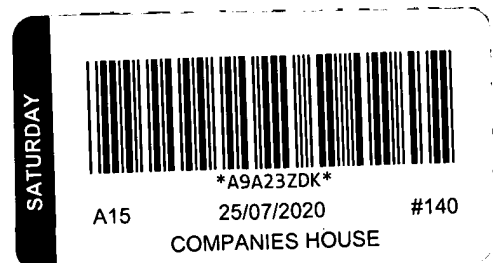


Company Registration No. 02441885 (England and Wales)

**PHOEBUS SOFTWARE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2019**



# PHOEBUS SOFTWARE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P Hunt N Dyke R Pike D Jones
<b>Secretary</b>	P Hunt
<b>Company number</b>	02441885
<b>Registered office</b>	Lansdowne Gate 65 New Road Solihull West Midlands B91 3DL England
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham West Midlands B2 5AF

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# **PHOEBUS SOFTWARE LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present the Strategic Report for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the company continued to be that of the development and marketing of computer software for the financial services industry.

#### **Fair review of the business**

On 17 June 2019, Phoebus Holdings Limited (the company's immediate parent) was acquired by Apollo Bidco Limited. From this date, the company became controlled by its current ultimate parent undertaking, Apollo Topco Limited.

The company made a profit before taxation of £666,063 (2018: £1,515,109) and adjusted EBITDA of £2,079,113 (2018: £1,830,224).

The financial position of the company at 31 December 2019 is a net asset position of £2,611,428 (2018: £4,292,772). The directors are comfortable with the position being reported as the underlying financial position remains strong, with a net asset position being reported. The trading business within the group is very profitable and generates a strong positive cashflow.

During the year, significant investment has been made in the group's API suite, digital mortgage self-service product and the core Phoebus product.

Further investment is also planned for 2020 which the directors believe will place the group in a position of strength to both win new business and retain existing clients in a fast paced and ever-changing market.

#### **Key performance indicators**

The financial performance of the company is managed with extensive daily, weekly and monthly reporting being produced via the in-house deployment of the Phoebus product and time recording system, which aids the business in managing its operations.

A new and improved suite of Board reports have been produced and are used to monitor progress against the four-year business plan that was agreed with our private equity investors. Management consider EBITDA as their main KPI, which is discussed further above.

The company has a culture that it is proud of and works hard to maintain as it expands. With the growth the company has experienced, and is anticipated to achieve going forward, additional management roles have been created. This new structure provides the platform to deliver future growth and we remain committed to our model of delivering productivity through a highly motivated and engaged workforce.

#### **Principal risks and uncertainty**

The business is primarily influenced by the state of the UK economy. The current COVID-19 crisis has introduced material uncertainty into the economy, and there is a risk that both existing clients and potential new clients will hold back on some of their planned investments in technology.

The directors are satisfied that their response to the COVID crisis has been both swift and decisive. A strong business continuity plan was executed in mid-March 2020, with all staff being directed to work from home and the office closed in line with government guidelines.

A conscious decision was also taken to proactively communicate with clients and to reassure them that our support of their businesses would remain unaffected – a decision well received by our client base.

# **PHOEBUS SOFTWARE LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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Following this, the directors are pleased to report that there has been no interruption to the support provided to our clients with the release of software continuing to be made to clients remotely. The decision made 3 years ago to replace staff desktop PCs with laptops and to invest in cloud-based infrastructure has meant that staff are able to work remotely with ease.

Whilst we are seeing the delay in some project work from clients, the mission critical nature of the core offering means that 35% of the group revenue and cashflow is protected, even in the current economic slowdown.

To protect the company's financial position during this period of uncertainty, cost controls and strict overhead management is being implemented across the group.

Whilst this situation has made our future pipeline of discretionary project work less clear, the forward forecast position is being monitored closely by management with several mitigating actions identified should financial performance fall below agreed trigger points.

However, as at the end of June 2020, the group still had a strong cash position, coupled with the deferral of VAT and PAYE payments due in the second quarter of 2020 agreed with HMRC, the directors are confident that, with strong working capital management, the company will be able to meet its liabilities for the next 12 months without financial assistance from their private equity investors, who have maintained a highly supportive stance throughout.

The group has reset Covenants with the bank to reflect the post Covid trading position. The group has prepared revised post Covid forecasts and, taking into account cost savings that have been enacted, the revised, sensitised forecasts indicate that the group has significant headroom against its covenants for the for period for at least 12 months from the date of signing of these accounts.

The private equity investors have also confirmed in writing that despite performance targets in the investment agreement not being met, they do not intend to seek repayment of the loan notes due from the group until their expiry in 2024. As with any group placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe it will not do so. Based on this understanding, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

# PHOEBUS SOFTWARE LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### Financial risk management objectives and policies

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

#### Exposure to price, credit and liquidity risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that material deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the group's debtors are shown in note 14 to the financial statements. The group limits individual trade debtor exposures and these limits are reviewed on a continual basis.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. The group is focused on reducing debtor days.

On behalf of the board



P Hunt

Director

Date: 23/7/2020

# PHOEBUS SOFTWARE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their annual report and financial statements for the year ended 31 December 2019.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Hunt	
N Dyke	
R Pike	
D Jones	(Appointed 18 November 2019)
R Lintonbon	(Resigned 17 June 2019)
K Rodgers	(Resigned 17 June 2019)

#### Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £2,400,000 (2018: £120,000). The directors do not recommend payment of a final dividend.

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Research and development

The improvement of existing products, together with the identification and development of new products and solutions, are important aspects of the company's strategy to enhance the quality of service to customers and maintain a competitive advantage. Expenditure of approximately £236,595 (2018: £470,000) on product research and development is written off in the year in which it is incurred.

#### Post reporting date events

On 11 March 2020, the outbreak of the coronavirus, COVID-19, was declared by the World Health Organisation to be a pandemic. The business is primarily influenced by the state of the UK economy. The current COVID-19 crisis has introduced material uncertainty into the economy, and there is a risk that both existing clients and potential new clients will hold back on some of their planned investments in technology.

The impact of COVID-19 has impacted the valuation of the majority of companies globally. This may impact the carrying value of the investments and intangible assets held on the balance sheet; however this is a non adjusting post balance sheet event as defined by FRS 102 and does not impact the carrying value as at 31 December 2019.

The longer term impact of COVID-19 on the carrying value of these assets on the balance sheet is uncertain and the impact will be reassessed at 31 December 2020.

#### Auditor

RSM UK Audit LLP was appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, RSM UK Audit LLP will be deemed to be re-appointed in the absence of a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# PHOEBUS SOFTWARE LIMITED

## DIRECTORS' REPORT (CONTINUED)

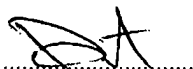
FOR THE YEAR ENDED 31 DECEMBER 2019

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### Strategic report

Information on financial risk management objectives and policies as required by schedule 7 of the large and medium-sized companies and groups (accounts and reports) regulations 2008 including principal risks and uncertainties has been include in the Strategic Report.

On behalf of the board



P Hunt  
Director

Date: 23/07/2020

**PHOEBUS SOFTWARE LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors are responsible for preparing the Strategic Report and 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- *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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOEBUS SOFTWARE LIMITED

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## Opinion

We have audited the financial statements of Phoebus Software Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOEBUS SOFTWARE LIMITED (CONTINUED)

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

### Auditor's 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 auditor's 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.

*RSM UK Audit LLP*

Richard Eccles FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

West Midlands, B2 5AF

..... 23/7/20

**PHOEBUS SOFTWARE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Turnover	3	11,933,167	10,976,795
Cost of sales		(8,617,624)	(7,175,724)
<b>Gross profit</b>		<b>3,315,543</b>	<b>3,801,071</b>
Administrative expenses		(2,649,480)	(2,285,962)
<b>Adjusted EBITDA</b>	<b>7</b>	<b>2,079,113</b>	<b>1,830,224</b>
<b>Profit before taxation</b>		<b>666,063</b>	<b>1,515,109</b>
Tax on profit	8	4,593	-
<b>Profit for the financial year</b>		<b>670,656</b>	<b>1,515,109</b>

**PHOEBUS SOFTWARE LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

		2019		2018	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	10		344,669		663,282
Tangible assets	11		259,325		330,195
Investments	12		1		1
			<u>603,995</u>		<u>993,478</u>
<b>Current assets</b>					
Debtors	14	2,839,620		1,493,398	
Cash at bank and in hand		<u>1,845,013</u>		<u>4,191,092</u>	
		4,684,633		5,684,490	
<b>Creditors: amounts falling due within one year</b>	15	<u>(2,677,200)</u>		<u>(2,385,196)</u>	
<b>Net current assets</b>			<u>2,007,433</u>		<u>3,299,294</u>
<b>Total assets less current liabilities</b>			<u>2,611,428</u>		<u>4,292,772</u>
<b>Capital and reserves</b>					
Called up share capital	17		100,000		100,000
Profit and loss reserves	18		<u>2,511,428</u>		<u>4,192,772</u>
<b>Total equity</b>			<u>2,611,428</u>		<u>4,292,772</u>

The financial statements were approved by the board of directors and authorised for issue on 23/7/20 and are signed on its behalf by:



P Hunt  
Director

**PHOEBUS SOFTWARE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2018</b>		100,000	2,797,663	2,897,663
<b>Year ended 31 December 2018:</b>				
Profit and total comprehensive income for the year		-	1,515,109	1,515,109
Dividends	9	-	(120,000)	(120,000)
<b>Balance at 31 December 2018</b>		100,000	4,192,772	4,292,772
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year		-	670,656	670,656
Dividends	9	-	(2,400,000)	(2,400,000)
Credit to equity for equity settled share-based payments	6	-	48,000	48,000
<b>Balance at 31 December 2019</b>		100,000	2,511,428	2,611,428

**PHOEBUS SOFTWARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 Accounting policies**

**Company information**

Phoebus Software Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Lansdowne Gate, 65 New Road, Solihull, West Midlands, England, B91 3DL.

The company's principal activities and nature of its operations are disclosed in the Strategic Report.

**Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**Reduced disclosure**

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

**Group accounts exemption**

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The financial statements of the company are consolidated in the financial statements of Apollo Topco Limited. These consolidated financial statements are available from its registered office, Lansdowne Gate, 65 New Road, Solihull, West Midlands, England, B91 3DL.

**PHOEBUS SOFTWARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 Accounting policies (Continued)**

**Going concern**

The business is primarily influenced by the state of the UK economy. The current COVID-19 crisis has introduced material uncertainty into the economy, and there is a risk that both existing clients and potential new clients will hold back on some of their planned investments in technology.

The directors are satisfied that their response to the COVID crisis has been both swift and decisive. A strong business continuity plan was executed in mid-March 2020, with all staff being directed to work from home and the office closed in line with government guidelines.

A conscious decision was also taken to proactively communicate with clients and to reassure them that our support of their businesses would remain unaffected – a decision well received by our client base.

Following this, the directors are pleased to report that there has been no interruption to the support provided to our clients with the release of software continuing to be made to clients remotely. The decision made 3 years ago to replace staff desktop PCs with laptops and to invest in cloud-based infrastructure has meant that staff are able to work remotely with ease.

Whilst we are seeing the delay in some project work from clients, the mission critical nature of the core offering means that 35% of the group revenue and cashflow is protected, even in the current economic slowdown.

To protect the group's financial position during this period of uncertainty, cost controls and strict overhead management is being implemented across the group.

Whilst this situation has made our future pipeline of discretionary project work less clear, the forward forecast position is being monitored closely by management with several mitigating actions identified should financial performance fall below agreed trigger points.

However, as at the end of June 2020, the group still had a strong cash position, coupled with the deferral of VAT and PAYE payments due in the second quarter of 2020 agreed with HMRC, the directors are confident that, with strong working capital management, the company will be able to meet its liabilities for the next 12 months without financial assistance from their private equity investors, who have maintained a highly supportive stance throughout.

The group has reset Covenants with the bank to reflect the post Covid trading position. The group has prepared revised post Covid forecasts and, taking into account cost savings that have been enacted, the revised, sensitised forecasts indicate that the group has significant headroom against its covenants for the for period for at least 12 months from the date of signing of these accounts.

The private equity investors have also confirmed in writing that despite performance targets in the investment agreement not being met, they do not intend to seek repayment of the loan notes due from the group until their expiry in 2024. As with any group placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe it will not do so. Based on this understanding, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

# PHOEBUS SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies (Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

The company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

- (a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.
- (b) Its intention to complete the development and to use or sell the intangible asset.
- (c) Its ability to use or sell the intangible asset.
- (d) How the intangible asset will generate probable future economic benefits.
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Internally generated intangible assets are amortised on a straight line basis over their useful lives. Amortisation is charged over a 3 year period.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	No amortisation
Patents and licences	20 % straight line

#### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% on cost and 20% on cost
Computers	33% on cost
Motor vehicles	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.



**PHOEBUS SOFTWARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 Accounting policies (Continued)**

**Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

**Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

**PHOEBUS SOFTWARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 Accounting policies (Continued)**

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**PHOEBUS SOFTWARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 Accounting policies (Continued)**

**Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

**Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The company is part of a group share-based payment plan, and measures its share-based payment expense on the basis of a reasonable allocation of the expense for the Group. The allocation is based on the number of employees benefiting from the share-based payment plan employed by each group entity.

The expense in relation to options over the immediate parent company shares granted to employees of a subsidiary is recognised by the company as equity-settled.

**PHOEBUS SOFTWARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 Accounting policies (Continued)**

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

**Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

**2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Research and development**

The company capitalises development expenditure as an intangible asset when it is able to demonstrate a number of factors. All research expenditure and development expenditure that does not meet the conditions is expensed as incurred. Management are required to make judgements to determine which conditions are met. The company capitalised £213,573 (2018: £848,219) during the year. Expenditure of approximately £236,595 (2018: £470,000) on product research and development is written off in the year in which it is incurred.

**Stage of completion on contracts**

The company uses the percentage-of-completion method of accounting for long-term software implementation projects. Under the percentage-of-completion method, sales and gross profit are recognised as work is performed based on the relationship between the actual construction costs incurred and total forecasted costs to complete the software implementation. Sales and gross profit are adjusted for revisions in completion estimates and values in the period in which the facts giving rise to the revision become known. Sales for the year totalled £11,933,167 (2018: £10,976,795).

**PHOEBUS SOFTWARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 Turnover and other revenue**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
UK	<u>11,933,167</u>	<u>10,976,795</u>

All turnover relates to rendering of services.

**4 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Directors	5	5
Employees	<u>117</u>	<u>109</u>
	<u>122</u>	<u>114</u>

Their aggregate remuneration comprised:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	6,198,480	6,680,160
Social security costs	665,643	576,275
Pension costs	<u>283,033</u>	<u>228,235</u>
	<u>7,147,156</u>	<u>7,484,670</u>

**5 Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	632,885	706,634
Company pension contributions to defined contribution schemes	<u>47,473</u>	<u>61,525</u>
	<u>680,358</u>	<u>768,159</u>

The number of directors for whom retirement benefits were accruing under defined contribution schemes amounted to 6 (2018 - 5).

**PHOEBUS SOFTWARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**5 Directors' remuneration (Continued)**

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	166,225	172,455
Company pension contributions to defined contribution schemes	26,760	15,289
	<u>192,985</u>	<u>187,744</u>

**6 Share-based payment transactions**

	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 January 2019	1,250,000	1,650,000	0.27	0.27
Forfeited	-	(50,000)	-	0.27
Exercised	(1,250,000)	(350,000)	0.27	0.27
Outstanding at 31 December 2019	<u>-</u>	<u>1,250,000</u>	<u>-</u>	<u>0.27</u>
Exercisable at 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

**Group share-based payment plan**

Phoebus Software Limited is part of a group share-based payment plan, and measures its share-based payment expense on the basis of a reasonable allocation of the expense for the Group. The allocation is based on the number of employees benefiting from the share-based payment plan employed by each group entity.

On 17 June 2019 the group was acquired by Apollo Topco and all options of the immediate parent company shares were exercised.

During 2019, the company recognised total share-based payment expense of £48,000 relating to equity-settled share-based payment transactions,

# PHOEBUS SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 7 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Research and development costs	236,595	470,001
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	12,600
Depreciation of owned tangible fixed assets	147,194	130,176
Amortisation of intangible assets	78,555	184,939
Loss on disposal of intangible assets	478,511	-
Share-based payments	48,000	-
Operating lease charges	401,005	382,386
	<u>2019</u>	<u>2018</u>
	£	£
<b>Adjusted EBITDA</b>		
Operating profit	666,063	1,515,109
Amortisation	78,555	184,939
Depreciation	147,194	130,176
Loss on disposal of intangible assets	478,511	-
Exceptional costs	499,340	-
Other non-recurring costs	209,450	-
	<u>2,079,113</u>	<u>1,830,224</u>
<b>Adjusted EBITDA</b>		

Adjusted EBITDA is calculated as operating profit add depreciation, amortisation, loss of disposal of intangible assets, exceptional costs and other non-recurring costs.

Exceptional costs are non-recurring costs incurred in relation to the acquisition of Phoebus Software Limited that do not meet the criteria for capitalisation.

#### 8 Taxation

	2019 £	2018 £
<b>Current tax</b>		
Adjustments in respect of prior periods	(4,593)	-
	<u></u>	<u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	10,924	-
Tax losses carried forward	(10,924)	-
	<u></u>	<u></u>
Total deferred tax	-	-
	<u></u>	<u></u>
Total tax credit	(4,593)	-
	<u></u>	<u></u>

# PHOEBUS SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 8 Taxation (Continued)

The total tax charge for the year included in the Statement of Comprehensive Income can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	666,063	1,515,109
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	126,552	287,871
Tax effect of expenses that are not deductible in determining taxable profit	27,480	14,214
Change in unrecognised deferred tax assets	42,701	(118,546)
Adjustments in respect of prior years	(4,593)	-
Research and development tax credit	-	(183,539)
EMI share option deduction	(196,733)	-
Taxation credit for the year	(4,593)	-

The company has an unrecognised deferred tax asset in respect of unused tax losses and short term timing differences of £492,753 (2018: £473,780) that is being carried forward to offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses and timing differences as there is insufficient certainty over the timing of when the losses will be utilised.

#### 9 Dividends

	2019 £	2018 £
Interim paid	2,400,000	120,000



**PHOEBUS SOFTWARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**10 Intangible fixed assets**

	Software £	Patents and licences £	Development costs £	Total £
<b>Cost</b>				
At 1 January 2019	2	-	848,219	848,221
Additions - internally developed	-	-	213,573	213,573
Additions - separately acquired	-	24,880	-	24,880
Disposals	-	-	(625,839)	(625,839)
At 31 December 2019	2	24,880	435,953	460,835
<b>Amortisation</b>				
At 1 January 2019	-	-	184,939	184,939
Amortisation charged for the year	-	4,428	74,127	78,555
Disposals	-	-	(147,328)	(147,328)
At 31 December 2019	-	4,428	111,738	116,166
<b>Carrying amount</b>				
At 31 December 2019	2	20,452	324,215	344,669
At 31 December 2018	2	-	663,280	663,282

Amortisation for intangible assets is included within cost of sales.

**11 Tangible fixed assets**

	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2019	337,034	705,171	78,807	1,121,012
Additions	7,656	68,668	-	76,324
At 31 December 2019	344,690	773,839	78,807	1,197,336
<b>Depreciation</b>				
At 1 January 2019	186,441	575,953	28,423	790,817
Depreciation charged in the year	56,184	79,248	11,762	147,194
At 31 December 2019	242,625	655,201	40,185	938,011
<b>Carrying amount</b>				
At 31 December 2019	102,065	118,638	38,622	259,325
At 31 December 2018	150,593	129,218	50,384	330,195

**PHOEBUS SOFTWARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**12 Fixed asset investments**

	Notes	2019 £	2018 £
Investments in subsidiaries	13	<u>1</u>	<u>1</u>

**Movements in fixed asset investments**

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2019 & 31 December 2019	<u>1</u>
<b>Carrying amount</b>	
At 31 December 2019	<u>1</u>
At 31 December 2018	<u>1</u>

**13 Subsidiaries**

Details of the company's subsidiary at 31 December 2019 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct Indirect	
Phoebus Financial Software Limited	1	Dormant	Ordinary	100	-

Registered Office address:

1 Lansdowne Gate, 65 New Road, Solihull, England, B91 3DL

**14 Debtors**

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,412,153	1,253,550
Corporation tax recoverable	4,593	-
Amounts owed by group undertakings	836,365	-
Other debtors	563	-
Prepayments and accrued income	585,946	239,848
	<u>2,839,620</u>	<u>1,493,398</u>

**PHOEBUS SOFTWARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**15 Creditors: amounts falling due within one year**

	2019 £	2018 £
Sales in advance	239,957	-
Trade creditors	105,417	48,139
Amounts owed to group undertakings	340,275	33,650
Taxation and social security	727,971	827,048
Other creditors	51,680	49,552
Accruals and deferred income	1,211,900	1,426,807
	<u>2,677,200</u>	<u>2,385,196</u>

**16 Retirement benefit schemes**

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>283,033</u>	<u>228,235</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £44,895 (2018: £40,830) were payable to the fund at the year-end and are included within other creditors.

**17 Share capital**

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000,000 Ordinary of 10p each	<u>100,000</u>	<u>100,000</u>
	<u>100,000</u>	<u>100,000</u>

At the year end, the company has one class of ordinary shares which have full voting distributions and capital rights. The ordinary shares are not redeemable.

**18 Reserves**

**Profit and loss reserves**

Cumulative profit and loss net of distributions to owners

**19 Financial commitments, guarantees and contingent liabilities**

The company is party to a cross guarantee arrangement between other entities of the group in respect of borrowings. As at 31 December 2019, the group borrowings totalled £10,676,707. These borrowings are secured over the assets of the group entities.

# PHOEBUS SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 20 Operating lease commitments

##### Lessee

At the reporting end date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	426,432	426,432
Between one and five years	1,287,419	1,419,968
In over five years	615,498	909,381
	<u>2,329,349</u>	<u>2,755,781</u>

#### 21 Events after the reporting date

On 11 March 2020, the outbreak of the coronavirus, COVID-19, was declared by the World Health Organisation to be a pandemic. The business is primarily influenced by the state of the UK economy. The current COVID-19 crisis has introduced material uncertainty into the economy, and there is a risk that both existing clients and potential new clients will hold back on some of their planned investments in technology.

The impact of COVID-19 has impacted the valuation of the majority of companies globally. This may impact the carrying value of the investments and intangible assets held on the balance sheet; however this is a non adjusting post balance sheet event as defined by FRS 102 and does not impact the carrying value as at 31 December 2019.

The longer term impact of COVID-19 on the carrying value of these assets on the balance sheet is uncertain and the impact will be reassessed at 31 December 2020.

#### 22 Directors' transactions

Directors' loan accounts:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Owed to director	-	500	(3,978)	3,265	(213)
Owed to director	-	191	(1,547)	1,256	(100)
Owed to director	-	(26)	(4,368)	4,144	(250)
Owed to director	-	-	(1,746)	1,746	-
Owed by director	-	1,058	(3,648)	2,590	-
		<u>1,723</u>	<u>(15,287)</u>	<u>13,001</u>	<u>(563)</u>

# **PHOEBUS SOFTWARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **23 Ultimate controlling party**

The immediate parent undertaking is Phoebus Holdings Limited.

Previously, the company was controlled by its ultimate parent undertaking, Phoebus Holdings Limited.

On 17 June 2019, Phoebus Holdings Limited was acquired by Apollo Bidco Limited. From this date, the company became controlled by its current ultimate parent undertaking, Apollo Topco Limited.

Apollo Topco Limited is the parent of the smallest and largest group of undertakings for which group accounts are drawn up of which this company is a member. Copies of the consolidated accounts are available at Lansdowne Gate, 65 New Road, Solihull, West Midlands, England, B91 3DL.