>	<u>54,278</u>

The provision for dilapidations is in respect of a property leases that contains a requirement for the premises to be returned to their original state on the conclusion of the lease term.

20. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	30/4/19 £	30/4/18 £
12	Ordinary	£1	<u>12</u>	<u>12</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 April 2019**

21. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of the Perennial Newco 2 Limited group of companies (Registered in England and Wales). The consolidated financial statements of this Group are publicly available and may be obtained from Companies House.

The Company's immediate parent is Intex (Radiographic) Limited which is registered in England and Wales.

According to the register maintained by the Company, a number of limited partnerships which are managed by Hg Pooled Management Limited ("HgCapital") (holding through a nominee company) held a significant interest in the ordinary shares of the Company at 30 April 2019 and subsequently to the date of approval of the financial statements. The Directors' deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by HgCapital has an ownership of more than 20% of the issued share capital of the Company.

22. RELATED PARTY DISCLOSURES

The company is exempt from the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

23. EVENTS AFTER THE REPORTING PERIOD

Effective 1 September, the Group announced the appointment of Elona Mortimer-Zhika to the position of Chief Executive Officer. She succeeds Kevin Dady who has been promoted to the role of Executive Chairman. Elona joined IRIS in 2016 as Chief Financial Officer and was promoted to Chief Operating Officer in 2018, responsible for a wide range of functions including all revenue generation, Customer Service, IT, Facilities, Group Transformation, M&A integration, Legal and HR.