

Northgate Information Solutions Limited

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Northgate Information Solutions Limited

Annual Report and Accounts for the year ended 30 April 2019

Registered Number: 6442582

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Northgate Information Solutions Limited

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Northgate Information Solutions Limited

Directors' Report

Directors

The Board of Directors consists of the following members who possess the necessary range of backgrounds, qualities and experience to lead and maintain effective control over the activities of the Northgate Information Solutions Limited group of companies (NGA Human Resources or NGA HR or the Group)

Andrew Monshaw Chief Executive Officer

Steven Chalker Chief Financial Officer (appointed on 16 October 2018)

Stuart Ross Chief Financial Officer (resigned on 12 November 2018)

Risk Assessment

The Board has overall responsibility for the Group's approach to assessing risk and the systems of internal control and for monitoring their effectiveness in providing its shareholders with a return that is consistent with a responsible assessment and mitigation of risks. This includes reviewing financial, operational and compliance controls and risk management procedures which themselves include the security and controls around customer and internal data. The Board has established on-going processes for identifying, evaluating and managing the significant risks faced by the Group which accord with the Internal Control Guidance for Directors in the Combined Code (which only applies to UK listed companies but is used for best practice). Further independent assurance is provided by an internal audit function, operating across the Group, and the Group's auditors. All employees are accountable for operating within these policies. See the Strategic Report for discussion of specific risks.

Internal Control

Whilst the Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues, it has delegated to executive management the implementation of the systems of internal control within an established framework.

The Board has put in place an organisational structure which formally defines lines of responsibility and delegations of authority. There are also established procedures for planning, capital expenditure, information and reporting systems and for monitoring the Group's business and its performance.

Assurance

The Board examines the effectiveness of the Group's

- assessment of risk by reviewing evidence of risk assessment activity and a report from internal audit on the risk assessment process, and
- systems of internal control primarily through agreeing the scope of the internal audit programme and reviewing its findings, reviews of the annual financial statements and a review of the nature and scope of the external audit.

Any significant findings or identified risks are closely examined so that appropriate action can be taken. The work of the internal audit department is focused on areas of priority identified by the risk analysis and in accordance with the annual audit plan approved by the Board. External auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal financial control and the data contained in the financial statements to the extent necessary to express their audit opinion. They discuss with management the reporting of operational results and the financial position of the Group and present their findings to the Board.

Auditors

During the year RSM UK Audit LLP was appointed by the Board as auditors to the Group. They have confirmed their willingness to continue in office and therefore in accordance with Section 485 of the Companies Act 2006, a resolution to re-appoint RSM UK Audit LLP will be proposed at a future meeting of the Board.

Dividend Policy

The Board reviews the dividend policy in conjunction with a policy of retaining funds for future growth. No dividends were declared during the year under review (2018: nil).

Employees

NGA HR actively promotes an internal recruitment process encouraging internal succession planning and career development. All UK employees have the opportunity to elect members to an Employee Consultation Group (ECG). The ECG meets formally with NGA HR's management on a quarterly basis to discuss issues of importance. The Group also has a number of works councils and employee groups in place across the globe to ensure effective communication takes place with all employees.

Northgate Information Solutions Limited

Director's Report (continued)

Equal Opportunities and Diversity

NGA HR aims to be an employer of choice for people from different backgrounds. Through our diversity strategy, policies and mandatory diversity training (completed annually) we promote respect for the individual and equality of opportunity for employment, development and promotion. Opportunities also exist for employees of the Group who become disabled to continue their employment or to be trained for other positions in the Group. NGA HR makes efforts to accommodate both pre-existing disabilities as well as for those who become disabled through accessibility initiatives and recommendations from our occupational health provider where necessary. Steps are taken at all stages of the employee life cycle to ensure that no discrimination on the grounds of disability or any other form of discrimination occurs. Within our diversity policy it is clearly stated that NGA has a zero-tolerance approach to discrimination and there are various mechanisms for employees to report any case of suspected discrimination.

Health and Safety

NGA HR has an established health and safety management system that focuses on the ability to measure performance and to pursue continual improvement in managing health and safety. A key driver of our health & safety management system is effective risk management which allows NGA HR to identify and mitigate risks to our global workforce.

Financial Risk Management

NGA HR has access to sources of capital that are sufficient to develop the business, principally through access to lending facilities and its cash balances. The Audit Committee meets regularly to review and update the Risk Register. Internal Audit testing is planned for the year to focus on the higher risk areas; recommendations are reported back to the Audit Committee to be actioned on a timely basis.

Political Donations

During the period, the Group made no political donations. (2018: nil)

Relationships with key stakeholders

NGA HR manages its relationships with its key stakeholder groups as follows:

- **Customers**

NGA HR appoints one or more individuals through which contact with each customer is managed. Larger customers have dedicated management team sponsorship, account managers, or teams that focus directly on customer needs. A number of active user groups are in place where customers can provide feedback on product performance, future requirements and issues of strategic significance.

- **Suppliers and partners**

NGA HR performs reviews of its key suppliers and partners on a regular basis to ensure that maximum performance and value are being obtained, and that risk and reward are equitably shared. NGA HR negotiates agreements within which the Group and its suppliers operate.

Significant events during the period

During the financial year, the Group sold its 50% stake in NGA Africa Proprietary Limited to its joint venture partner Business Connexion Proprietary Limited.

Significant subsequent events

On 1 November 2019 NGA HR was acquired by Aight Solutions. Aight Solutions is a US based organisation and a leader in technology-enabled health, wealth and human capital management (HCM) and financial solutions.

Research and development

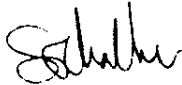
NGA Human Resources has a Products & Innovation group that focuses on research and development of in-house intellectual property complementary to our partners' cloud HCM solution. NGA HR has developed hrX, a cloud-based product suite that enables the delivery of outsourcing services to clients and includes capabilities such as case management assisted by artificial intelligence for accelerated routing and resolution of client questions, pre-packaged cloud integration between cloud HCM, time, benefits and payroll systems, data and processing coverage to run payroll services in 188 countries and insightful analytics based on the detailed harmonised transaction data from these systems globally.

Northgate Information Solutions Limited

Director's Report (continued)

Disclosure of information to auditors

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



Steven Chalker
Chief Financial Officer
28 January 2020

Northgate Information Solutions Limited

Strategic Report

Principal Activities

The principal activities of the group are to provide technology solutions and services for human resources management and payroll, founded on advanced technology platforms and applications, and a global portfolio of flexible service delivery options

Business Performance

For the year ended 30 April 2019 ("2019") NGA HR generated revenues of £290.9m (2018 restated: £378.8m) and adjusted EBITDA¹ of £27.3m (2018 restated: £49.3m). 2018 included 9 months of the UK Mid-Market and SMB businesses. After restructuring, one-off items and property provisions of £5.9m (2018: £11.9m), profit/(loss) on disposal of subsidiaries of £0.6m (2018: (£5.1m)), depreciation, amortisation, impairment and loss on disposal of fixed assets, the Group recorded an operating loss of £19.8m (2018: restated operating loss £71.2m). Net financing costs decreased to £5.6m (2018: £72.9m). 2018 included the accelerated amortisation of loan arrangement costs following the repayment of term loans. Loss on ordinary activities before tax was £25.4m (2018 restated: £144.0m).

At the year end NGA HR had borrowings of £17.0m (2018: £20.4) and net assets of £82.7m (2018 restated: £106.7m). NGAHR is now a business with a focus on its market leading position in the multi-country payroll outsourcing and multi-process HR outsourcing markets.

NGA HR continues to focus on certain key performance indicators, specifically revenue growth, cash, earnings before interest, tax, depreciation and amortisation (EBITDA), gross margin % and order book total contract value.

Business Model and Strategy

NGA HR's main offering is the provision of multi-process HR and multi-country payroll outsourcing services to multinational and large domestic customers, mainly in Europe and North America. Services are provided to customers using proprietary technology from delivery centres around the world.

Customer satisfaction continued to be an area of focus in 2019. Improved Service Level Agreement (SLA) performance continued to reflect increased levels of client satisfaction and we continued to see company-wide delivery improvements both in terms of quality and efficiency.

NGA HR will continue to build on our client-centric and segment-focused foundations to deliver growth in revenue, profit and cash flow.

On 1 November 2019 NGA HR was acquired by Alight Solutions. The Directors see this acquisition as the next step to extend the growth potential of the business as we are joining forces with a market leader in complementary and adjacent offerings.

Principal Risks and Uncertainties

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables from customers.

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Interest rate risk

Interest rate risk is the risk of increased net financing costs due to increases in market interest rates. The Group finances its operations through a mixture of retained profits, bank borrowings and equity. Following the sale of the UK businesses and the repayment of the Group's term loan facilities, the Group's exposure to interest rate risk is materially reduced.

Any surplus cash is invested in short-term bank deposits at the prevailing rates of interest in order to achieve the market rate of return.

Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations.

¹ Adjusted EBITDA is defined as operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, depreciation of fixed assets and profit/loss on disposal of subsidiaries.

Northgate Information Solutions Limited

Strategic Report (continued)

Foreign exchange risk (continued)

into sterling. The currencies giving rise to this risk are primarily US dollars and Euros. The Group has both cash inflows and outflows in these currencies that create a natural hedge.

In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's cash inflows and outflows in a foreign currency. The Group also hedges any material foreign currency transaction exposure. Over the longer term, permanent changes in foreign exchange could have an impact on consolidation of foreign subsidiaries' earnings, although it is the Group's policy not to hedge foreign currency translation risk.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due.

The Group's objective is to ensure that adequate facilities are available through use of bank loans and finance leases. The Group manages liquidity risk through regular cash flow forecasting and monitoring of cash flows, management review and regular review of working capital and costs. The Group regularly monitors its available headroom under its borrowing facilities.

Cyber Security

Risks to the business operations from cyber-attacks on its underlying infrastructure remain a constant concern and NGA HR has invested heavily to improve detective, protective and resilient systems which aim to identify attacks, prevent attacks from being successful and provide resiliency if an attack does succeed. These systems are tested on a monthly basis and by ad hoc simulations. A critical part of the cyber security strategy has been the establishment of a Global Security Operations Centre to bring together data from across the infrastructure and provide rapid correlation of and response to security events. The global cyber threat landscape is continually evolving and creating new attack vectors and the company is committed to responding accordingly.

Climate change

The Group acknowledges that its activities – such as running data centres, offices, and travel – contribute to climate change and associated risks. For many years, it has been the target to manage and minimise emissions.

Combating climate change remains integral to developing sustainable services for NGA HR's clients in all sectors. Our businesses continue to place a strong focus on improving our clients' environmental performance by enabling them to access modern, on-demand technologies which enable working practices that reduce environmental footprint and generate savings.

Business Risks

Risks to the business include the buoyancy of the world economy and levels of employment around the globe impacting income in our HR services business. In addition, despite all the security systems, disaster recovery, business continuity and crisis management plans and procedures in place to protect our infrastructure and business, a cyber attack or another unforeseen event such as a natural disaster may cause an interruption to our services and operations. As regards the risk from loss of key personnel, the company has succession plans in place. Price pressures in the market are mitigated by improving the operational efficiency of our services. The Board is very conscious of these matters and ensures that NGA HR continually flexes costs in the Group to meet client demand.

Employees

NGA HR continues to enhance employability in our communities through apprenticeships, graduate trainee schemes, work experience and partnership with companies. By doing this, NGA HR is addressing shortages of skilled staff, gender issues and supply chain issues, creating a skilled future workforce which will benefit IT sector growth.

NGA HR promotes respect for the individual and equality of opportunity for employment through our policies and mandatory diversity training and actively encourages succession planning and career development. The Group also provides employees with a flexible benefits scheme in the UK and abroad where applicable, which enables them to choose benefits that best support their lifestyle. Opportunities also exist for employees of the Group who become disabled to continue their employment or to be trained for other positions in the Group. An equality survey is conducted regularly.

The Directors recognise the importance of good communications with NGA HR's employees and of informing and consulting with them on a regular basis. This is mainly achieved through regular meetings, personal appraisals, e-mail communications and the Your Say employee survey.

Northgate Information Solutions Limited

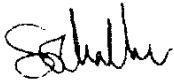
Strategic Report (continued)

Environmental Performance

Environmental sustainability is fully embedded into service delivery methodology. NGA HR focuses both on reducing the number of assets required as well as favouring energy-efficient energy consumption models. Assets are reused wherever possible and where they are beyond economical repair, they are recycled in accordance with the Waste Electrical and Electronic Equipment Directive (WEEE). Further reductions are gained by equipping our employees with the tools and technology to enable flexible and mobile working.

Impact of Brexit

On June 23 2016, the United Kingdom (U.K.) held a referendum in which voters approved an exit from the EU, commonly referred to as "Brexit". Although it still remains unknown what the exact terms of the exit will be, in the future there may be greater restrictions between the U.K. and E.U. countries and increased regulatory complexities. These changes may adversely affect our operations and financial results but the company will continue to monitor these closely. To date the Group has seen no negative impact on our business, which generates the majority of its revenues in EU countries and North America. Our exposure to the U.K. market is small with the majority of a business transacted in overseas jurisdictions, but sterling is our functional currency therefore the company is likely to be exposed to some exchange rate volatility.



Steven Chalker
Chief Financial Officer

28 January 2020

Northgate Information Solutions Limited

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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

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

Northgate Information Solutions Limited

Independent Auditor's Report to the Members of Northgate Information Solutions Limited

Opinion

We have audited the financial statements of Northgate Information Solutions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2019 which comprise the Group income statement, Group statement of comprehensive income, Group statement of financial position, Group statement of changes in equity, Group statement of cash flows, Company statement of financial position, Company 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 the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including FRS101 'Reduced Disclosure Framework'.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2019 and of the group's loss for the year then ended
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 group's or the parent 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.

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.

Northgate Information Solutions Limited

Independent Auditor's Report to the Members of Northgate Information Solutions Limited (continued)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities 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 Bartlett-Rawlings (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
RSM UK Audit LLP
Pinnacle, 170 Midsummer Blvd
Milton Keynes
MK9 1BP
28 January 2020

Northgate Information Solutions Limited

Financial Section

Group income statement for the year ended 30 April 2019

Year ended 30 April 2019

Year ended 30 April 2018 (Restated)

	Notes	Continuing Operations £m	Discontinued Operations (note 2, 33) £m	Total £m	Continuing Operations £m	Discontinued Operations (note 2, 33) £m	Total £m
Revenue	3	290.9	-	290.9	279.7	99.1	378.8
Operating costs	4	(311.3)	0.6	(310.7)	(357.4)	(92.6)	(450.0)
Group operating profit/(loss)	4	(20.4)	0.6	(19.8)	(77.7)	6.5	(71.2)
Operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, impairments, depreciation of tangible fixed assets and profit/(loss) on disposal of subsidiaries							
		27.3	-	27.3	17.6	31.7	49.3
Amortisation of other intangible fixed assets	9	(18.1)	-	(18.1)	(16.6)	(4.9)	(21.5)
Depreciation of tangible fixed assets	10	(4.3)	-	(4.3)	(5.8)	(0.8)	(6.6)
Loss on disposal of fixed assets	4	-	-	-	(4.8)	(0.1)	(4.9)
Significant restructuring, one-off items and property provisions	4	(5.9)	-	(5.9)	(11.5)	(0.4)	(11.9)
Impairment of goodwill	9	(15.7)	-	(15.7)	(50.0)	-	(50.0)
Impairment of other intangible fixed assets	9	(1.4)	-	(1.4)	-	-	-
Profit/(loss) on disposal of subsidiaries	2	-	0.6	0.6	-	(5.1)	(5.1)
Amortisation of acquired intangibles	9	(2.3)	-	(2.3)	(6.6)	(13.9)	(20.5)
Group operating profit/(loss)		(20.4)	0.6	(19.8)	(77.7)	6.5	(71.2)
Financial income	6	0.1	-	0.1	2.0	-	2.0
Financial expenses	6	(5.7)	-	(5.7)	(71.8)	(3.1)	(74.9)
Net financing costs	6	(5.6)	-	(5.6)	(69.8)	(3.1)	(72.9)
Share of profit of affiliate		-	-	-	0.1	-	0.1
Profit/(loss) before tax		(26.0)	0.6	(25.4)	(147.4)	3.4	(144.0)
Tax (charge)/credit	8	4.8	-	4.8	(3.1)	-	(3.1)
Profit/(loss) for the year from continuing/discontinued operations		(21.2)	0.6	(20.6)	(150.5)	3.4	(147.1)
Profit for the year from discontinued operations		0.6			3.4		
Attributable to:							
Equity holders of the parent		(20.6)			(147.1)		

The notes on pages 16 to 52 are an integral part of these consolidated financial statements

Northgate Information Solutions Limited

Financial Section (continued)

Group statement of comprehensive income for the year ended 30 April 2019

	Notes	Year ended 30 April 2019 £m	Year ended 30 April 2018 (Restated) £m
Loss for the year		(20.6)	(147.1)
Items that will never be reclassified to profit or loss			
Remeasurements of subsidiary defined benefit pension schemes	18	0.4	(4.3)
Deferred tax on remeasurements of subsidiary defined benefit pension schemes	8	-	0.8
		0.4	(3.5)
Items that are or may be reclassified to profit or loss			
Foreign exchange translation differences		(3.8)	12.4
Total other comprehensive income		(3.4)	8.9
Comprehensive loss for the year		(24.0)	(138.2)
Attributable to:			
Equity holders of the parent		(24.0)	(138.2)

The notes on pages 16 to 52 are an integral part of these consolidated financial statements.

Northgate Information Solutions Limited


Financial Section (continued)

Group statement of financial position as at 30 April 2019

	Notes	2019 £m	2018 (Restated) £m	1 May 2017 (Restated) £m
Non-current assets				
Goodwill	9	46.0	62.9	528.0
Acquired and other intangible assets	9	39.7	47.5	104.9
Total intangible assets		85.7	110.4	632.9
Property, plant and equipment	10	8.4	10.0	29.4
Investments	11	-	-	2.5
Deferred tax assets	15	15.4	4.8	22.1
Trade and other receivables	12	54.8	58.4	50.4
Other receivables		-	-	1.9
Total non-current assets		164.3	183.6	739.2
Current assets				
Trade and other receivables	12	102.9	97.4	141.9
Cash and cash equivalents	16	13.2	18.3	21.4
Total current assets		116.1	115.7	163.3
Total assets		280.4	299.3	902.5
Non-current liabilities				
Interest-bearing loans and borrowings	17	4.2	13.8	340.5
Employee benefits	18	0.1	-	56.0
Provisions	19	0.5	1.1	0.8
Deferred tax liabilities	15	7.7	8.0	20.5
Trade and other payables	20	43.7	51.6	42.8
Total non-current liabilities		56.2	74.5	460.6
Current liabilities				
Interest-bearing loans and borrowings	17	12.8	6.6	10.7
Provisions	19	0.6	0.8	1.0
Taxation		11.9	8.5	5.6
Trade and other payables	20	116.2	102.2	177.1
Other financial liabilities		-	-	2.6
Total current liabilities		141.5	118.1	197.0
Total liabilities		197.7	192.6	657.6
Net assets		82.7	106.7	244.9
Issued share capital	22	6.1	6.1	6.1
Other distributable reserves		831.9	831.9	831.9
Retained earnings		(755.3)	(731.3)	(593.1)
Shareholders' funds		82.7	106.7	244.9

The notes on pages 16 to 52 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on 28 January 2020 and signed on its behalf by



Steven Chalker
Chief Financial Officer

Northgate Information Solutions Limited

Financial Section (continued)

Group statement of changes in equity as at 30 April 2019

	Share capital £m	Other distributable reserves £m	Retained earnings £m	Equity shareholders Funds £m
Balance at 30 April 2017	6.1	831.9	(588.7)	249.3
Change in accounting policy – IFRS 15 (note 32)			(4.4)	(4.4)
Restated Balance at 30 April 2017	6.1	831.9	(593.1)	244.9
Restated loss for the year (note 31 & 32)	-	-	(147.1)	(147.1)
<i>Other comprehensive income for the year</i>				
Remeasurements of defined benefit schemes			(4.3)	(4.3)
Deferred tax on remeasurements of defined benefit pension schemes	-	-	0.8	0.8
Foreign exchange translation differences	-	-	12.4	12.4
Restated Balance at 30 April 2018	6.1	831.9	(731.3)	106.7
Loss for the year	-	-	(20.6)	(20.6)
<i>Other comprehensive income for the year</i>				
Remeasurements of defined benefit pension schemes	-	-	0.4	0.4
Foreign exchange translation differences	-	-	(3.8)	(3.8)
Balance at 30 April 2019	6.1	831.9	(755.3)	82.7

The notes on pages 16 to 52 are an integral part of these consolidated financial statements.

Northgate Information Solutions Limited

Financial Section (continued)

Group statement of cash flows for the year ended 30 April 2019

	Notes	Year ended 30 April 2019 £m	Year ended 30 April 2018 (Restated) £m
Cash flows from operating activities			
Loss for the year before tax		(25.4)	(147.1)
<i>Adjustments for</i>			
Amortisation of acquired intangibles	9	2.3	20.5
Amortisation of other intangibles	9	18.1	21.5
Depreciation	10	4.3	6.6
Impairment of investments		-	2.3
Impairment of other intangibles	9	1.4	
Impairment of goodwill	9	15.7	50.0
(Profit)/ loss on disposal of fixed assets	4	-	4.9
(Profit)/ loss on disposal of business	2	(0.6)	5.1
Net financing costs	6	5.6	72.9
Share of profit from associate		-	10.1
R&D tax credit		(0.5)	3.1
Net cash from operating activities before changes in working capital and provisions		20.9	39.7
Foreign exchange movements		(5.0)	(8.5)
Change in trade and other receivables		(1.2)	3.1
Change in trade and other payables		6.0	(17.8)
Change in provisions and employee benefits		(1.0)	(4.8)
Net cash from operating activities before taxes paid		19.7	11.7
Cash flows from investing activities			
Disposal of discontinued operations net of cash disposed	2	0.6	423.6
Interest received		0.1	2.0
Acquisition of intangible assets		(14.1)	(24.8)
Acquisition of property, plant and equipment		(1.9)	(3.0)
Net cash used in investing activities		(15.3)	397.8
Net cash from operations after investing activities		4.4	409.5
Taxes paid		(2.7)	(2.3)
Net cash from operations after investing activities and before financing activities		1.7	407.2
Cash flows from financing activities			
Interest paid		(2.2)	(37.2)
New loans drawn down		-	23.6
Repayment of borrowings		(1.2)	(390.5)
Settlement of derivative liability		-	(4.9)
Increase in finance lease liabilities		1.9	6.9
Payment of finance lease liabilities		(5.3)	(8.2)
Net cash from financing activities		(6.8)	(410.3)
Cash and cash equivalents at 1 May		18.3	21.4
Net decrease in cash and cash equivalents excluding effect of foreign exchange rate movements on cash held		(5.1)	(3.0)
Effect of foreign exchange rate movements on cash held		-	(0.1)
Net decrease in cash and cash equivalents		(5.1)	(3.1)
Cash and cash equivalents at 30 April	16	13.2	18.3

The notes on pages 16 to 52 are an integral part of these consolidated financial statements

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019

1. ACCOUNTING POLICIES

Northgate Information Solutions Limited (the Company) is a company incorporated and domiciled in the United Kingdom. The consolidated accounts of the Company for the year ended 30 April 2019 comprise the Company and its subsidiaries (together referred to as the Group)

Statement of Compliance

The Group accounts have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU (adopted IFRS). The Company has elected to prepare its parent company accounts in accordance with FRS 101 and these are presented on pages 53 to 61

Basis of Preparation

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report set out on pages 2 to 7. Note 24 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

Details of how the Group is funded are set out in Note 23

The Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future as set out in the Strategic Report on page 5. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The accounts are presented in pounds sterling, which is the functional currency of the Group, rounded to the nearest £0.1 million and have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair value in the comparison period, comprising derivative financial instruments and defined benefit pension schemes. Accounting policies have been applied consistently in the period

Non-GAAP Performance Measures

The Board has presented 'Operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, impairments, depreciation of tangible fixed assets and profit/(loss) on disposal of subsidiaries' as an adjusted profit measure. The Board believes that this measure provides additional useful information for the shareholders on the underlying performance of the business. These measures are consistent with how business performance is monitored internally. The adjusted operating profit is not a recognised profit measure under adopted IFRS and may not be directly comparable with adjusted profit measures used by other companies. The adjustments made to operating profit have the effect of excluding exceptional income and charges, which are predominantly one-off in nature and therefore create volatility in reported earnings

Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each period. The Group sold its only joint venture during the year

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power over the entity

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Basis of Consolidation (continued)

Joint ventures

Entities where the Group jointly shares control with other parties are joint ventures and are accounted for by applying the equity method. The Group's share of net assets and share of net profit are separately disclosed from the rest of the Group.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions between 1 May 2004 and 1 January 2010

For acquisitions between 1 May 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Change in subsidiary ownership and loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intercompany transactions and balances are eliminated on consolidation.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Use of Estimates and Judgements (see note 28)

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of adopted IFRSs that have significant effect on the accounts and estimates with a significant risk of material adjustment in the next period are disclosed in note 28.

In particular, information about significant areas of estimation and uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 2 – Acquisition and disposal of subsidiaries

Note 3 – Revenue

Note 9 – Intangible fixed assets

Note 13 – Accrued revenue

Note 14 – Contract costs

Note 15 – Deferred tax

Note 19 – Provisions

Note 21 – Deferred revenue

Note 24 – Financial instruments and risk management

Note 28 – Accounting estimates and judgements

Revenue recognition and goodwill are discussed in the relevant sections of the accounting policies note.

Intangible Assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Group's software development is recognised only if all the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will be technically and commercially feasible;
- the Group has sufficient resources to complete development;
- the asset will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Intangible Assets (continued)

Research and development expenditure (continued)

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over a useful economic life of 5 years, commencing from the date the asset is first ready for use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill and brands, is recognised in the income statement when incurred.

Other intangible assets excluding goodwill and research and development expenditure

Acquired intangibles and purchased software are stated at the cost less accumulated amortisation and impairment losses.

New intangibles recognised under IFRS 3 relating to customer contracts and relationships, order backlog, technology based assets and trade names are amortised straight-line over a useful economic life of 3-10 years.

Amounts capitalised under purchased software are amortised on a straight-line basis over periods between 3-5 years.

Impairment excluding Deferred Tax Assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

The 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. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

The Group generates revenue from three types of services:

- Payroll setup and HR administration services;
- Consulting services;
- Sale of licences

Payments and receivables related to implementation prior to go live of Payroll and HR administration services are deferred to the balance sheet along with associated costs until go live, as the implementation service does not deliver a performance obligation to the customer. Implementation is not a performance obligation, nor are any operational costs incurred prior to go live. The release of deferred implementation revenue and costs is recognised on a straight-line basis over the contract term. The adjusted monthly revenue from the provision of services will be recognised each month that the service for a performance obligation is provided.

The Company also enters into contracts with customers for installation, customisation, maintenance or other technical services or consultancy on third party software. Each promise under these contracts is a separate performance obligation and revenue is recognised for such contracts on a time and material basis or percentage of completion method. Timing of payments tends to be similar to timing of revenue.

The outright sale of third-party software under reseller agreements is a single performance obligation which is fulfilled at a point in time when the licence ownership is transferred to the customer. Revenue arising from such contracts is recognised at this point and the timing of payment is often several years, over the life of the licence.

The Group recognises revenue based on 5 basic principles described in IFRS 15:

- Identify the contract with a customer;
- Identify all the individual performance obligations within the contract;
- Determine the transaction price;
- Allocate the price to the performance obligations;
- Recognise revenue as the performance obligations are fulfilled

If a customer pays, or the Group has an unconditional right to receive consideration, before the performance obligation is completed, then the revenue is not recognised and a deferred liability is created.

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the revenue is recognised and an accrued revenue asset is created. The assets are assessed for impairment in line with IFRS 9.

A distinct service is a single performance obligation and each country serviced is one performance obligation. Central services for multi-country payroll contracts cannot be easily allocated between the different countries and services, hence will be accounted as if it was a performance obligation with the same duration as the full contract, which will have materially the same financial result as if the revenues and costs were allocated across all performance obligations.

The transaction price for the contract is determined as the sum of fixed consideration, expected monthly billing, less an estimate of volume discounts if any. Other variable items such as higher/ lower employee numbers for PEPM charge (per employee per month amount charged to customer), credits for service level, third party penalties or inflationary increases are taken in the month they are received or incurred. Termination fees are taken at a point in time when the termination is complete.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Costs on contracts with customers

An asset is recognised for incremental costs to obtain a contract (such as sales commissions), where the Group expects to recover the costs

An asset is recognised for costs to fulfil contracts if the following criteria are met:

- the costs are directly related to a contract,
- the costs generate or enhance the Group's resources used in satisfying performance obligations in the future and
- the costs are expected to be recovered.

The nature of costs that are eligible include direct labour and associated costs, sub-contractor costs, contract management and materials. Other costs such as general & administration, wasted resources and expenses that relate to satisfied performance obligations are all recognised as expenses

The asset is amortised over the period that the benefit will be transferred to the customer. Assets are assessed for impairment in line with IAS 36

Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are taken to the income statement except for differences arising on retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, which are recognised directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, results of overseas subsidiaries are translated using the average exchange rate for the period unless exchange rates fluctuate significantly. The balance sheets of overseas subsidiaries, including goodwill and fair value adjustments arising on consolidation are translated to the Group's presentational currency, Pounds Sterling, using the closing period-end rate. Exchange differences arising, if any, are taken to a translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Hyperinflationary Economies

IAS 29, *Financial Reporting in Hyperinflationary Economies* (IAS 29) requires financial statements whose functional currency is the currency of a hyperinflationary economy to be stated in terms of the measuring unit current at the end of the reporting period. The financial information is restated based on the consumer price index (CPI) before being translated into a different presentation currency. All amounts are translated at the closing exchange rate at the date of the most recent Consolidated Statement of Financial Position.

During the year ended 30 April 2019, hyperinflation accounting was required for foreign operations with a functional currency of the Argentinian peso as the conditions of IAS 29 had been met. Arinso Argentina S.A. is an entity that is part of the NGA Group which has a functional currency of the Argentinian Peso, however as this entity is not a significant part of the Group, adjustments under IAS 29 have not been applied on grounds of materiality.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument and are initially recognised at fair value at trade date. All financial assets and liabilities are classified as current or non-current depending upon the maturity date of the instruments. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Accounting policies applied from 1 May 2018

IFRS 9, Financial Instruments has been applied for the first time in these financial statements. IFRS 9 has replaced the multiple classification and measurement models in IAS 39 Financial Instruments, recognition and measurement with a single model that initially has only two classification categories: amortised cost and fair value. There have been no financial impacts as a result of the application of IFRS 9.

Financial assets

On initial recognition, financial assets are classified as either being subsequently measured at either amortised cost or fair value depending upon the Group's business model for managing the asset and its cashflow characteristics. Financial assets are not reclassified following initial recognition unless the Group changes its business model for managing financial assets.

Financial assets are deemed to be held under one of three business models:

1. Hold to collect – where the business objective is to hold the asset to collect the contractual cashflows.
2. Hold to collect and sell – where the business objective is to hold the asset to collect the contractual cash flows and to sell the financial assets, and
3. Other

Unless specifically designated to be held at fair value through profit or loss, a financial asset is measured at amortised cost if it is held within a hold to collect business model and its contractual terms give rise on specified dates to cashflows that are solely repayments of principal and interest on the principal amount outstanding.

Financial assets held within a hold to collect and sell business model are measured at fair value through OCI if the contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding. The Group does not currently have any such assets.

All other financial assets are held at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss. Amortised cost is measured using the effective interest method.

Impairment of financial assets

A loss allowance is recognised for expected credit losses taking into account changes in the level of credit risk. Where credit risk is considered to be low, the loss allowance is limited to expected losses arising from default events that are possible within 12 months of the balance sheet date. Impairments are charged to administrative expenses in the income statement.

The major class of financial assets held by the group that could be impacted by IFRS 9 impairment loss recognition is trade receivables. As described in note 24, the group's exposure to credit risk in respect of these financial assets is considered low. The directors have additionally assessed the impact of impairment losses based on historic actual losses and concluded that the impact is immaterial.

Trade and other receivables

Trade receivables do not carry any interest and are stated at their amortised cost, net of impairment loss allowances. Where there is clear evidence that the receivable will not be recovered the balance is written off in full. Non-financial assets included within trade and other receivables (note 12) include contract assets, prepayments and other tax receivables.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of the proceeds received, net of direct issue costs, and are subsequently held at amortised cost. Direct issue costs are amortised over the period of the debt or facility. Finance charges are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Trade and other payables

Trade payables and other short-term monetary liabilities are initially recorded at their fair value and subsequently carried at amortised cost using the effective interest method. Non-financial liabilities within trade and other payables (note 20) include deferred revenue, accruals as well as other taxation and social security.

Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the Group's balance sheet at fair value. The Group has not applied hedge accounting – as permitted under IFRS 9 – and changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

Derivative instruments utilised by the Group from time to time include interest rate and foreign currency swaps, with no active derivative contracts open at the year end. The Group does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies.

Share Capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less any applicable discounts less accumulated depreciation and impairment losses. Depreciation is provided at rates calculated to write down the cost of property, plant and equipment over their estimated useful lives on a straight-line basis.

The annual rates of depreciation, by category of fixed asset, are as follows:

- | | |
|--------------------------------|-------------------|
| • Short leasehold improvements | Life of the lease |
| • Fixtures and fittings | 2 – 10 years |
| • Plant and office equipment | 2 – 10 years |
| • Motor vehicles | 4 years |

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment. Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Cash and Cash Equivalents

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

Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Leased Assets (continued)

Assets held under finance leases are included in the balance sheet at fair value or, if lower, at the present value of the minimum lease payments, each determined at inception of the lease less depreciation and impairment losses. These assets are depreciated in accordance with the Group's normal accounting policy for the class of asset concerned or over the period of the lease if shorter. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the income statement over the period of the lease in proportion to the balance of capital repayments outstanding. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Net Financing Costs

Net financing costs comprise interest payable, interest on the defined benefit pension plan obligations and expected return on pension scheme assets (together referred to as net pension finance expense), amortisation of issue costs on borrowings, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the period using rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity.

Retirement Benefit Costs

The Group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amounts charged to the income statement represent the contributions payable to the schemes in respect of the accounting period.

During the prior year, the Group also operated two defined benefit pension schemes until the sale of the UK MM & SMB businesses on 31 January 2018, at which point they were transferred with the disposed entities. The Group's net obligation in respect of defined benefit plans was calculated separately for each plan by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Retirement Benefit Costs (continued)

The calculation of defined benefit obligations was performed at least annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset was limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of the economic benefits, consideration was given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to the defined benefit plans are recognised in the profit and loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment was recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The Group also continues to operate two further small defined benefit schemes in respect of its subsidiaries in the Philippines.

Provisions

Provisions arise from legal or constructive obligations resulting from a past event where expected costs can be assessed with reasonable certainty and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, the provision is determined by discounting the expected future cash flows.

Property provisions

A property provision is recognised when the expected benefits to be derived from the property are lower than the unavoidable cost of meeting the contractual obligations on that property.

Restructuring provisions

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Contract Losses

A provision for contract losses is recognised on onerous contracts that are expected to make net losses for the remainder of the contract term, after taking into consideration impairment of contract assets.

New and amended IFRS Standards that are effective for the current year

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. The Group's accounting policies for its revenue streams are disclosed in detail in Note 1. As well as providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has had a significant impact on the financial position and financial performance of the Group.

This was completed in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15 C5(a) and (b) or for modified contracts in IFRS 15 C5(c) but using the expedient in IFRS 15 C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 May 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position and the Group has elected to describe them as 'accrued revenue' and 'deferred revenue' with clarification of the nature of the balance (implementation, licences, other).

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Impact of application of IFRS 15 Revenue from Contracts with Customers (continued)

IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios such as incremental costs of obtaining a contract, costs directly related to fulfilling contracts dealing with licences, material rights of customers to future services and variable consideration. Impact of the new requirements on the Group's consolidated financial statements are described in Note 32. There has been no impact on the standalone Company balance sheet.

Impact of application of IFRS 9 Financial Instruments

IFRS 9 has been adopted with effect from 1 May 2018. There were no changes to previously published accounting policies or any financial adjustment required as a result.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and had not yet been adopted by the EU.

IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IFRS 3	New definition of 'Business' in Business Combinations
Amendments to IAS 19	Amended by 'Plan Amendment, Curtailment or Settlement'
Amendments to IAS 1 and IAS 8	New definition of 'Material'
IFRIC 23	Uncertainty over Income Tax Treatments
Annual Improvements to IFRS Standards 2015–2017 Cycle	Clarification of IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

IFRS 16 Leases is likely to have a material impact on the content of the accounts in future. The other changes are not expected to have a material impact on the accounts.

IFRS 16 will be effective for the Group accounts from the year ending 30 April 2020 onwards. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Operating lease commitments will be brought onto the balance sheet as fixed assets and lease liabilities and depreciated or amortised, respectively. It is expected that on the Statement of Financial Position both property plant and machinery as well as finance lease liabilities will increase by between £18m and £20m, but with no impact on the overall net assets of the Group. Impacts to the income statement are not expected to be material and there is not likely to be any net impact on cash flows, although presentation of both accounting statements are likely to change. Management has systems for management of finance leases and is already planning for the transition. The change in lessor accounting is not expected to be material.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the accounts.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Subsidiaries' exemption from audit

The following UK subsidiaries are exempt from audit of individual accounts for the year ended 30 April 2019 under section 479A of the Companies Act 2006 in accordance with which Northgate Information Solutions Limited (the intermediate parent undertaking) provides a guarantee for liabilities.

Company Name	Registered company number	Registered Office address
Aniso People Services Limited	04819441	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Aniso UK Limited	03487776	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
NIS Acquisitions Limited	06442578	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
NIS Receivables No 1 Limited	06544183	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
NIS Receivables No 2 Limited	06442587	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate UK Company	02138781	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Group Limited	03109650	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Holdings Limited	02980656	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus HR Holdings Limited	03719768	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus HR Management Limited	03819950	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Human Resource Services Limited	03017589	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Human Resources Limited	00772321	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Software Limited	02648639	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom

Subsidiaries' exemption from statutory accounts preparation and filing

The following UK subsidiaries are also exempt from the preparation of individual entity statutory accounts (under s394A Companies Act 2006) and the filing of those accounts (under s448A Companies Act 2006) for the year ended 30 April 2019 in accordance with which Northgate Information Solutions Limited (the intermediate parent undertaking) provides a guarantee for liabilities.

Company Name	Registered company number	Registered Office address
Aniso People Services Limited	04819441	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Human Resource Services Limited	03017589	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Aniso UK Limited	03487776	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus HR Holdings Limited	03719768	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Software Limited	02648639	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Group Limited	03109650	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate UK Company	02138781	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom

2. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Year ended 30 April 2019

The Group recognised £0.6m gain on disposals related to true up of estimates for transactions completed in earlier years.

Year ended 30 April 2018

Disposal of the UK MM & SMB businesses

On 31 January 2018, the Group disposed of the UK MM & SMB businesses for a cash consideration of £436.6m and recognised a loss on disposal of £7.2m.

As part of the disposal, goodwill of £419.8m, acquired intangibles of £25.9m, defined benefit pension liability of £58.9m and cash of £3.2m were also disposed of.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

2. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

Year ended 30 April 2018 (continued)

Disposal of the UK MM & SMB businesses (continued)

	Notes	Loss on disposal £m
Consideration		432.6
Payment for intercompany liabilities		(70.9)
Fees		(13.2)
Disposal of goodwill	9	(419.8)
Disposal of acquired intangibles	9	(25.9)
Disposal of net liabilities		91.4
Other		(1.4)
Loss on disposal		(7.2)

The profit for current and prior year from discontinued operations is shown on the Group Income Statement on page 11

Other

(a) On 11 January 2018, the Group disposed of NGA Benefits Singapore Pte Limited for a cash consideration of SGD 6.8m (£3.5m) and recognised a profit on disposal of £1.2m

	Loss on disposal £m
Consideration	3.5
Fees	(0.2)
Disposal of net assets	(2.1)
Profit on disposal	1.2

(b) The Group recognised £0.9m gain on disposals related to true up of estimates for transactions completed in earlier years

3. REVENUE

Disaggregation of continuing revenue:

	Year ended 30 April 2019 £m	Year ended 30 April 2018 £m
Payroll setup and services	213.9	210.7
Consulting services	74.3	66.4
Sale of licences	2.7	2.6
	290.9	279.7

Remaining performance obligations:

The transaction price allocated to (partially) unsatisfied performance obligations at 30 April 2019 are as set out below. As permitted under the transitional provisions in IFRS 15, the transaction price allocated to (partially) unsatisfied performance obligations as of 30 April 2018 is not disclosed.

Management expects that 27% of the transaction price allocated to the unsatisfied contracts as of the year ended 2019 will be recognised as revenue during the next reporting period (£246m) and 73% in later years (£675m).

30 April 2019	2020	2021	2022	2023	2024 and beyond
Timing of revenue recognition	27%	20%	15%	13%	25%

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

4. OPERATING LOSS

Group operating loss is stated after charging/(crediting)

	Year ended 30 April 2019	Year ended 30 April 2018 (Restated)
	£m	£m
Staff costs		
- wages and salaries	158.8	217.6
- social security costs	22.1	26.9
- other pension costs defined contribution	2.3	4.3
- other pension costs defined benefit – current year service cost	0.5	1.1
Research and development – expenditure not capitalised	3.0	5.1
Operating lease rentals – property rentals	8.2	10.1
Operating lease rentals – plant & equipment and others	4.5	4.9
Depreciation of owned assets	2.9	4.6
Depreciation of assets held under finance leases	1.4	2.0
Amortisation of development costs and purchased software	18.1	21.5
Amortisation of acquired intangibles	2.3	20.5
Impairment of goodwill	15.7	50.0
Impairment of other intangible assets	1.4	-
Other Income	(4.6)	(4.3)
Loss on disposal of fixed assets	-	4.9
(Profit)/loss on sale of subsidiary (note 2)	(0.6)	5.1
Significant restructuring and property provisions	5.9	11.9

The significant restructuring and property provision costs relate to the Group's well progressed cost reduction programme and efficiency transformation programme for operations which are categorised as follows

	Year ended 30 April 2019	Year ended 30 April 2018
	£m	£m
Significant restructuring and property provisions		
Severance and restructuring	2.9	6.7
Consultancy fees	2.8	0.9
Contract termination costs	0.1	0.1
Property provisions	0.1	1.8
Impairment of JV Investments	-	2.4
	5.9	11.9

Within operating costs are the fees paid to the Auditor and their associates which are categorised as follows

	Year ended 30 April 2019	Year ended 30 April 2018
	£m	£m
Auditor's remuneration		
Audit of these financial statements	0.2	0.2
Audit of financial statements of subsidiaries	0.1	0.5
Taxation compliance services	-	0.3
Tax advisory services	-	-
Transaction Services	-	1.2
Other assurance services	-	0.6
	0.3	2.8

Amounts paid to the Company's Auditor in respect of services to the Company other than the audit of the Company's financial statements, have not been disclosed as the information required is instead disclosed on a consolidated basis

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

5. DIRECTORS' EMOLUMENTS

	Year ended 30 April 2019 £m	Year ended 30 April 2018 £m
Directors' emoluments	2.0	2.0

The aggregate emoluments of the highest paid director were £1,310,409 (2018: £1,007,297). At 30 April 2019, no directors (30 April 2018: no directors) had benefits accruing under a defined benefit pension scheme and one director (30 April 2018: no director) had benefits accruing under a money purchase pension plan.

6. NET FINANCING COSTS

	Year ended 30 April 2019 £m	Year ended 30 April 2018 £m
Interest income – bank and other interest receivable	0.1	2.0
Financial income	0.1	2.0
Interest expense – bank loans and overdrafts – cash spend	1.7	15.9
Interest expense – bank loans and overdrafts – accrued	1.1	0.3
Non-cash bank loan interest – added to loan	0.7	15.4
Amortisation of loan arrangement fees	0.4	24.9
Net foreign exchange losses/currency derivatives	1.3	16.4
Finance charges payable under finance leases	0.5	0.8
Net pension finance expense (note 18)	-	1.2
Financial expenses	5.7	74.9
Net financing costs	5.6	72.9

7. STAFF NUMBERS

The average number of persons employed by the Group, including Executive Directors, during the year was as follows:

	Year ended 30 April 2019 Number	Year ended 30 April 2018 Number
Sales	117	123
Delivery	3,935	4,136
Support	975	1,074
	5,027	5,333

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

8. TAX (CREDIT)/EXPENSE

The credit for the year comprises

	Year ended 30 April 2019 £m	Year ended 30 April 2018 £m
Current tax expense		
UK corporation tax	3.0	-
Overseas tax – current year charge	3.4	4.7
Overseas tax – adjustment for prior years	(0.3)	1.6
Total current tax expense	6.1	6.3
Deferred tax credit (see note 15)		
Deferred tax – current	(8.7)	(2.8)
Deferred tax – rate change adjustment	-	(1.1)
Deferred tax – adjustments for prior years	(2.2)	0.7
Total deferred tax credit	(10.9)	(3.2)
Total tax (credit)/expense in income statement	(4.8)	3.1

Reconciliation of effective tax rate

	Year ended 30 April 2019 £m	Year ended 30 April 2018 (Restated) £m
Loss before tax	(25.4)	(144.0)
Tax on loss at UK corporation tax rate of 19%	(4.8)	(27.4)
Permanent differences	11.3	49.8
(Profit)/Loss on disposals not taxable	(0.1)	(16.0)
Effect of different rates for overseas tax	(0.1)	(0.2)
Deferred tax not recognised	(7.0)	(4.3)
Tax rate change effect on deferred tax	-	1.2
Other	(1.6)	(2.2)
Adjustments for prior years	(2.5)	2.2
Total tax charge/(credit)	(4.8)	3.1

Deferred tax credit recognised directly in equity

	Year ended 30 April 2019 £m	Year ended 30 April 2018 £m
Remeasurements of defined benefit pension schemes	-	0.8

Reductions in the UK corporation tax rate from 20% (effective from 1 April 2015) to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. The deferred tax asset at 30 April 2019 has been calculated based on these rates.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

9. INTANGIBLE FIXED ASSETS

	Goodwill	Acquired intangibles	Other Intangibles	Total
	£m	£m	£m	£m
Cost:				
At 1 May 2017	528.0	350.5	177.5	1,056.0
Revaluation of foreign denominated goodwill	4.7	-	-	4.7
Exchange differences	-	-	(1.4)	(1.4)
Reclassifications	-	-	11.3	11.3
Additions	-	-	24.8	24.8
Disposals	(419.8)	(283.8)	(105.3)	(808.9)
At 30 April 2018	112.9	66.7	106.9	286.5
At 1 May 2018	112.9	66.7	106.9	286.5
Revaluation of foreign denominated goodwill	(1.2)	-	-	(1.2)
Exchange differences	-	-	1.7	1.7
Additions	-	-	14.1	14.1
Disposals	-	-	(19.2)	(19.2)
At 30 April 2019	111.7	66.7	103.5	281.9
Amortisation and impairment losses:				
At 1 May 2017	-	301.8	121.3	423.1
Exchange differences	-	-	(1.0)	(1.0)
Amortisation	-	20.5	21.5	42.0
Impairment loss (Restated)	50.0	-	-	50.0
Reclassifications	-	-	0.1	0.1
Disposals	-	(257.9)	(80.2)	(338.1)
At 30 April 2018 (Restated)	50.0	64.4	61.7	176.1
At 1 May 2018	50.0	64.4	61.7	176.1
Exchange differences	-	-	1.8	1.8
Amortisation	-	2.3	18.1	20.4
Impairment loss	15.7	-	1.4	17.1
Disposals	-	-	(19.2)	(19.2)
At 30 April 2019	65.7	66.7	63.8	196.2
Net book value:				
At 30 April 2019	46.0	-	39.7	85.7
At 30 April 2018 (Restated)	62.9	2.3	45.2	110.4

Other intangibles comprise purchased and developed software

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

9. INTANGIBLE FIXED ASSETS (continued)

Impairment tests for cash-generating units containing goodwill

Cash-generating units containing goodwill are subject to annual impairment reviews of carrying value as compared to the recoverable value.

At the start of the previous financial year the Group had 2 CGUs, Enterprise (providing large scale HR solutions to international companies with 3 or more geographies) and UK (providing HR and Payroll software and services to UK & Ireland based companies). In January 2018 the Group disposed of the UK CGU leaving the Enterprise CGU only.

In 2019 the recoverable amount of the Enterprise CGU was determined from its fair value less costs to sell. This was based on the external valuation received as part of the sales process which finally resulted in the sale of its subsidiaries to Alight Solutions on 1st November 2019 (see note 30). The resulting impairment identified of £19.3m has been reflected in the current year.

In 2018 the recoverable amount of the Enterprise CGU was determined from value-in-use calculations which use discounted pre-tax cash flows from approved budgets and three year forecasts and extrapolated cash flows for the periods beyond these using estimated long term growth rates. The key assumptions are:

- **Long term average growth rates** are used to extrapolate cash flows. Growth rates are determined with reference to internal approved budgets and forecasts.
- **Discount rates** are calculated separately for each CGU and reflect the individual nature and specific risks relating to the market in which it operates.
- **Margins** are based on past performance and management's expectations of market development. No improvements to margins beyond periods covered by approved budgets and forecasts have been assumed.

The final assumptions used were a pre-tax discount rate used of 11.7% with 5 years of forecasts and a terminal growth rate of 2.5%.

During the review and audit of other group companies for the year ended 30 April 2018 it came to management's attention that the discount rate used to calculate the value in use of the business and therefore the value of goodwill was too low. Use of the correct pre-tax discount rate of 21.2% resulted in an additional impairment to goodwill of £49.95m for the prior year (see note 31).

The sensitivity of the recoverable amount based on value-in-use calculation to changes in key assumptions is set out below:

Assumption	Change in assumption	Impact on recoverable amount
Long term average growth rate	Decrease by 0.5%	Decrease by £2.05m
Pre-tax discount rate	Increase by 1%	Decrease by £6.9m
EBITDA	Decrease by 1%	Decrease by £2.3m

At the end of the current financial year all intangibles relating to customer relationships, technology-based assets and marketing related assets have been fully amortised.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £m	Fixtures fittings, equipment and motor vehicles £m	Total £m
Cost:			
At 1 May 2017	4.2	68.4	72.6
Exchange adjustments	(0.1)	(0.4)	(0.5)
Additions	0.2	2.8	3.0
Reclassifications	0.1	(10.9)	(10.8)
Disposals	(1.2)	(24.6)	(25.8)
At 30 April 2018	3.2	35.3	38.5
At 1 May 2018	3.2	35.3	38.5
Exchange adjustments	0.1	0.6	0.7
Additions	1.1	0.8	1.9
Disposals	(0.1)	(2.9)	(3.0)
At 30 April 2019	4.3	33.8	38.1
Depreciation and impairment losses:			
At 1 May 2017	2.2	41.0	43.2
Exchange adjustments	(0.1)	(1.3)	(1.4)
Depreciation charge for the year	0.4	6.2	6.6
Disposals	-	(19.9)	(19.9)
At 30 April 2018	2.5	26.0	28.5
At 1 May 2018	2.5	26.0	28.5
Exchange adjustments	0.3	(0.5)	(0.2)
Depreciation charge for the year	0.4	3.9	4.3
Disposals	(0.1)	(2.8)	(2.9)
At 30 April 2019	3.1	26.6	29.7
Net book value:			
At 30 April 2019	1.2	7.2	8.4
At 30 April 2018	0.7	9.3	10.0

The net book value of property plant and equipment is not materially different from the fair value.

The net book value of tangible assets under finance lease is £2.1m (2018: £2.4m) and the depreciation charge on these assets was £1.4m for the year (2018: £2.0).

11. INVESTMENT IN ASSOCIATES

All of the Group's 50% holding in NGA Africa (Proprietary) Limited was sold to the joint venture partner during the year and the Group has no investments in associates and joint ventures at 30 April 2019. There was no profit or loss on disposal.

An impairment for the full value of the Group's 50% holding in NGA Africa (Proprietary) Limited was charged during the previous year.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

12. TRADE AND OTHER RECEIVABLES

	2019	2018 (Restated)
	£m	£m
Non-current assets		
Accrued revenue (note 13)	7.4	2.8
Deferred costs to fulfil contracts (note 14)	44.1	52.2
Deferred costs to obtain contracts (note 14)	1.1	0.9
Other receivables and prepayments	2.2	2.5
	54.8	58.4
Current assets		
Trade receivables	43.5	46.3
Tax recoverable	2.5	1.2
Unamortised issue cost on revolving credit facility (note 17)	0.9	1.3
Accrued revenue (note 13)	16.3	19.2
Deferred costs to fulfil contracts (note 14)	29.3	20.8
Deferred costs to obtain contracts (note 14)	0.7	0.3
Other receivables and prepayments	9.7	8.3
	102.9	97.4

Issue costs associated with loans and facilities are capitalised and allocated to the income statement at a constant rate on the carrying amount or facility

13. ACCRUED REVENUE

	2019	2018 (Restated)
	£m	£m
Opening Balance	22.0	19.2
Impairment / Derecognition due to termination	-	(2.5)
Utilised during the year	(14.9)	(15.4)
Additions	16.6	20.7
Closing Balance	23.7	22.0
Current	16.3	19.2
Non-current	7.4	2.8
Closing Balance	23.7	22.0

Amounts relating to contract assets comprise

- i) **Accrued revenue for licences:** balances due from customers under long term contracts that arise when the Group sells a third-party licence on an agent commission basis that will be billed to the customer over time. These balances are reclassified to trade receivables at the point of invoicing; and
- ii) **Other Accrued revenue:** Services provided to customer before the consideration is due

For loss allowance on contract assets see note 24

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

14. CONTRACT COSTS

(a) Costs to fulfil contracts

	2019	2018
Current	29.3	20.8
Non-current	44.1	52.2
Closing Balance	73.4	73.0

Costs to fulfil contracts are costs directly attributable to satisfying future performance obligations. These costs are amortised on a straight-line basis over the period of the related performance obligation, as this reflects the period over which the benefit is delivered to the customer. In 2019, amortisation amounting to £17.3m (2018: £20.5m) was recognised as part of cost of sales in the consolidated statement of profit or loss.

Management reviewed the contract assets for impairment and hence the above balance includes £1.1m (2018: £2.0m) provision for impairment. No impairment losses (2018: nil) were recognised during the year.

(b) Costs to obtain contracts (commission)

	2019	2018
Current	0.7	0.3
Non-current	1.1	0.9
Closing Balance	1.8	1.2

Costs to obtain contracts relate to incremental commission fees paid to employees as a result of obtaining sales contracts. These costs are amortised on a straight-line basis over the period of the contract, as this reflects the period over which the benefit is delivered to the customer. In 2019, amortisation amounting to £0.3m (2018: £0.1m) was recognised as part of cost of sales in the consolidated statement of profit or loss. There was no impairment loss in relation to the costs capitalised.

15. DEFERRED TAX

The Group's deferred tax is attributable to the following:

	Assets		Liabilities		Net	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2017 £m
Intangible assets	-	-	(7.7)	(8.0)	(7.7)	(8.0)
Property, plant and equipment	2.8	1.4	-	-	2.8	1.4
Trading losses	12.6	3.4	-	-	12.6	3.4
Employee benefits	-	-	-	-	-	-
Provisions and other timing differences	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-
Net tax assets/(liabilities)	15.4	4.8	(7.7)	(8.0)	7.7	(3.2)

Deferred tax assets and liabilities are presented separately on the balance sheet.

The Group has gross unutilised trading losses carried forward of £124m (2018: £96.5m), predominately non-UK and gross unutilised non-trading losses and excess management expenses carried forward of approximately £370m (2018: £379m). A deferred tax asset of £12.6m (2018: £3.4m) was recognised in respect to tax losses where it is probable that future taxable profits will be available against which the Group can utilise these benefits.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

15. DEFERRED TAX (continued)

Future tax law developments that will impact the Group's tax position

There are no new developments significantly impacting the Group since publishing the Annual Report for the year ended 30 April 2019.

Movement in temporary differences during the year ended 30 April 2019

	Balance at 1 May 18 £ m	Recognised in income £m	Recognised in equity £m	Disposals £m	Balance at 30 April 19 £m
Intangible assets	(8.0)	0.3	-	-	(7.7)
Property, plant and equipment	1.4	1.4	-	-	2.8
Trading losses	3.4	9.2	-	-	12.6
Employee benefits	-	-	-	-	-
Provisions and other timing differences	-	-	-	-	-
Financial liabilities	-	-	-	-	-
	(3.2)	10.9	-	-	7.7

Movement in temporary differences during the year ended 30 April 2018

	Balance at 1 May 17 £m	Recognised in income £m	Recognised in equity £m	Disposals £m	Balance at 30 April 18 £m
Intangible assets	(20.4)	6.1	-	6.3	(8.0)
Property, plant and equipment	9.2	(3.3)	-	(4.5)	1.4
Trading losses	2.3	1.4	-	(0.3)	3.4
Employee benefits	9.5	-	0.8	(10.3)	-
Provisions and other timing differences	0.7	(0.6)	-	(0.1)	-
Financial liabilities	0.4	(0.4)	-	-	-
	1.7	3.2	0.8	(8.9)	(3.2)

16. CASH AND CASH EQUIVALENTS

	2019 £m	2018 £m
Cash at bank and in hand	13.2	18.3
Cash and cash equivalents in the cash flow statement	13.2	18.3

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

17. INTEREST-BEARING LOANS AND BORROWINGS

	2019 £m	2018 £m
Non-current liabilities		
Subordinated loans from associated undertakings	-	6.8
Other loans	0.6	1.5
Finance lease liabilities	3.6	5.5
	4.2	13.8
Current liabilities		
Subordinated loans from associated undertakings	7.8	-
Other secured loans	0.6	1.0
Other loans	0.9	0.7
Finance lease liabilities	3.5	4.9
	12.8	6.6

Secured bank loans remain nil at 30 April 2019 as the revolving credit facility was not utilised during the year. Group bank loans are stated gross before unamortised issue costs of £0.9m (2018: £1.3m) which are included in trade and other receivables (note 12). Issue costs, together with the interest expenses, are allocated to the income statement at a constant rate on the carrying amount of facility. Bank loans and facilities are subject to the following covenant restriction.

- Ratio of Earnings before interest and tax (EBITDA) to net debt

All covenants are based on International Financial Reporting Standards ("IFRS"). Failure to meet the covenant restrictions results in all amounts outstanding, becoming immediately due and payable. There have been no breaches in covenants in the year or since the inception of the loans.

The Group has Senior facility agreements with a small number of banks. The Group's net bank loans and revolving credit facility are secured by a cross guarantee and a fixed and floating charge over the assets of Northgate Information Solutions Limited and its material subsidiaries. Cash interest on the loans is payable on the loans at LIBOR or EURIBOR plus a margin of 3.5%. Other secured loans are amounts due to a third party under a financing arrangement which are secured on German, US and Belgian trade receivables. This facility can provide up to £15m additional liquidity for the Group.

Of these facilities, the Group has the following available committed floating rate borrowing facilities at 30 April 2019 in respect of which all conditions precedent had been met at that date:

	2019 £m	2018 £m
Revolving credit facility expiring in 2 to 4 years		
– amount used	-	-
– amount unused	23.8	24.6
Total	23.8	24.6
Facility secured on trade receivables expiring in 2 to 4 years		
– amount used	0.6	1.0
– amount unused	14.4	14.0
Total	15.0	15.0

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

17. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Finance lease liabilities

Finance lease liabilities are payable

	<i>Minimum lease payments 2019 £m</i>	<i>Interest 2019 £m</i>	<i>Principal 2019 £m</i>	<i>Minimum lease payments 2018 £m</i>	<i>Interest 2018 £m</i>	<i>Principal 2018 £m</i>
Less than one year	3.8	0.3	3.5	5.7	0.1	5.6
Between one and five years	3.8	0.2	3.6	7.6	0.6	7.0
	7.6	0.5	7.1	13.3	0.7	12.6

Under the terms of the lease arrangements no contingent rents are payable. There are no finance lease liabilities payable in excess of five years.

18. EMPLOYEE BENEFITS

The defined benefit pension liability balance is zero as at the year end (2018: Nil) as the entire balance was part of the disposal of certain subsidiaries during the previous year.

Movements in the net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit and its components

	<i>Defined benefit obligation</i>		<i>Fair value of plan assets</i>		<i>Net defined benefit liability</i>	
	<i>2019 £m</i>	<i>2018 £m</i>	<i>2019 £m</i>	<i>2018 £m</i>	<i>2019 £m</i>	<i>2018 £m</i>
Balance at 1 May	-	278.9	-	(222.9)	-	56.0
Included in income statement						
Current service cost	-	1.1	-	-	0.5	1.1
Interest cost	-	5.3	-	(4.1)	-	1.2
Running costs	-	-	-	0.3	-	0.3
	-	6.4	-	(3.8)	0.3	2.6
Included in statement of comprehensive income						
Remeasurement loss (gain)						
Actuarial loss (gain) arising from:						
Financial assumptions	-	1.3	-	-	(0.4)	1.3
Experience Adjustment	-	0.5	-	-	-	0.5
Return on plan assets excluding interest income	-	-	-	2.5	-	2.5
	-	1.8	-	2.5	(0.4)	4.3
Other						
Contributions paid by the employer	-	-	-	(4.2)	-	(4.2)
Benefits paid	-	(7.1)	-	7.1	-	-
Disposals	-	(280.0)	-	221.3	-	(58.7)
	-	(287.1)	-	224.2	-	(62.9)
At 30 April	-	-	-	-	0.1	-

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

18. EMPLOYEE BENEFITS (continued)

The Group has a small defined pension obligation in respect of employees based in the Philippines. Due to the immaterial nature of the obligation no detailed disclosures have been supplied.

Defined contribution arrangements

The Group also operates various defined contribution arrangements for its UK and overseas employees. The contributions payable to defined contribution schemes amounted to £1m (2018: £0.6m).

19. PROVISIONS

	Property provisions £m	Other provisions £m	Total £m
At 1 May 2018 (Restated)	1.6	0.3	1.9
Recognised in the income statement	0.2	-	0.2
Utilised in the period	(0.9)	(0.1)	(1.0)
At 30 April 2019	0.9	0.2	1.1
Current	0.6	-	0.6
Non-current	0.3	0.2	0.5
At 30 April 2019	0.9	0.2	1.1
Current	0.7	0.1	0.8
Non-current	0.9	0.2	1.1
At 30 April 2018	1.6	0.3	1.9

Property provisions

The provision relates to Group properties that have either been sublet or are vacant. It consists of the discounted value of the differential between future liabilities on the property less any expected future sublet receipts extrapolated to the earliest break point in the contract. In addition, there is a dilapidations provision for costs to make property good at the end of the lease in respect of all properties with leases expiring within the next three years.

Other provisions

Other provisions include amounts provided relating to employment obligations.

20. TRADE AND OTHER PAYABLES

	2019 £m	2018 (Restated) £m
Non-current assets		
Deferred revenue (note 21)	38.6	49.1
Accruals	5.1	2.5
	43.7	51.6
Current liabilities		
Trade payables	15.3	13.4
Deferred revenue (note 21)	37.4	21.5
Accruals	49.2	50.4
Social security and other taxation	9.3	15.0
Other payables	5.0	1.9
	116.2	102.2

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

21. DEFERRED REVENUE

	2019 £m	2018 £m
Opening Balance	70.6	80.0
Impairment / Derecognition due to termination	(1.9)	-
Utilised during the year	(21.1)	(36.6)
Additions	28.4	27.2
Closing Balance	76.0	70.6
Current	37.4	21.5
Non-current	38.6	49.1
Closing Balance	76.0	70.6

Amounts relating to contract liabilities comprise

- i) **Deferred revenue for implementation:** until the point that the Group is delivering the distinct performance obligation to the customer, no revenue will be recognised. Therefore, the invoices raised up to the go live date are deferred. The liability unwinds over the life of the contractual performance obligation to which it relates.
- ii) **Other Deferred revenue:** Amounts invoiced to customers where the service is not yet completed.

22. SHARE CAPITAL

The share capital of the Company is as follows

	2019 £m	2018 £m
Called up and fully paid: 605,300,339 ordinary shares of £0.01 each (2018: 605,300,339 ordinary shares of £0.01 each)	6.1	6.1

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

On 28 July 2016, the company issued 497,136,198 shares, which were settled using the company's capital contribution reserve. On the same day, the nominal value of each share was reduced to £0.01 and the proceeds used to create distributable reserves of £831.9m.

23. NET DEBT

Net debt includes cash and cash equivalents, secured bank loans and loan notes and finance lease liabilities

	Notes	2019 £m	2018 £m
Cash and cash equivalents	16	13.2	18.3
Secured bank loans and loan notes – current	17	(0.6)	(1.0)
– non-current	17	-	-
Subordinated loans from associated undertakings – current	17	(7.8)	-
– non-current	17	-	(6.8)
Finance lease liabilities – current	17	(3.5)	(4.9)
– non-current	17	(3.6)	(5.5)
Other loans – current	17	(0.9)	(0.7)
– non-current	17	(0.6)	(1.5)
		(3.8)	(2.1)

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

23. NET DEBT (continued)

Set out below is a reconciliation in cash and cash equivalents to the decrease in net borrowings at 30 April 2019.

	2019 £m	2018 £m
Net decrease/(increase) in cash and cash equivalents	5.1	3.0
Effect of foreign exchange rate movements on cash held	-	0.1
Cash and cash equivalents net inflow from increase in debt and debt financing	(4.6)	13.5
Movement in net borrowings resulting from cash flows	0.5	16.6
Repayment of debt	-	(390.3)
Amortisation of loan arrangement fees	-	3.6
Write off loan arrangement fees on settlement of loans	-	21.2
Capitalised finance costs	1.0	15.4
Disposal of subsidiary	-	(4.0)
Currency translation differences	0.2	9.8
Movement in net debt in the year	1.7	(327.7)
Net debt at 1 May	2.1	329.8
Net debt at 30 April	3.8	2.1

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial assets and liabilities mainly comprise bank borrowings, cash, liquid resources and various items, such as trade and other receivables and trade and other payables that arise directly from operations.

The main financial market risks arising from the Group's operations are credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, principally trade and other receivables. The Group provides credit to customers in the normal course of business and the amount that appears in the balance sheet is net of a provision for impairment or credit losses of £0.3m (2018: £0.4m). The provision for impairment is calculated in accordance with the Group's policy based on the age of the financial asset at each period end and specific doubtful debts. Experience suggests that no provision for impairment is required for trade and other receivables not past due.

Accrued revenue is subject to an element of credit risk, and is stated net of any allowance (note 13). The provision for impairment for contract assets is nil (2018: nil). The provision for impairment is calculated in accordance with the Group's policy based on the specific accounts at risk and the nature of the asset. Experience suggests that no general provision for impairment is required for accrued revenue.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations into sterling. The currencies giving rise to this risk are primarily US dollars and Euros. The Group has both cash inflows and outflows in these currencies that create partial natural hedging.

In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's cash inflows and outflows in a foreign currency. The Group also reviews and, if required, hedges any material foreign currency transaction exposure.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due.

The Group's objective is to ensure that adequate facilities are available through use of bank loans and finance leases. The Group manages liquidity risk through regular cash flow forecasting and monitoring of cash flows, management review and regular review of working capital and costs.

The Group regularly monitors its available headroom under its borrowing facilities. At 30 April 2019 £38.2m (2018 £38.6m) of undrawn facilities and £13.2m (2018 £18.3m) cash were available (see notes 16 & 17).

In respect of the Group's financial liabilities including estimated interest where applicable, the table below includes details (at the balance sheet date) of the periods in which they mature.

30 April 2019	Notes	Book value £m	Future cash flows £m	Less than 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	>5 years £m
Secured loans	17	0.6	0.6	0.6					
Finance lease liabilities *	17	7.1	7.6	3.8	2.5	0.9	0.3	0.1	-
Trade payables	20	15.3	15.3	15.3	-	-	-	-	-
		23.0	23.5	19.7	2.5	0.9	0.3	0.1	-

30 April 2018	Notes	Book value £m	Future cash flows £m	Less than 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	>5 years £m
Secured loans	17	1.0	1.1	1.1	-	-	-	-	-
Finance lease liabilities *	17	12.6	13.3	5.7	4.2	2.6	0.8	-	-
Trade payables	20	13.4	13.4	13.4	-	-	-	-	-
		27.0	27.8	20.2	4.2	2.6	0.8	-	-

*These liabilities bear interest at a fixed rate

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Fair values of financial assets and financial liabilities

- The table below analyses financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Notes	Level	Carrying amount		Fair value	
			2019 £m	2018 £m	2019 £m	2018 £m
Trade receivables	12	3	43.5	46.3	43.5	46.3
Other receivables (long-term trade debtors)	12	3	-	-	-	-
Cash and cash equivalents	16	1	13.2	18.3	13.2	18.3
Secured bank loans	17	3	(0.6)	(1.0)	(0.6)	(1.0)
Finance lease liabilities	17	3	(7.1)	(12.6)	(7.1)	(12.6)
			49.0	51.0	49.0	51.0

The Group has a financing arrangement with a third party secured on trade receivables. Included in trade receivables are assets of £0.6m securing financial liabilities under 1 year of £0.6m (2018: £1m securing financial liabilities of £1m due under a year)

Estimation of fair values

The fair values of financial instruments reflect the market value at the balance sheet date

(f) Capital Management

The Group's objectives when managing capital (retained profits and bank borrowings) are to safeguard the Group's ability to continue as a going concern, support the growth of the business and to maintain an optimal capital structure to reduce the cost of borrowing. The Group finances its operations through a combination of retained profits, equity and bank borrowings (see note 17)

25. FINANCIAL COMMITMENTS

Group capital commitments at 30 April 2019 amounted to £7m (2018: £4.2m)

At 30 April 2019, the Group's future commitments payable under non-cancellable operating leases are as follows:

	2019		2018	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Leases expiring:				
Within one year	4.9	1.4	6.2	0.6
Within two to five years	9.7	2.1	14.5	0.9
Thereafter	2.8	-	3.0	-
	17.4	3.5	23.7	1.5

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

25. FINANCIAL COMMITMENTS (continued)

A number of the Group's leased properties have been sublet by the Group. Based upon the existing sublease contracts, committed sublease payments of £22k (2018: £0.7m) are expected to be received by the Group over the terms of the underlying subleases.

26. CONTINGENT LIABILITIES

During the year ended 30 April 2018 the Group disposed of its UK MM and SMB businesses which included all of its defined benefit pension schemes. As a result of the sale all liability in respect of these Pension Schemes passed to the purchaser of those businesses subject to the following residual contingent liability which remains with the NGA HR Group:

A contingent obligation is payable by NIS Acquisitions Ltd (NIS), a fully owned subsidiary of the Group, to the Schemes if three conditions are all satisfied prior to 30 April 2024 as follows:

1. The purchaser of the UK MM and SMB businesses suffers an insolvency event (as defined in section 121 (3) of the Pensions Act 2004)
2. NIS Acquisitions Ltd or any other subsidiary sells all or substantially all of its business, assets or undertaking or if it occurs earlier, there is a beneficial change in ownership of 50% or more of the shares in NIS, and
3. The proceeds under (2) above (including any distributions made from NIS to shareholders during the period) exceeds £75m (both that any proceeds of an asset sale after a change in ownership shall not be relevant for these purposes)
4. The obligation would be equal to 7.5% of any proceeds in excess of £75m (net of any transaction costs, bonuses, expenses or debt) up to a maximum of £7.5m (less an amount relating to the percentage of contributions made into the Schemes during the relevant period)

27. RELATED PARTY TRANSACTIONS

Identity of related parties

The immediate parent company is Northgate UK Holdings 4 Limited, a company registered in England and Wales, and the ultimate parent company is Northgate Luxembourg Holdings GP S.à.r.l., a company registered in Luxembourg. Consolidated accounts are prepared by Northgate Luxembourg Holdings GP S.à.r.l. and are available from the registered office. The Group is ultimately controlled by funds advised by The Goldman Sachs Group, Inc. A full list of subsidiary and associated undertakings and joint ventures is included in note 4 to the Company accounts on pages 57 to 58.

Transactions with related parties

During the year, the Company capitalised £1m of financial expenses to the balance owed to Northgate UK Holdings 4 Limited. The balance owed as at the end of the year is £7.8m.

The remuneration of key management (main board directors and Executive Leadership team) for the year was £4.6m short-term employee benefits, £nil post-termination benefits and less than £0.1m contributions to defined contribution pension schemes. This remuneration includes directors' emoluments disclosed in note 5 to these accounts.

28. ACCOUNTING ESTIMATES AND JUDGEMENTS

The following sets out the key assumptions concerning the future and key sources of estimation and uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year:

Revenue recognition

The measurement of revenue and resulting profit recognition – due to the size and complexity of some of the Group's contracts – requires significant judgements to be applied, including the measurement and timing of revenue recognition, identification of separate performance obligations and the recognition of related balance sheet items (such as deferred costs, accrued revenue and deferred revenue) that result from the performance of the contract.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

28. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Revenue recognition (continued)

The Group is required to estimate the contract profitability, including the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration or service credits. The Group first assesses whether the contract assets are impaired and then further considers whether any onerous contract exists. Following this review, as outlined in note 14, provisions for impairment £1.1m (£2018: £2.0m) were identified relating to ongoing contracts and recognised within adjusted cost of sales but no provisions have been made for service credits or other variable consideration.

Provisions

Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events which can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Note 19 to the accounts contains information about the assumptions made concerning the Group's provisions.

Fair value measurement on a business combination

The measurement of fair values on a business combination requires the recognition and measurement of the identifiable assets, liabilities and contingent liabilities. The key judgements involved are the identification and valuation of intangible assets which require the estimation of future cash flows and the selection of a suitable discount rate.

Impairment of intangible assets, including goodwill

Following the acquisition of Northgate Information Solutions plc in 2007/08, the Group has significant carrying values of goodwill and intangible assets, such as customer relationships, technology-based assets and trade names and other marketing related assets. Goodwill and other intangible assets are tested annually for impairment. The impairment tests involve estimation of future cash flows and the selection of a suitable discount rate and/or an assessment of the fair value of the intangible asset itself less any costs to dispose (note 9). In 2019 there was a single CGU only. In 2018 the intangible assets were allocated to the relevant CGU before any value in use estimation was carried out.

Recognition of internally generated intangible assets from development

Under IFRS, internally generated intangible assets from the development phase are recognised if certain conditions are met. These conditions include the technical feasibility, intention to complete, the ability to use or sell the asset under development and the demonstration how the asset will generate probable future economic benefits. The cost of a recognised internally generated intangible asset comprises all directly attributable cost necessary to make the asset capable of being used as intended by management. In contrast, all expenditures arising from the research phase are expensed as incurred.

We believe that the determination whether internally generated intangible assets from development are to be recognised as intangible assets requires significant judgement, particularly in the following areas:

- The determination whether activities should be considered research activities or development activities;
- The determination whether the conditions for recognising an intangible asset are met requires assumptions about future market conditions, customer demand and other developments;
- The term 'technical feasibility' is not defined in IFRS, and therefore the determination whether completing an asset is technically feasible requires a company-specific and necessary judgemental approach;
- The determination of the future ability to use or sell the intangible asset arising from the development and the determination of probability of future benefits from sale or use; and
- The determination whether a cost is directly or indirectly attributable to an intangible asset and whether a cost is necessary for completing a development.

Taxation

The Group is subject to corporate taxes in numerous jurisdictions. Management is required to exercise significant judgement in determining the worldwide provision for corporate taxes. Certain transactions require the use of estimates and judgements to determine the financial effect where the ultimate tax determination is uncertain. When the final outcome of such matters is different, from previous estimates, such differences will impact on the corporate tax in the period in which the determination is made.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

29. GROUP STATEMENT OF CASH FLOWS

	2019 £m	2018 £m
Continuing activities		
Net cash from operating activities	19.7	7.3
Net cash used in investing activities	(15.3)	399.3
Taxes paid	(2.7)	(2.3)
Net cash from financing activities	(6.8)	(402.7)
Discontinued activities		
Net cash from operating activities	-	(0.4)
Net cash used in investing activities	-	(3.5)
Net cash from financing activities	-	(0.8)
Net (decrease)/increase in cash and cash equivalents	(5.1)	(3.1)

30. SUBSEQUENT EVENTS

On 1 November 2019 NGA HR was acquired by Alight Solutions. Alight Solutions is a US based organisation and a leader in technology-enabled health, wealth and human capital management (HCM) and financial solutions. The combined expertise of both organisations is expected to yield new business opportunities and cost savings although it is not possible at this early stage to estimate the financial impacts. The Company has operated an incentive scheme for senior managers the value and timing of which is based on the value of the equity of the Group and is payable when the shareholder completes a disposal of the group. A liability of approximately £8m has therefore crystallised at the disposal date.

31. PRIOR PERIOD RESTATEMENTS

During the review and audit of other group companies, it came to management's attention that the discount rate used to calculate the value in use of the business and therefore the value of goodwill was too low. Use of the correct pre-tax discount rate of 21.2% resulted in an additional impairment to goodwill of £49.95m. Restated operating profit for the year ended 30 April 2018 is therefore lower by £50.0m. Impacts to and restatement of the financial statements for the prior period are given below.

	2018 £m	Additional Impairment £m	2018 Restated Prior to IFRS15 Restatement (See Note 32) £m
Group income statement			
Operating costs – continuing operations	304.8	50.0	354.8
Operating costs – total	397.4	50.0	447.4
Operating loss	18.3	50.0	68.3
Loss for the period after tax	94.2	50.0	144.2
Group statement of financial position			
Goodwill	112.9	50.0	62.9
Retained Earnings/(Losses)	(673.9)	(50.0)	(723.9)

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

32. FINANCIAL STATEMENTS RESTATEMENTS UNDER IFRS 15

Impact of IFRS 15 Restatement on the Group's consolidated financial statements

Impact on loss for the year ended 30 April 2019

	Continuing Operations			Total		
	As previously reported inc prior period restatement See note 31 £m	IFRS15 restatements £m	As restated £m	As previously reported inc prior period restatement See note 31 £m	IFRS15 restatements £m	As restated £m
Revenue	280.0	(0.3)	279.7	379.1	(0.3)	378.8
Operating costs	(354.8)	(2.6)	(357.4)	(447.4)	(2.6)	(450.0)
Operating loss	(74.8)	(2.9)	(77.7)	(68.3)	(2.9)	(71.2)
Loss for the period after tax	(147.6)	(2.9)	(150.5)	(144.2)	(2.9)	(147.1)

Impact on assets, liabilities and equity as at 30 April 2018

Trade & other receivables

	As previously reported £m	IFRS15 restatements £m	As restated £m
Non-Current Assets			
Accrued revenue (1)	-	2.8	2.8
Deferred costs to fulfil contracts (1)	-	52.2	52.2
Deferred costs to obtain contracts (1)	-	0.9	0.9
	-	55.9	55.9
Current Assets			
Trade receivables	46.3	-	46.3
Tax recoverable	1.2	-	1.2
Unamortised issue cost on RCF	1.3	-	1.3
Accrued revenue (1)	-	19.2	19.2
Deferred costs to fulfil contracts (1)	-	20.8	20.8
Deferred costs to obtain contracts (1)	-	0.3	0.3
Other receivables and prepayments	53.0	(42.2)	10.8
	101.8	(1.9)	99.9

(1) Accrued revenue and deferred costs were reported under other receivables and prepayments in 2018

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

32. FINANCIAL STATEMENTS RESTATEMENTS UNDER IFRS 15 (continued)

Impact on assets, liabilities and equity as at 30 April 2018 (continued)

Trade & other payables

	As previously reported £m	IFRS15 restatements £m	As restated £m
Non-Current liabilities			
Deferred revenue	-	49.0	49.0
Accruals	-	2.6	2.6
	-	51.6	51.6
Current liabilities			
Trade payables	13.4	-	13.4
Deferred revenue	10.7	10.8	21.5
Accruals	49.4	1.0	50.4
Social security and other taxation	15.0	-	15.0
Other payables	1.9	-	1.9
	90.4	11.8	102.2

Provisions

	As previously reported inc prior period restatement See note 31 £m	IFRS15 restatements £m	As restated £m
Non-Current liabilities			
Contract loss provision (2)	1.1	(1.1)	-
Property provision	0.9	-	0.9
Other provisions	0.2	-	0.2
	2.2	(1.1)	1.1
Current liabilities			
Contract loss provision (2)	0.9	(0.9)	-
Property provision	0.7	-	0.7
Other provisions	0.1	-	0.1
	1.7	(0.9)	0.8
Total effect on Net assets	114.1	(7.4)	106.7
Total effect on Shareholder's funds	114.1	(7.4)	106.7
Total effect on Retained earnings	(723.9)	(7.4)	(731.3)

(2) Contract loss provisions for onerous contracts are nil for the Group under IFRS 15. The impairment of deferred costs, within current and non-current assets reflects the amount to which the assets are recoverable. Any excess of future losses after fully impairing contract assets would be reported as a provision.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

32. FINANCIAL STATEMENTS RESTATEMENTS UNDER IFRS 15 (continued)

Impact on Cash Flow Statement for the year ended 30 April 2019

	As previously reported inc prior period restatement See note 31 £m	IFRS15 restatements £m	As restated £m
Loss for the period	(144.2)	(2.9)	(147.1)
Change in trade and other receivables	(3.7)	6.8	3.1
Change in trade and other payables	(13.9)	(3.9)	(17.8)

The implementation phase for Payroll and HR Admin services and for Consultancy takes zero to 3 years, during which time the related performance obligation is not being delivered to the customer. Under the contracts, NGA HR is entitled to bill the customer during the implementation phase and hence deferred revenue liabilities are created. Correspondingly costs incurred during this phase are assessed and, where they create a contract asset, are capitalised to deferred costs. Where revenue in implementation phase had previously been accrued to match the percentage of completion of that phase, this is no longer applicable and hence accrued revenue is smaller.

Previously reported revenue and costs of third party licence sales to customers were all recognised on the principal basis, where the gross charge to the customer is shown as revenue and the price paid to the supplier is shown as cost, both spread over the life of the licence. To restate to IFRS 15, the Group has identified any reseller agreements and used the agent basis to account for these. The full revenue over the life of the lease, less the full costs over the life, are recognised as commission revenue at the point that ownership transfers to the customer, which is when the Group's performance obligation is fulfilled. This is a timing difference in loss for the period, bringing profit forward from future years, as well as an increase in accrued revenue and accrued costs, for future invoices expected for the contract.

Deferred tax impacts of these changes are nil.

Sales commissions are incremental costs to obtain a contract and hence, where significant, are deferred and released over the life of the contract. There was no impact of the new accounting standard IFRS 15 on the Group's profit and loss or balance sheet.

Where the timing of revenue and profit recognition has changed the future estimated losses on any individual contract, the difference has been adjusted through provisions.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2019 (continued)

33. ANALYSIS OF DISCONTINUED AND CONTINUING OPERATIONS

Operating Costs

	Year ended 30 April 2019			Year ended 30 April 2018 (Restated)		
	Continuing Operations £m	Discontinued Operations (note 2) £m	Total £m	Continuing Operations £m	Discontinued Operations (note 2) £m	Total £m
Other external operating charges	84.5	-	84.5	61.0	22.9	83.9
Staff costs						
- wages and salaries	158.8	-	158.8	177.7	39.9	217.6
- social security costs	22.1	-	22.1	21.1	5.8	26.9
- other pension costs defined contribution	2.3	-	2.3	2.3	2.0	4.3
- other pension costs defined benefit – current year service cost	0.5	-	0.5	-	1.1	1.1
Depreciation of owned assets	2.9	-	2.9	4.1	0.5	4.6
Depreciation of assets held under finance leases	1.4	-	1.4	1.7	0.3	2.0
Amortisation of development costs and purchased software	18.1	-	18.1	16.6	4.9	21.5
Amortisation of acquired intangibles	2.3	-	2.3	6.6	13.9	20.5
Impairment of goodwill	15.7	-	15.7	50.0	-	50.0
Impairment of other intangible assets	1.4	-	1.4	-	-	-
Other Income	(4.6)	-	(4.6)	-	(4.3)	(4.3)
Loss on disposal of fixed assets	-	-	-	4.8	0.1	4.9
Loss/(Profit) on sale of subsidiary (note 2)	-	(0.6)	(0.6)	-	5.1	5.1
	305.4	(0.6)	304.8	345.9	92.2	438.1
Severance and restructuring	2.9	-	2.9	6.5	0.2	6.7
Consultancy fees	2.8	-	2.8	0.9	-	0.9
Contract termination costs	0.1	-	0.1	0.1	-	0.1
Property provisions	0.1	-	0.1	1.6	0.2	1.8
Impairment of JV investments	-	-	-	2.4	-	2.4
Significant restructuring, one-off items and property costs	5.9	-	5.9	11.5	0.4	11.9
Total operating costs	311.3	(0.6)	310.7	357.4	92.6	450.0

Net Financing Costs

	Year ended 30 April 2019			Year ended 30 April 2018		
	Continuing Operations £m	Discontinued Operations (note 2) £m	Total £m	Continuing Operations £m	Discontinued Operations (note 2) £m	Total £m
Interest income – bank and other interest receivable	0.1	-	0.1	2.0	-	2.0
Financial income	0.1	-	0.1	2.0	-	2.0
Interest expense – bank loans and overdrafts – cash spend	1.7	-	1.7	14.2	1.7	15.9
Interest expense – bank loans and overdrafts – accrued	1.1	-	1.1	0.3	-	0.3
Non-cash bank loan interest – added to loan	0.7	-	0.7	15.4	-	15.4
Amortisation of loan arrangement fees	0.4	-	0.4	24.9	-	24.9
Net foreign exchange losses/currency derivatives	1.3	-	1.3	16.3	0.1	16.4
Finance charges payable under finance leases	0.5	-	0.5	0.7	0.1	0.8
Net pension finance expense (note 16)	-	-	-	-	1.2	1.2
Financial expenses	5.7	-	5.7	71.8	3.1	74.9
Net financing costs	5.6	-	5.6	69.8	3.1	72.9

Northgate Information Solutions Limited

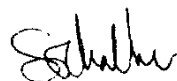
Financial Section (continued)

Company Statement of Financial Position as at 30 April 2019

	Notes	2019 £m	2018 Restated (note 9) £m
Non-current assets			
Investments	4	82.7	124.9
Debtors: amount falling due after more than one year	5	-	7.2
Total non-current assets		82.7	132.1
Current assets			
Debtors: amount falling due less than or equal to one year	5	8.5	-
Total assets		91.2	132.1
Current liabilities			
Interest-bearing loans and borrowings	6	8.8	0.3
Total current liabilities		8.8	0.3
Total assets less current liabilities		82.4	131.8
Non-current liabilities			
Creditors: amount falling due after more than one year	7	52.0	53.5
Interest-bearing loans and borrowings	6	-	7.4
Total non-current liabilities		52.0	60.9
Net assets		30.4	70.9
Capital and reserves			
Issued share capital	8	6.1	6.1
Other Reserves		831.9	831.9
Retained earnings		(807.6)	(767.1)
Shareholders' funds		30.4	70.9

The notes on pages 55 to 61 form part of the financial statements

Approved by the Board of Directors on 28 January 2020 and signed on its behalf by



Steven Chalker
Chief Financial Officer

Northgate Information Solutions Limited

Financial Section (continued)

Company Statement of Changes in Equity as at 30 April 2019

	Share capital £m	Other reserves £m	Retained earnings £m	Equity shareholders funds £m
Balance at 30 April 2017	6.1	831.9	(633.6)	204.4
Restated loss for the year (note 9)	-	-	(133.5)	(133.5)
Balance at 30 April 2018	6.1	831.9	(767.1)	70.9
Loss for the year			(40.5)	(40.5)
Balance at 30 April 2019	6.1	831.9	(807.6)	30.4

The notes on pages 55 to 61 are part of these financial statements

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the company accounts for the year ended 30 April 2019

1. ACCOUNTING POLICIES

The accounting policies have been applied consistently in dealing with items which are considered material in relation to the accounts.

Basis of Preparation

Northgate Information Solutions Limited (the Company) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared under the historical cost convention.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs) but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management,
- The effects of new but not yet effective IFRSs, and
- Disclosures in respect of the compensation of Key Management Personnel

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

Accounting developments

IFRS 9 was applied for the first time in these financial statements. This has not resulted in any financial impacts.

Foreign currency

Transactions in foreign currencies are translated into Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Financial Instruments

The policies disclosed in note 1 to the Group financial statements in respect of recognition, measurement and presentation of financial instruments are applicable to the Parent Company financial statements.

Amounts receivable from or owed to group undertakings are recognized at amortised cost using the effective interest method and are reduced by allowances for effective credit losses.

Investments

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the Directors, there has been impairment to their value in which case they are immediately written down to their estimated recoverable amount.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the company accounts for the year ended 30 April 2019

2. STAFF NUMBERS

The only employees of the Company were the Directors. The average number employed during the year was Nil (2018: 3), and all employees were transferred to other Group companies during the previous year. No remuneration was paid by the Company to the Directors (2018: nil). The notional cost of directors was considered inconsequential during the current and prior year.

3. RESULT FOR THE FINANCIAL YEAR

The Company made a loss of £40.5m in the year (2018: £133.5m loss (restated)).

4. INVESTMENTS

	<i>Subsidiary undertakings £m</i>
Cost:	
Investment in NIS Acquisitions Ltd	
At 1 May 2018 and 30 April 2019	232.0
Impairment losses:	
At 1 May 2017	(0.0)
Impairment charge for the year	(51.0)
At 30 April 2018	(51.0)
Additional impairment charge for the year (prior year adjustment) (note 9)	(56.1)
At 30 April 2018 restated	(107.1)
Impairment charge for the year	(42.2)
At 30 April 2019	(149.3)
Net book value:	
At 30 April 2019	82.7
At 30 April 2018 (restated) note 9	124.9

In 2019 the recoverable amount with regard to the investment in subsidiary figure was determined from its fair value less costs to sell. This was based on the external valuation received as part of the sales process which finally resulted in the sale of its subsidiaries to Aight Solutions on 1st November 2019 (see note 30 page 48). The resulting impairment identified of £42.2m has been reflected in the current year.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the company accounts for the year ended 30 April 2019

4. INVESTMENTS (continued)

The subsidiary undertakings at 30 April 2019 the nature of whose business is the sale of computer solutions and services were

Company Name	Shareholding	Registered Office address
NIS Acquisitions Limited*	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
ARINSO Argentina S.A.	100%	Citicentre Building, Prilidiano Pueyrredon 2989 Piso 2 Fase II, 1640 Martinez, Pcia de Buenos Aires, Argentina
ARINSO Australia Pty Ltd	100%	Ground Floor, 164 Fullarton Road, Dulwich SA 5065, Australia
ARINSO France SAS	100%	Rue de l'egalite 2, 92748 Nanterre, Cedex, France
ARINSO Ibenca S.A.U.	100%	Edificio America II, C/Procion 7, Puerta 3, Planta 1a, 28023 Madrid, Spain
ARINSO International Philippines Inc.	100%	4/F Building 1, ETON Cyberpod, Conmithian Ortigas Avenue, cor EDSA, Quezon City 1110, Philippines
ARINSO Luxembourg SA	100%	32-36 Boulevard D'Avranches, L-1160 Luxembourg, Luxembourg
ARINSO Mexico SA de CV	100%	Belisario Dominguez No 64, Col Miguel Hidalgo, Delegacion Tlalpan, C.P. 14260, Mexico
ARINSO People Services Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
ARINSO Portugal – Sistemas Software e Servicos SA	100%	Rua Rodrigo Sampaio, 21-5D, 1150-278 Lisboa, Portugal
ARINSO UK Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
NGA HR India Pvt Ltd	100%	3rd Floor, Madhu Industrial Estate, Pandurang Budhkar Marg Work, Mumbai, India
NGA Human Resources Denmark A/S	100%	Høfdingsvej 34, 1 floor, 2500 Valby, Denmark
NGA Human Resources Oy	100%	Italahdenkatu 22A, 00210, Helsinki, Finland
NGA Human Resources Sweden AB	100%	NorthgateAniso Sweden AB, Gustavslundsvägen 135, 5 tr, 167 51 Bromma, Sweden
NGA Japan KK (NGA Japan Kabushiki Kaisha)	100%	Ebisu Prime Square, 9F No 1-39 Hirao 1-chome, Shibuya-ku, Tokyo, 150-0012, Japan
NGA Outsourcing Canada Inc.	100%	The Standard Life Building, 121 King Street West, Suite 2220, Toronto ON M5H 3T9, Canada
NGA Outsourcing Malaysia Sdn Bhd	100%	3-9 3rd Floor Block B, Megan Avenue II, H12 Jalan Yap Kwan Seng 50450 Kuala Lumpur, Malaysia
NGA Outsourcing Singapore Pte Ltd	100%	20 McCallum Street, 16-01 Tokio Marine Centre, 069046, Singapore
NIS Holdings BV	100%	Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands
NIS Payroll Solutions (India) Private Limited	100%	A-41 shubham Co Operative Housing Society Ltd, Akur, Road (Kandivali (East)), Mumbai, 400101, India
NIS Receivables No. 2 Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
NIS Receivables No. 1 Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate Aniso Hungary Korlatolt Felelossegu Tarsasag	100%	1146 Budapest, Hermina ut, 17, floor no 87, Budapest, Hungary
Northgate Information Solutions China Ltd	100%	7th Floor, Rutong House, 11 Duddell Street, Central, Hong Kong, Hong Kong
Northgate Information Solutions Holdings Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate JK Company	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
NorthgateAniso Austria AG	100%	Mariahilfer Straße, 123.3, 1060, Wien, Austria
NorthgateAniso Belgium SA/NV	100%	Floor 1, The Crescent, Route de Lennik 451, Lennikse Bani, Lennikse Bani 1070 Brussels, Belgium
NorthgateAniso Brazil Informatica Ltda	100%	Alameda Madeira Numero 53, 5 andar, conjunto 52, Alphaville, municipio de Barueri, Sao Paulo, Brazil
NorthgateAniso Canada Inc.	100%	340 Albert Street, Suite 1400, Ottawa ON K1R 0A5, Canada
NorthgateAniso Deutschland GmbH	100%	Waldeckerstrasse 11, 64546 Mörfelden, Walldorf, Germany
NorthgateAniso France Holdings SAS	100%	Rue de l'egalite 2, 92748 Nanterre, Cedex, France
NorthgateAniso Granada S.A.U.	100%	Arabial No 19, 18004, Granada, Spain
NorthgateAniso HR Services LLC	100%	9 Letnikovskaya Str, 114115, Moscow, Russian Federation
NorthgateAniso Inc.	100%	8000 Baymeadows Way, Jacksonville, FL 32256-7520, United States
NorthgateAniso Information Technology Services (Dalian) Co	100%	5F Bldg 11 Dalian Software Park, 5 Digital Square, Dalian, Liaoning, 116023, China
NorthgateAniso Israel Limited	100%	Aba Hiei Silver St, 16 Ramat Gan, Tel Aviv, Israel
NorthgateAniso Italia Limited	100%	Via Murat, 23, 20155, Milano, Italy
NorthgateAniso Malaysia Sdn Bhd	100%	10th Floor, Menara Hap Seng, No 1 & 3 Jalan P Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia
NorthgateAniso Nederland BV	100%	Nevelgaarde 9, 3436ZZ Nieuwegein, Netherlands
NGA HR Sp z o o	100%	Sciegiennego 3 Str, 40 114 Katowice, Poland
NorthgateAniso Singapore PTE Ltd	100%	Tokio Marine Centre, 20 McCallum Street, 16-01 Singapore 069046, Singapore
NorthgateAniso Spain S.A.U.	100%	Calle Gran via de Colon, 59, 18001, Granada, Spain
NorthgateAniso Switzerland Ltd	100%	Av. Vollier 13, CH 1260 Nyon, Switzerland

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the company accounts for the year ended 30 April 2019

4. INVESTMENTS (continued)

Company Name	Shareholding	Registered Office address
NorthgateAniso Thailand Company Ltd	100%	17th Floor, Unit 2-4, 191 Silom Road, Kwaeng, Silom, Khet Bangrak, Bangkok, Thailand
NorthgateAniso Turkey HR Consultancy and Outsourcing Ltd	100%	Barbaros Mahallesi Halk Caddesi No: 8/A, Palladium Ofis ve Residence Binasi Kat: 2, 34746 Ataşehir, Istanbul, Turkey
Rebus Group Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Holdings Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus HR Group Ltd	100%	Appleby Services (Bermuda) Ltd, Canon's Court, 22 Victoria Street, Hamilton, Bermuda, HM 12, Bermuda
Rebus HR Holdings Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus HR Management Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Human Resource Services Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Human Resources Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Software Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom

* held directly by Northgate Information Solutions Limited

All shares held are ordinary shares

The Directors have considered the value in use of the investments using a combination of Income Approach and Market valuation methodologies and have concluded that no impairment in investment value is appropriate.

5. DEBTORS

	Notes	2019 £m	2018 (Restated) £m
Non-current assets			
Amount owed by group undertakings	6	-	7.1
Other receivables		-	0.1
		-	7.2
Current assets			
Amount owed by group undertakings	6	8.5	-

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the company accounts for the year ended 30 April 2019

6. INTEREST BEARING LOANS AND BORROWINGS

	2019 £m	2018 (Restated) £m
Current liabilities		
Amount due to group undertakings	8.5	-
Obligations under finance leases	0.3	0.3
	8.8	0.3
Non-current liabilities		
Amount due to group undertakings	-	7.1
Obligations under finance leases	-	0.3
	-	7.4

During the previous year Northgate UK Holdings 2 Limited, another group company, received a loan of £7.1m from GSMP V Onshore S à r l, GSMP V Offshore S à r l, GSMP V Institutional S à r l & Broad Street Credit Holdings LLC. This loan was passed down through the group from Northgate UK Holdings 2 Limited to Northgate Information Solutions Holdings Limited via the intermediate holding companies being Northgate UK Holdings 3 Limited, Northgate UK Holdings 4 Limited and Northgate Information Solutions Limited.

Per the terms of the loan agreement, the total amount payable to the lenders inclusive of the principal advance at 31 January 2018, was £14m. The principal loan amount of £7.1m together with interest of £0.3m was repaid on 31 January 2018. The amount outstanding as at 31 January 2018 of £6.7m was converted into a new loan which attracts interest at 20% per annum. The new loan and any accrued interest is payable on the earlier of September 2022 or the sale of all or the majority of operating assets of the group.

The amount owed by group undertakings at the year end represents the advance of £6.7m and the accrued interest thereon due from Northgate Information Solutions Holdings Limited. The amount due to group undertakings represents the advance and accrued interest due to Northgate UK Holdings 4 Limited.

7. CREDITORS

	2019 £m	2018 (Restated) £m
Non-current liabilities		
Amount due to group undertakings	52.0	53.5
	52.0	53.5

8. SHARE CAPITAL

The share capital of the Company is as follows

	2019 £m	2018 £m
Allotted, called up and fully paid:		
605,300,340 ordinary shares of £0.01 each (2017: 605,300,340 shares of £0.01)	6.1	6.1

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the company accounts for the year ended 30 April 2019

9. PRIOR PERIOD RESTATEMENT

During the review of the accounts for the year ended 30 April 2018 in respect of certain of the Company's subsidiaries and after the filing of these Group and Company accounts for the same period, management became aware of oversights in the preparation of the Northgate Information Solutions Ltd Company accounts for the year ended 30 April 2018. These are summarised below.

- The discount rate used in the valuation exercise to support the carrying value of the investment in subsidiary (see Note 4) as at 30 April 2018 was too low. Use of the amended discount rate identified an additional impairment of £56.1m to be recognised in the prior year.
- Financial expenses for the year ended 30 April 2018 were understated by £21.9m. Expenses crystallised as a result of the repayment of the Company's loan facility were incorrectly passed through to another subsidiary undertaking amounts due to subsidiary undertakings at the prior year end therefore were also understated by the same amount.
- During the year ended 30 April 2018, the Company took out a loan from an intermediate parent company Northgate UK Holdings 4 Ltd and issued a loan to its indirect subsidiary Northgate Information Solutions Holdings Limited. Neither principal amounts of £6.8m, accrued interest £0.3m nor associated interest charges or income of £0.3m for either loan were recorded in the books of the Company.
- A finance lease liability of £0.6m was omitted from the Company's books. This lease liability had been reflected in the books of another subsidiary undertaking in error. Amounts due to subsidiary undertakings at that date therefore were overstated by the same amount.

The impacts of these restatements on the Company's Statement of Financial Position and Statement of Changes in Equity are shown below.

Restated Company Statement of Financial Position as at 30 April 2018

	<i>As previously reported</i> £m	<i>Adjustments</i> £m	<i>Restated</i> £m
Non-current assets			
Investments	181.0	(56.1)	124.9
Debtors' amount falling due after more than one year	0.1	7.1	7.2
Total non-current assets	181.1	(49.0)	132.1
Current liabilities			
Interest-bearing loans and borrowings	-	0.3	0.3
Total current liabilities	-	0.3	0.3
Total assets less current liabilities	181.1	(49.3)	131.8
Non-current liabilities			
Creditors' amount falling due after more than one year	32.2	21.3	53.5
Interest-bearing loans and borrowings	-	7.4	7.4
Total non-current liabilities	32.2	28.7	60.9
Net assets	148.9	(78.0)	70.9

Northgate Information Solutions Limited

Financial Section (continued)

Notes to the company accounts for the year ended 30 April 2019

9. PRIOR PERIOD RESTATEMENT (continued)

Restated Company Statement of Changes in Retained Equity for the year ended 30 April 2018

	<i>As previously reported £m</i>	<i>Adjustments £m</i>	<i>Restated £m</i>
Balance at 30 April 2017	(633.6)	-	(633.6)
Loss for the year	(55.5)	(78.0)	(133.5)
Balance at 30 April 2018	(689.1)	(78.0)	(767.1)

10. IMMEDIATE AND ULTIMATE PARENT COMPANY

On 30 April 2019 the immediate parent company of the company is Northgate UK Holdings 4 Limited, a company registered in England and Wales, and the ultimate parent company was Northgate Luxembourg Holdings GP S.à.r.l., a company registered in Luxembourg. The Group was ultimately controlled by funds advised by The Goldman Sachs Group, Inc.

Northgate Information Solutions Limited

Directors and Advisers

Directors

Andrew Monshaw Chief Executive Officer

Steven Chalker Chief Financial Officer

Registered Office

Peoplebuilding 2
Peoplebuilding Estate
Maylands Avenue
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Registered Number

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Auditor

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