Registered number: 02814942

ALLOCATE SOFTWARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

ALLOCATE SOFTWARE LIMITED

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ALLOCATE SOFTWARE LIMITED

COMPANY INFORMATION

Directors	N S Wilson R F Atlas J J Harston
Registered number	02814942
Registered office	2nd Floor 1 Church Road Richmond TW9 2QE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	HSBC Bank plc 65 Packhorse Road Gerrards Cross Buckinghamshire SL9 8PH
Solicitors	Kirkland and Ellis 30 St Mary Axe London EC3A 8AF

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2020

The directors present the Strategic Report of Allocate Software Limited ("Allocate" or the "Company") for the year ended 31 May 2020, together with the audited financial statements and auditors' report for the year ended 31 May 2020.

Principal activities

Allocate's vision is to be the leading international provider of SaaS-based healthcare workforce management and operations software, supporting healthcare organisations to enable their staff to deliver safe, efficient and high quality services.

Allocate provides workforce management software for healthcare. Allocate's applications and services enable greater insight into sub-optimal workforce resourcing, enabling significant cost reductions and improved efficiencies. Customers can precisely identify and reduce waste, while managing and monitoring process, governance, risk and compliance issues to ensure that operational front-line delivery is maintained and frequently improved. Allocate understands the complex environments its customers operate in and can deliver unrivalled market expertise underpinned by proven technology.

Future developments

Allocate's objective is to increase shareholder value by developing a robust, profitable and cash-generative organisation through a combination of organic growth and carefully targeted acquisitions. Continued organic growth will come from developing innovative new applications to meet our existing customers' growing requirements and identifying new markets for existing products and service, including new geographical markets.

During the year, Allocate continued to transition to selling its core products, including HealthRoster/Optima, on a SaaS basis. Allocate's SaaS offering represents an enhanced proposition to customers including dedicated Customer Success support, accredited training, as well as more regular upgrades and updates.

Business review

The Company's results for the year are set out in the Statement of Comprehensive Income on page 12.

Allocate has continued to perform well in its healthcare sector. Total revenue for Allocate amounted to £54,064,000 (2019: £47,722,000), which was an increase of £6,242,000 or 13% over the prior year.

Allocate's operating profit for the year, amounted to £5,506,000 (2019: £9,559,000), including £3,838,000 (2019: £4,408,000) of exceptional costs.

Allocate's financial position is shown on page 13. As at 31 May 2020, the Company had net assets of £64,475,000 (2019: net assets of £60,818,000) and net current assets of £42,514,000 (2019: net current assets of £36,957,000). As a result of Allocate's revenue recognition policies, a balance of £36,493,000 (2019: £32,345,000) of deferred revenue was held on the Statement of Financial Position at the year end.

Allocate successfully won many new customer deals during the year. Key operational highlights during the year included:

- At the end of the year, over a million staff were rostered on Allocate products, with 956,236 (2019: 833,848) on the Software as a Service (SaaS) Optima platform;
- Allocate's customer base now exceeds 800 organisations;
- Continued growth in the HealthRoster and Optima nursing customer base in the UK, which reinforced the product's position as the most commonly used e-rostering system in the NHS;
- Strong growth in the Medics market with growth in revenue from the complementary Medics suite of products (eJobPlan, eRota, MedicOnline, MedicOnDuty, Activity Manager and MedicAppraisal);

Business review (continued)

- Further transition of existing customers to the Allocate Cloud hosting service as part of a subscription service. At the end of the year, 96% (2019: 92%) of UK HealthRoster customers were Cloud- hosted;

- Continued investment in new products CloudStaff and eCommunity. Cloudstaff enables the collaborative sharing of staff across organisational boundaries and is built on top of the functionality within the existing installed base for contingent workforce deployment already used by the majority of NHS Trusts in England. eCommunity is a workforce planning tool for community healthcare providers;

- The acquisition of 100% of the share capital of Enterprise Study Limited. Enterprise Study Limited is a SaaS company offering Learning Management Systems and an online training marketplace. Recruitment and retention of highly skilled workforces is one of the biggest challenges facing health and care organisations globally, as they seek to deliver better care to patients within resource-constrained environments

- Allocate now has more than 1 million regular users of Allocate's Employee Online service that enables shift booking via mobile devices.

- Management EBITDA for the year was £15,368,000 (2019: £17,197,000). The decrease is due to higher costs incurred by overseas subsidiaries on behalf of Allocate, which were recharged to Allocate plus a mark-up.

Business Acquisitions

On 2 September 2019, the Company purchased 100% of the share capital of Enterprise Study Limited, through Allocate Software Limited. The purchase was financed by internal resources.

Section 172(1) statement

The Company directors are mindful of their duties under section 172(1) of the Companies Act. A long- term outlook is maintained through a financial and operational plan which stretches forward several years and is reviewed at board level. Key management are incentivised to add long-term value via a share plan scheme, details of which can be found in note 24 to the financial statements. Business and financial risks that could impact on the long-term viability of the Company, and how they are managed, are contained in this Strategic Report.

The board agreed definition of a 'Principal decision' is a decision that has a long-term significant impact on the business or its key stakeholders. The principal decisions taken during the year by the directors include business acquisitions, financing and responding to any global events such as Covid-19. The directors ensure that key management personnel are consulted on any principal decisions, to ensure that all stakeholders are fairly considered.

The directors look to play their part in fostering a healthy trading supply chain. They ensure that payments are made to suppliers promptly to support cashflows, and customers are engaged with regularly through the customer success and account management teams to ensure any issues are dealt with and their feedback is considered for future product roadmap decisions.

The Company has been audited in the year in line with the Energy Savings Opportunity Scheme ('ESOS'), and implemented a number of actions in order to reduce negative impacts on the environment.

The Company has a mission statement which is the foundation for its high standards of business conduct. This is, "We care about helping people deliver the best Healthcare." The directors refer to these mission statements during the principal decision-making processes.

Allocate's modern slavery statement and policy can be found on the company website. The Company has a Head of Tax who ensures that tax returns and payments are submitted on time and within relevant laws and regulations.

During the year, the directors have taken a risk averse approach to the Covid-19 pandemic, acting quickly to best shield and support its employees, customers and suppliers. A working group comprising senior management and

Section 172(1) statement (continued)

extended leadership members has met daily throughout the pandemic with different workstream leaders assessing the risks to Allocate and drawing up plans to address them as appropriate. The approach through the pandemic has been to at least follow the relevant government guidance and in some cases take even more risk averse decisions. The decision to have staff work from home to minimise the risk of infection was taken before the government guidance was issued. The infrastructure was already in place to do this and wellbeing support has been made available to employees during this time. A daily questionnaire was filled in by employees which identified anyone who had Covid-19 symptoms so the business could react as appropriate. Allocate also mobilised volunteer teams to support the quick setup of the Nightingale hospitals, with consideration made towards protecting volunteers with additional Personal Protective Equipment provided. As the directors consider the evolving situation, the return to office working is currently at reduced capacity to ensure social distancing, again with Personal Protective Equipment provided as appropriate.

The directors have considered possible acquisition activity through the year by evaluating the Company's own financial and operational position and those of a number of possible targets. In acquiring Enterprise Study Limited the board felt that the learning management product would round out its product portfolio, further helping customers to engage with their staff and improve retention. Due diligence was performed as appropriate through a number of workstreams before a detailed investment case was produced for board sign off.

The average number of employees within the Company during the year was 243 (2019: 226). The directors aim to keep employees informed and updated on matters relevant to them through regular communications.

The directors have utilised a number of communication methods with employees through the year, including Townhalls, weekly CEO updates, quarterly newsletters and employee engagement surveys. Employee engagement is measured quarterly, using an external anonymised tool. This enables the directors to see and respond to anonymised feedback. A number of initiatives were implemented in response to the feedback, including career development workshops and location improvements.

The Company is committed to offering equal staffing opportunities and its policies are designed to attract, retain, and motivate staff regardless of gender, sexual orientation, race, religion, age or disability.

The Company allows certain managers in the business to buy shares in parent undertaking Antidote Topco Limited, to incentivise them to deliver an increase in enterprise value of the Company. Shares are issued at market value as determined by an independent valuation carried out annually. Ownership of the shares is contingent on continued employment within the Company, and shares can only be sold where there is a change of ownership of the Company. Should shareholders leave Group employment they must sell their shares back to the Company at the lower of cost and market value, unless they are classified as a good leaver at the discretion of the directors, in which case the valuation is the higher of cost or market value. The cost of this scheme is reflected in the financial statements in accordance with IFRS 2.

Allocate is an equal opportunity employer, and has policies in place in respect of applications for employment of disabled persons for each country it operates in. We do not discriminate against anyone including disabled people in our recruitment of candidates. We have introduced measures into our selection process to remove biases from selection decisions. Our recruitment process includes the use of psychometric assessments. An outcome of these assessments is the reduction in biases within the selection process. This process is applied consistently across all Group offices globally.

In the event an employee was to become disabled during their employment. Allocate would arrange an assessment (based on the requirements within the country) to understand the reasonable adjustments that may be required to support the employee to work effectively in their role.

All employees are provided the same access to opportunities regardless of disability.

Principal risks and uncertainties

Business risks

The directors have identified the following principal business risks of the Company:

a) Customer retention and competition
The risk is the loss of customers to competitors resulting in the erosion of Revenue and Profit. Allocate has a sales and account management team appropriately staffed and structured to focus on maintaining good customer relationships. In addition, senior managers of Allocate, including Executives, have frequent customer contact, not only through personal visits, but also at events, both Allocate customer centred and industry wide.

Allocate invested and continues to invest considerable resource in research and development to keep its products competitive with or ahead of others in the market. Allocate also invests in customer support and closely monitors customer support satisfaction metrics on a regular basis.

b) Product quality and services delivery
The risk is a fall in product quality or level of customer service leading to a fall in customer satisfaction and/or significant additional costs to rectify. Allocate frequently monitors customer-level product feedback at meetings of its senior management team along with the quality of its product releases. Should a significant product quality or customer service problem arise, a senior manager leads a process with the customer and the appropriate resources within Allocate to resolve the matter in a timely and satisfactory way.

c) Product development and Intellectual Property Rights (IPR)
The risk is infringement of Allocate's IPR, or Allocate could inadvertently infringe the IPR of a third party. Allocate's sales and marketing teams are constantly monitoring the products offered by Allocate's competitors. Should a competitor offer a product that could have infringed Allocate's IPR, management and, if appropriate, the Board would be alerted to the situation and appropriate actions to remediate would then be discussed and put in place. Senior management in R&D closely monitor code used in the development of Allocate's products and ensure that Allocate is not inadvertently incorporating code that would run the risk of infringing the IPR of a third party.

d) Business systems
The risk is a failure in either customer facing or internal business systems that impairs Allocate's ability to transact business. Allocate has invested in centralised IT and business systems resource as well as finance resource and modern scalable back office systems. In addition, Allocate has in place agreements with reputable third parties for the back-up of the systems, should a catastrophic failure occur. See section 172 (1) statement for an assessment of people risks.

e) Business continuity risk

The Covid-19 outbreak is impacting businesses across the globe both financially and operationally. Allocate has been supporting healthcare providers in the UK as they tackle this disease. At the outset of the virus outbreak, the Company took a number of financial and operational measures in order to mitigate the impact on its business (see Section 172 (1) statement). Additionally a number of financial models are maintained, which are continually updated in order to ensure there is good visibility into the financial performance and cash generation of the Company. At this time Allocate is confident in its ability to react appropriately and safeguard its financial performance and position.

Financial risks

a) Credit risk
The Company has no significant concentration of credit risk. The Company operates effective credit control policies that ensure sales of services are made to customers with appropriate credit histories. The Company's cash and cash equivalents are held with reputable institutions.

b) Foreign exchange risk
The Company only makes limited sales in foreign currencies. The Company is therefore not considered to be materially exposed to foreign exchange risk arising from currency exposure.

ALLOCATE SOFTWARE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020

Financial risks (continued)

c) Liquidity risk
The Company has minimal liquidity risk since it has access to satisfactory levels of cash and cash equivalents for its operational requirements and to fund the future growth plans for the business. The Company prepares regular cash flow forecasts to ensure its funding requirements continue to be met.

d) Interest rate risk
The Company's interest rate risk is not considered to be material as the only interest-bearing liabilities accrue interest at a fixed rate.

Post balance sheet events

On 1 October 2020 Allocate acquired 100% of the share capital of the UK incorporated company Software (Europe) Limited, for £14.8 million. Software (Europe) Limited owns Selenity Limited, a UK company providing cloud-based human resource and finance process management software. Its solutions are used by 400+ customers including 200 customers in health and care. The addition of Selenity Limited broadens Allocate's human capital management (HCM) offer and streamlines people management processes at a time when organisations are under unique pressure to unlock efficiency for sustainability and provide the best worker experience.

Key performance indicators (KPIs)

The Company uses Management EBITDA as the key performance indicator to measure progress towards objectives:

	2020	2019
	£000	£000
Management EBITDA (see note 6)	**15,368**	17,197

This report was approved by the board and signed on its behalf by:

J J Harston
Director

Date: 11 December 2020

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2020

The directors present the annual report and the audited financial statements of Allocate Software Limited ("Allocate" or the "Company") for the year ended 31 May 2020, together with the audited financial statements and auditors' report for the year ended 31 May 2020.

Results and dividends

The profit for the financial year amounted to £3,150,000 (2019: £9,538,000).

The directors confirm that no dividend is proposed, or has been paid, in respect of the Company in the financial year ended 31 May 2020 (2019: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

N S Wilson
R F Atlas
J J Harston

Research and development

Allocate continues to develop and maintain its existing software products whilst staff work to develop and design new and more effective systems and products. Allocate incurred £8,721,000 (2019: £8,737,000) of research and development in the year of which £911,000 (2019: £1,948,000) was capitalised and the remainder was expensed in the income statement. This relates to product enhancements and research.

Financial instruments

The Company uses various financial instruments, which include cash and other items such as trade debtors, trade creditors and loans that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks. These are currency risks, liquidity risks, credit risk and interest rate risk. The directors review and agree policies for managing each of these risks. Refer to the Strategic report on pages 2 to 6 for more detail on the financial risks.

Other information

An indication of likely future developments in the business, business review, principal risks and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 2 to 6.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of signing these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the company's financial statements. For further details of the enquiries made by the directors see note 2 to the financial statements.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is appropriate to presume that the Company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue as auditors.

The financial statements on pages 12 to 44 were approved by the Board of Directors on 11 December 2020 and signed on its behalf by:

J J Harston
Director

Report on the audit of the financial statements

Opinion

In our opinion, Allocate Software Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of financial position as at 31 May 2020; Statement of comprehensive income, Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLOCATE SOFTWARE LIMITED (CONTINUED)

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 May 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 11 December 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2020

	Note	2020 £000	2019 £000
Turnover	4	**54,064**	47,722
Cost of sales		**(7,701)**	(8,729)
Gross profit		**46,363**	38,993
Administrative expenses		**(40,857)**	(29,434)
Operating profit	6	**5,506**	9,559
Income from shares in group undertakings		**1,762**	1,656
Interest receivable and similar income	10	**558**	187
Interest payable and similar expenses	11	**(2,438)**	(1,482)
Profit before taxation		**5,388**	9,920
Tax on profit	12	**(2,238)**	(382)
Profit for the financial year		**3,150**	9,538
Total comprehensive income for the financial year		**3,150**	9,538
Management EBITDA	6	**15,368**	17,197

The notes on 15 to 44 form part of these financial statements.

ALLOCATE SOFTWARE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2020

	Note		2020 £000		2019 £000
Fixed assets					
Intangible assets	13		**20,361**		19,650
Tangible assets	14		**875**		996
Right-of-use-assets	30		**1,816**		-
Investments	15		**28,555**		29,304
			51,607		49,950
Current assets					
Stocks	16	**9**		110	
Debtors: amounts falling due within one year	17	**98,242**		80,209	
Cash at bank and in hand	18	**15,462**		4,774	
		113,713		85,093	
Creditors: amounts falling due within one year	19	**(71,199)**		(48,136)	
Net current assets			**42,514**		36,957
Total assets less current liabilities			**94,121**		86,907
Creditors: amounts falling due after more than one year	20		**(27,275)**		(25,659)
			66,846		61,248
Provisions for liabilities					
Deferred taxation	21		**(2,371)**		(430)
Net assets			**64,475**		60,818
Capital and reserves					
Called up share capital	22		**3,568**		3,568
Capital contribution reserve	23		**2,209**		1,702
Profit and loss account	23		**58,698**		55,548
Total shareholders' funds			**64,475**		60,818

The financial statements on pages 12 to 44 were approved and authorised for issue by the board and were signed on its behalf by:

J J Harston
Director

Date: 11 December 2020

The notes on pages 15 to 44 form part of these financial statements.

ALLOCATE SOFTWARE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2020

	Called up share capital £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 June 2018	3,568	-	46,010	49,578
Comprehensive income for the financial year				
Profit for the financial year	-	-	9,538	9,538
Total comprehensive income for the financial year	-	-	9,538	9,538
Contributions by and distributions to owners				
Capital contribution (notes 23 and 24)	-	1,702	-	1,702
Total transactions with owners	-	1,702	-	1,702
At 31 May 2019 and 1 June 2019	**3,568**	**1,702**	**55,548**	**60,818**
Comprehensive income for the financial year				
Profit for the financial year	-	-	**3,150**	**3,150**
Total comprehensive income for the financial year	-	-	**3,150**	**3,150**
Contributions by and distributions to owners				
Capital contribution (notes 23 and 24)	-	**507**	-	**507**
Total transactions with owners	-	**507**	-	**507**
At 31 May 2020	**3,568**	**2,209**	**58,698**	**64,475**

The notes on pages 15 to 44 form part of these financial statements.

1. General information

Allocate Software Limited (the "Company") is a private company limited by shares, incorporated in the United Kingdom and domiciled in England and Wales. The address of the registered office is 2nd Floor, 1 Church Road, Richmond, TW9 2QE.

The Company's principal activity is to provide workforce management software for healthcare.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- the requirements of paragraphs 73(e) of IAS 16 Property, plant and equipment
- the requirements of paragraphs 118(e) of IAS 38
- the requirements of paragraphs 45(b), 46-49, 50-52 of IFRS 2 Share based payments.

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the Strategic Report. The Strategic Report also describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facility. The directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 16 adoption

The IASB issued IFRS 16 on 13 January 2016 which replaces IAS 17 Leases. The standard has been adopted into EU-IFRS effective from 1 January 2019. IFRS 16 introduces a single recognition and measurement model for all leases. Lessees are required to account for all leases on the Balance Sheet, including those which have previously been treated as operating leases and accounted for in the Statement of Profit and Loss as in-year expense.

Allocate has adopted IFRS 16 and applied the provisions of the standard in the preparation of financial statements in the current year and will continue to do so in future accounting periods.

Allocate leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 5 years but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead financial statements for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2020 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 June 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by Allocate.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the Company under residual value guarantees.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in Allocate, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2. Accounting policies (continued)

IFRS 16 adoption (continued)

To determine the incremental borrowing rate, the Company uses recent third-party financing received as a *starting point, adjusted to reflect changes in financing conditions since third party financing was received*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Allocate is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across Allocate. These are used to maximise operational flexibility in terms of managing the assets used in Allocate's operations. All of the extension and termination options held are exercisable only by Allocate and not by the respective lessor.

2.5 Foreign currency translation

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non- monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2. Accounting policies (continued)

2.6 Revenue

General

The Company has adopted IFRS15 in the preparation of these financial statements. Accordingly the Company follows the five step revenue model:

- Identify the customer contract
- Identify 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

Revenue recognition by revenue type:

Licensing models

Where the contract includes multiple elements, the fair value of those elements is based on the relative standalone selling prices.

The Company operates two principal software licensing models - (a) a traditional licence and support & maintenance model; (b) a subscriptions model.

(a) Licenced products

Some of Allocates products are licensed and either installed on the customer's own equipment or hosted by Allocate or a third party. This includes some products in Defence and Maritime, Australia and Sweden products and a few UK Healthcare products.

In addition to a perpetual licence fee, the Company charges annual support and maintenance fees to cover office hours support or out of hours support (via Allocate's online support portal, email or telephone), bug fixes, updates and free version upgrades. The fee charged depends on the level of support service contracted.

The performance obligations for a software order typically include licensed products, services (implementation), post contract support & maintenance and should a customer select it, the Allocate Cloud (refer below). The performance obligations whilst part of an overall order are assessed as to whether they are separable and recognised accordingly. Revenue is recognised as described below.

(b) Subscriptions

i) Subscription Products
Certain Healthcare products are only hosted by Allocate, and in this case the software (and licence) are not delivered to the customers, instead customers access the product over the Internet. These products are delivered to the customer as a service over time ("Software as a Service" or "SaaS"). The elements of an order typically include the software subscription and post contract services (implementation) including collecting data, cleansing it, loading and configuring the system. Although these services are charged separately, the revenue from implementation services is spread over the useful life of the customer contracts. No support and maintenance is charged as the single subscription fee covers this.

ii) Cloud subscriptions
Allocate Cloud is a secure and scaleable private cloud infrastructure run by Allocate and designed specifically to deliver Allocate's licensed products over the Internet or the NHS N3 network.

2. Accounting policies (continued)

2.6 Revenue (continued)

Some customers may choose to have their licensed products hosted using Allocate's hosting service, the Allocate Cloud. This only applies to Licensed Products, and in this situation the customer is required to separately purchase a licence for the products being hosted in the Allocate Cloud. As the Cloud is not software, there is no post contract services or support.

Revenue is recognised as described below.

Revenue from Software - Licences and Support & Maintenance

The Company licences software under non-cancellable licence agreements on either a term basis (typically 3 to 5 years) or on a perpetual basis. Licence revenues from the Company's standard products are recognised when a non-cancellable licence agreement has been signed and the software has been made available to the customer, except for where there are uncertainties surrounding product acceptance or there are significant vendor obligations.

The Company's customers purchase support and maintenance contracts as part of the licence agreement. Under the support and maintenance contracts the Company is obligated to provide upgrades and updates to the functionality of the software. The updates and upgrades provided as part of the Company's ongoing obligations under the support and maintenance contracts are fundamental to the functionality and use of the software and therefore are considered to be inseparable from the licence.

For the majority of contracts, this results in licence and support & maintenance revenues being recognised rateably over the contractual period. Revenue related to perpetual licences is recognised rateably over a five year term which is the standard initial support and maintenance contractual period.

Licences arising from the sale of certain products, typically perpetual licences, are recognised in full at the start of the contract. Revenue from the related support and maintenance contracts for these products is recognised rateably over the contractual period. The difference in accounting treatment for these licence products arises from differences in the customers' end usage of the software and the nature of updates and upgrades provided under the related support & maintenance contracts.

Occasionally, conditions apply to product acceptance or significant post sale obligations exist. In these situations, recognition of revenue is deferred until all material obligations are satisfied.

Revenue from Software - Subscriptions

Customers enter into agreements for Subscription Products or the Allocate Cloud generally on an annual or multi-year basis (typically 3 to 5 years). Revenue is recognised rateably over the length of the contract.

Revenue from Services - SaaS (Software as a Service) Implementations

Revenue from services (which includes software implementation, training and consultancy services) arising in a SaaS contract are not considered to be a distinct and separate performance obligation. The services revenue is recognised over the term of the contract. Any unrecognised services revenue as at the balance sheet is held as deferred revenue on the balance sheet. The costs incurred to deliver the services are also spread over the term of the contract and shown as contract assets.

2. Accounting policies (continued)

2.6 Revenue (continued)

Revenue from Services – On Premise Implementations

Revenue from services (which includes software implementation, training and consultancy services) is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method). Percentage completion is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project. Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change.

Revenue from Services – Standalone Professional Services transactions

Revenue from services (which includes software implementation, training and consultancy services) is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method). Percentage completion is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project.

Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Intangible assets

Goodwill

Goodwill arising from business combinations is the difference between the fair value of the consideration transferred and the fair value of the assets acquired and liabilities and contingent liabilities assumed. It is recognised initially as an intangible asset at cost and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired. Details of impairment testing are described in the accounting policies.

Where the Company acquires the trade, assets and liabilities of its subsidiaries, goodwill is recognised on the excess of the carrying value of the Company's investment in the subsidiary over the fair value of the assets and liabilities acquired.

2. Accounting policies (continued)

Internally generated intangibles

An internally generated intangible asset arising from the development of software is recognised only if all of the following conditions are met:

- it is probable that the asset will create future economic benefits;
- the development costs can be measured reliably;
- the technical feasibility of completing the intangible asset can be demonstrated;
- there is the intention to complete the asset and use or sell it;
- there is the ability to use or sell the asset; and
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available.

Where no intangible asset can be recognised, development expenditure is charged to the Statement of Comprehensive Income in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write off the cost of each intangible asset over its useful economic life, which is between 3 to 10 years.

Research expenditure is recognised as an expense in the year in which it is incurred.

Other intangible assets

Other intangible assets acquired in business combinations are initially recognised at cost. Subsequent to initial recognition, they are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write off the cost of each intangible asset over its useful economic life, which for Customer relationships is between 3 and 10 years, and for Software and Development costs is 4 years.

2.12 Tangible assets

Tangible assets are recorded at cost net of accumulated depreciation and any provision for impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be easily measured.

Depreciation is provided using the straight line method to write off the cost of the asset less any residual value over its useful economic life as follows:

Leasehold improvements	-	3 years or term of the lease, whichever is less
Equipment	-	3 years

2. Accounting policies (continued)

2.13 Impairment

The Company's goodwill, other intangible assets and tangible assets are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Goodwill is allocated to those cash generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management controls the related cash flows.

Individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.14 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

2.17 Financial instruments

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss, and
- those to be measured at amortised cost.

2. Accounting policies (continued)

2.17 Financial instruments (continued)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI.

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date (that is, the date on which the Company commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The Company's financial assets include trade and other debtors, cash and cash equivalents and accrued revenue.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debtors, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

Initial recognition and measurement

Finance liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, include directly attributable transaction costs.

2. Accounting policies (continued)

2.17 Financial instruments (continued)

The Company's financial liabilities include trade and other creditors, borrowings, and loans from parent companies.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the effective interest rate (EIR) method amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR Amortisation is included in finance cost in the Statement of Comprehensive Income.

Interest bearing liabilities are classified as non-current liabilities unless they are due to be settled within 12 months after the reporting date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

2.18 Hive-up transaction

An internal restructuring might precede a hive-up of a business from subsidiary to its parent. The Company has an option to follow either the acquisition or predecessor accounting in case of restructuring of the entities under a common control. The Company chose to follow the predecessor accounting for the hive-up transactions with investments being transferred within a group at fair value.

When an investment is transferred within a group at fair value, with a hive-up of the business immediately after an acquisition, the fair value of assets transferred is equal to the fair value of the business and the value of investments (consideration paid). In that case, the hive up transaction does not have any effect on the company's reserves.

When an investment is transferred within a group at fair value, with a subsequent hive-up of the business at less than that fair value, the investment is written down to its recoverable amount. The debit resulting from the write-down is recognised in reserves and not treated as goodwill in predecessor accounting for the hive-up to the extent that it does not represent acquired goodwill.

2.19 Consolidation

The financial statements contain information about Allocate Software Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Antidote Investor Holdco Limited.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below.

Judgements in applying accounting policies

Capitalisation of development costs
Management make judgements as to which costs incurred meet the requirements of IAS 38 'Intangible Assets' and are therefore capitalised as internally generated intangible assets.

Revenue
The Company has various types of revenue including perpetual licence and services which are recognised in accordance with the accounting policy. Judgement is made around the delivery of the perpetual licence and the percentage completion of the services.

Exceptional items
Exceptional items reflect items which individually or, if of a similar type, in aggregate, are disclosed separately due to their size or incidence in order to obtain clear and consistent presentation of the Company's performance.

Assets relating to contracts with customers
Assets relating to contracts with customers represent commissions paid to employees which are deferred over a 4 year period. The 4 year period represents the expected length of time that the customer relationship will be retained and as such the cost is recognised over that time period. Where legislative updates are required to software in order to remain functions, the Company recognises revenue from that software over the period of the licence.

Sources of estimation uncertainty

Impairment
In assessing impairment, the directors estimate the recoverable amount of each asset or cash generating units based on future cash flows and uses a discount rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Income tax
Judgement and estimates are required when determining deferred as well as current tax assets and liabilities. The management believes that its estimates, based on, for example, interpretation of tax laws, are reasonable. Changes in tax laws and rates, interpretations of tax laws, earnings before tax, taxable profit etc. might have an impact on the amounts recognised as tax assets and liabilities. Management considers whether to recognise any tax assets on its Statement of Financial Position arising from trading losses based on its estimation of future tax profits and ability to recover them.

Hive up accounting
The fair value of acquired intangible assets is based on valuation techniques. The valuation models require input based on assumptions about the future. The management uses its best knowledge to estimate the fair value of intangible assets as of the hive up date. The value of intangible assets is tested for impairment when there is an indication that they might be impaired. The management must also make assumptions about the useful life of the intangible assets which might be affected by external factors such as increased competition.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Licences	**25,410**	21,957
Subscriptions	**9,242**	8,697
Support	**4,819**	8,158
Services	**10,358**	5,229
Other	**4,235**	3,681
	54,064	47,722

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	**52,447**	47,225
Rest of Europe	**1,617**	497
	54,064	47,722

	2020 £000	2019 £000
Contract assets		
Accrued revenue	**6,085**	4,913
Commission deferral	**1,908**	2,213
	7,993	7,126

	2020 £000	2019 £000
Contract liabilities		
Deferred revenue	**36,493**	32,345

5. Exceptional costs

	2020 £000	2019 £000
Acquisition costs	**1,390**	1,813
Strategic consultancy	**1,169**	-
Restructuring	**621**	1,526
New systems migration cost	**440**	835
One off professional fees	**218**	234
	3,838	4,408

Acquisition costs relate to acquisitions in the year as well as cancelled acquisitions that are predominantly legal fees and due diligence.

Strategic consultancy relates to one-off management fees charged to the Company for strategic projects which are considered to be outside of normal business operations.

New systems migration costs relate to the post implementation expenses for a financial and operational system implemented in 2019.

Restructuring costs relate to costs incurred in the relocating of staff between offices within the Company, and office closures.

One-off exceptional costs relate to expenses incurred that management has deemed exceptional and non-recurring in nature, for example fees relating to staff outplacement services.

6. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Research & development costs	**7,811**	6,789
Sales and marketing costs	**4,992**	4,299
Depreciation of tangible assets	**514**	437
Depreciation of right-of-use-assets	**649**	-
Amortisation of intangible assets	**2,043**	1,091
Impairment loss/(gain) recognised on trade debtors	**(6)**	202
Impairment loss recognised on amounts owed by group undertakings	**1,517**	-
Impairment loss recognised on loans to other group entities	**45**	-
Impairment loss on investments	**749**	-
Other operating leases	**16**	536
Employee costs (note 8)	**19,161**	18,139
Exceptional costs (note 5)	**3,838**	4,408
Audit and non-audit fees (note 7)	**337**	498

6. Operating profit (continued)

Operating profit to Management EBITDA reconciliation

	2020 £000	2019 £000
Operating profit	**5,506**	9,559
Exceptional costs (note 5)	**3,838**	4,408
Amortisation	**2,043**	1,091
Depreciation	**1,163**	437
Impairment loss recognised on amounts owed by group undertakings	**1,517**	-
Impairment loss recognised on loans to other group entities	**45**	-
Impairment loss on investments	**749**	-
Share based payments	**507**	1,702
Management EBITDA	**15,368**	17,197

7. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**142**	100

Fees payable to the Company's auditors in respect of:

	2020 £000	2019 £000
All other services - Commercial due diligence	**195**	398

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	**15,373**	14,079
Social security costs	**1,971**	1,922
Other pension costs	**1,310**	436
Share based payment charges	**507**	1,702
	19,161	18,139

Salary costs included in Research and Development expenses were £4,942,000 during the year (2019: £3,661,000).

8. Employees (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No..
Sales and Services	**123**	113
Development	**68**	71
Administration	**50**	40
Executive Directors	**2**	2
	243	226

9. Directors' remuneration

	2020 £000	2019 £000
Directors' remuneration	**881**	536
Compensation for loss of office	**-**	616
Share based payment	**300**	808
	1,181	1,960

The highest paid director received remuneration of £690,000 (2019: £636,000).

10. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from intercompany loans	**437**	187
Net foreign exchange gain	**121**	-
	558	187

11. Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable on loans from parent companies	**2,151**	1,277
Interest on amounts owed to subsidiary companies	**134**	-
Lease interest charge	**114**	-
Other interest	**39**	-
Net foreign exchange loss	**-**	205
	2,438	1,482

12. Tax on profit

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	**1,868**	2,121
Adjustments in respect of previous years	**(698)**	-
Group taxation relief	**(760)**	(1,722)
Total current tax	**410**	399
Deferred tax		
Origination and timing differences	**(140)**	(172)
Changes to tax rates	**225**	18
Adjustments in respect of prior years	**1,743**	137
Total deferred tax	**1,828**	(17)
Total tax	**2,238**	382

Factors affecting tax charge for the financial year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before taxation	**5,388**	9,920
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	**1,024**	1,885
Effects of:		
Expenses not deductible for tax purposes	**1,044**	465
Adjustments in respect of prior years	**1,045**	137
Changes in tax rates	**225**	18
Non-taxable income	**(340)**	(401)
Group relief	**(760)**	(1,722)
Total tax charge for the financial year	**2,238**	382

13. Intangible assets

	Customer relationships £000	Development expenditure £000	Goodwill £000	Software £000	Trademarks £000	Total £000
Cost						
At 1 June 2019	2,515	4,964	9,685	4,898	1,900	23,962
Additions	-	911	-	480	-	1,391
Transfer between asset classes	-	1,900	-	-	(1,900)	-
Disposals	(1,715)	-	-	(1,033)	-	(2,748)
On hive-up of trade and assets (note 25)	200	400	763	-	-	1,363
At 31 May 2020	1,000	8,175	10,448	4,345	-	23,968
Accumulated amortisation						
At 1 June 2019	1,871	366	-	1,799	276	4,312
Charge for the year	282	823	-	938	-	2,043
Disposals	(1,715)	-	-	(1,033)	-	(2,748)
Transfer between asset classes	-	276	-	-	(276)	-
At 31 May 2020	438	1,465	-	1,704	-	3,607
Net book value						
At 31 May 2020	562	6,710	10,448	2,641	-	20,361
At 31 May 2019	644	4,598	9,685	3,099	1,624	19,650

14. Tangible assets

	Leasehold improvements £000	Equipment £000	Total £000
Cost			
At 1 June 2019	**551**	**4,907**	**5,458**
Additions	**3**	**390**	**393**
Disposals	**(537)**	**(3,430)**	**(3,967)**
At 31 May 2020	**17**	**1,867**	**1,884**
Accumulated depreciation			
At 1 June 2019	**547**	**3,915**	**4,462**
Charge for the year	**-**	**514**	**514**
Disposals	**(537)**	**(3,430)**	**(3,967)**
At 31 May 2020	**10**	**999**	**1,009**
Net book value			
At 31 May 2020	**7**	**868**	**875**
At 31 May 2019	4	992	996

15. Investments

	Investments in subsidiary companies
	£000
At 1 June 2019	**30,985**
Additions	**1,101**
Reduction on hive-up of trade and assets (note 25)	**(1,101)**
At 31 May 2020	**30,985**
Accumulated impairment	
At 1 June 2019	**1,681**
Impairment	**749**
At 31 May 2020	**2,430**
Net book value	
At 31 May 2020	**28,555**
At 31 May 2019	29,304

The additions in the year relate to the acquisition of 100% of the issued share capital of Enterprise Study Limited. The impairment relates to the 100% write down in value of the investments in Dynamic Change Limited, Allocate Software Technology Systems Limited, and Zircadian Holdings Limited.

15. Investments (continued)

Subsidiary undertakings

The Company holds investments either directly or indirectly in the equity share capital of the following:

Name	Registered office	Principal activity	Class of shares	Holding
Time Care AB	Box 30077 104 25, Sweden	Sale of software	Ordinary SEK 1	100%
Time Care UK Limited	1 Church Road, Richmond, TW9 2QE	Dormant	Ordinary £1	100%
Dynamic Change Limited	1 Church Road, Richmond, TW9 2QE	Dormant	Ordinary 1p	100%
Allocate Software Worldwide Limited	1 Church Road, Richmond, TW9 2QE	Dormant	Ordinary £1	100%
Allocate Software Inc	111 Lincoln Road, Suite 400, Miami, FL 33139, USA	USA sales and support	Common Stock US$0.01	100%
Allocate Software PTY Limited	Level 10, 530 Collins Street, Melbourne, Vic 3000, Australia	Sales of software	Ordinary Aus $1	100%
Allocate Software Dooel Skopje	16, 8-mi Septemvri Blvd, 2nd Floor, Skopje, Macedonia	Development centre	Ordinary MKD5000	100%
MSW Technology Limited	1 Church Road, Richmond, TW9 2QE	Dormant	Ordinary £1	100%
Allocate Software Technology Systems Limited	1 Church Road, Richmond, TW9 2QE	Non trading	Ordinary £1	100%
Allocate Software Sendrian Berhad	B-11-10 Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450, Kuala Lumper, Malaysia	Sales of software	Ordinary MYR1	100%
Allocate Sendrian Berhad	B-11-10 Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450, Kuala Lumper, Malaysia	Dormant	Ordinary MYR1	100%
Manpower Software Limited	1 Church Road, Richmond, TW9 2QE	Dormant	Ordinary £1	100%
Allocate Limited	1 Church Road, Richmond, TW9 2QE	Dormant	Ordinary £1	100%

15. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Zircadian Holdings Limited	1 Church Road, Richmond, TW9 2QE	Dormant	Ordinary £1	100%
Zircadian Limited	1 Church Road, Richmond, TW9 2QE	Dormant	Ordinary £1	100%
RosterOn Pty Limited	Level 10, 530 Collins Street, Melbourne, Vic 3000, Australia	Dormant	Ordinary Aus $1	100%
RealTime Health Limited	1 Church Road, Richmond, TW9 2QE	Dormant	Ordinary 1p	100%
Allocate Software Espana SL	a. de Europa 19, 3A, Parque Empresarial La Moraleja, Alcobendas, Madrid, 28108, Spain	Sales of software	Ordinary €1	100%
Allocate Software SAS (France)	4 Route De La Noue, 91190 gif-sur-Y vette, France	Sales of software	Ordinary €1	100%
Allocate Software GmBH	Ruhrallee 9, 12th floor Execellent Business Center, Dortmund, Nordrhein Westfalen 44139, Germany	Sales of software	Ordinary €1	100%
Wambiz Limited	2nd Floor 1 Church Road, Richmond, United Kingdom, TW9 2QE	Sales of software	Ordinary £1	100%
Enterprise Study Limited	2nd Floor 1 Church Road, Richmond, United Kingdom, TW9 2QE	Sales of software	Ordinary £1	100%
247 Time Limited	2nd Floor 1 Church Road, Richmond, United Kingdom, TW9 2QE	Sales of software	Ordinary £1	100%

16. Stocks

	2020 £000	2019 £000
Finished goods and goods for resale	**9**	110

17. Debtors – amounts falling due within one year

	2020 £000	2019 £000
Trade debtors	**11,848**	12,844
Amounts owed by group undertakings	**25,771**	9,472
Other debtors	**461**	1,567
Corporation tax recoverable	**2,917**	1,394
Loans to parent company	**22,194**	22,194
Loans to other group entities	**22,640**	20,694
Prepayments	**4,417**	4,918
Accrued revenue - Contract assets	**6,085**	4,913
Commission deferral - Contract assets	**1,908**	2,213
	98,242	80,209

At 31 May 2020, loans to parent company comprised the principal amount of loans outstanding of £22,194,000 (2019: £22,194,000) which are non-interest bearing. The loan shall be repayable by the borrower on demand by the lender.

At 31 May 2020, loans to other group entities included the principal amount of loans outstanding of £13,397,000 (2019: £12,810,000) which are non-interest bearing. In addition, loans of AUD $3,340,000 (or £1,804,000) bearing interest at a rate of 7.25% per annum, €5,150,000 (or £4,630,000) bearing interest at a rate of EURIBOR + 2%, £1,218,000 bearing interest at a rate of 11.5%, €1,725,000 (or £1,551,000) bearing interest at a rate of EURIBOR + 4%, and £40,000 bearing interest at a rate of EURIBOR + 2%, were also included in loans to other group entities. The entirety of the loans are repayable by the borrower on demand by the lender.

All other intercompany balances within the Company are non-interest bearing and are repayable on demand.

At the year end, bad debt provision in relation to trade debtors amounted to £106,000 (2019: £202,000). At the year end, bad debt provision in relation to amounts owed by group undertakings was £1,517,000 (2019: £nil). At year end, bad debt provision in relation to loans to other group entities was £45,000 (2019: £nil).

18. Cash at bank and in hand

	2020 £000	2019 £000
Cash at bank and in hand	**15,462**	4,774

19. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	**1,137**	1,361
Amounts owed to subsidiary companies	**24,055**	11,195
Amounts owed to other group undertakings	**3,275**	484
Deferred consideration	**500**	500
Other taxation and social security	**5,259**	4,218
Other creditors	**408**	2,302
Lease liabilities – see note 31	**514**	-
Accruals	**4,333**	2,304
Deferred revenue - Contract liabilities	**31,718**	25,772
	71,199	48,136

At 31 May 2020, amounts owed to subsidiary companies included the principal amount of SEK 18,494,000 (or £1,587,000) bearing interest at 2% per annum. All other amounts due to subsidiaries and other group undertakings, are unsecured, non-interest bearing, and all amounts are repayable on demand.

Trade payables values are approximate to fair value.

20. Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Loans from parent companies	**21,078**	19,086
Lease liabilities – see note 31	**1,422**	-
Deferred revenue - Contract liabilities	**4,775**	6,573
	27,275	25,659

The loans from parent companies are unsecured, accrue interest at a rate of 11.5% percent compounding annually and are fully repayable in 2048.

21. Deferred taxation

	2020 £000
At beginning of year	**(430)**
Charged to profit or loss	**(1,828)**
Recognised on hive-up of trade and assets	**(113)**
At end of year	**(2,371)**

The deferred tax balance is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	**(2)**	(44)
Intangible assets	**(2,418)**	(434)
Other timing differences	**49**	48
	(2,371)	(430)
Comprising:		
Asset - due after one year	**49**	-
Liability	**(2,420)**	(430)
	(2,371)	(430)

22. Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
71,352,869 (2019: 71,352,869) Ordinary shares of £0.05 (2019: £0.05) each	**3,568**	3,568

23. Reserves

Capital contribution reserve

The capital contribution reserve represents the value of the total share based payment charges relating to the shares in parent undertaking Antidote Topco Limited that are held by Allocate employees. See note 24 for details.

Profit and loss account

Profit and loss account comprise the accumulated retained profits from current and prior years.

24. Share based payments

Allocate grants certain senior managers the opportunity to buy equity shares in parent undertaking Antidote Topco Limited as an incentive to benefit from an appreciation in the enterprise value of the Antidote Group. Shares are issued at market value, which is determined annually through a valuation carried out for tax purposes by a third-party firm. Shares are either held directly or through an Employee Benefit Trust depending on the seniority of the employee. The shares can only be redeemed at market value as the result of a sale of the company, or if an employee is deemed a "good leaver" when exiting employment with the Company, a status which is at the discretion of the Company's directors. Exiting as a "bad leaver" results in shares being redeemed at cost. The expense recognised in the profit and loss in relation to the estimated exercise value of the shares was £507,000 for the year (2019: £1,702,000).

These shares fall under the definition of share based payments and fall under the requirements of IFRS 2.

	C Ordinary	D Ordinary	E Ordinary	F Ordinary	G Ordinary
Share price on issue £	**1.00**	**1.00**	**0.40**	**0.20**	**0.16**
Price paid £	**1.00**	**1.00**	**0.40**	**0.20**	**0.16**
Dividend yield %	**0%**	**0%**	**0%**	**0%**	**0%**
Forecast maturity (years)	**5**	**5**	**5**	**5**	**5**
Volatility %	**45%**	**45%**	**45%**	**45%**	**45%**
Fair value of shares £	**22.50**	**22.50**	**15.84**	**8.51**	**6.9**
Number of shares	**78,247**	**76,550**	**118,616**	**10,410**	**10,410**

25. Business combinations

On 2 September 2019, the trade and assets of Enterprise Study Limited were transferred to Allocate Software Limited at fair value. The hive up transaction has not had any effect on the company's reserves. The fair value of assets transferred were equal to the fair value of the business determined at the date of the acquisition and the value of investment (consideration paid) and disclosed in the table below:

25. Business combinations (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value	Fair Value adjustment*	Fair value
	£000	£000	£000
Fixed assets			
Intangible assets	-	600	600
Tangible assets	7	-	7
Right of use assets	-	44	44
Current assets			
Debtors due within one year	180	-	180
Cash at bank and in hand	43	-	43
Total assets	230	644	874
Creditors			
Due within one year	(230)	(159)	(389)
Due after more than one year	(34)	-	(34)
Deferred tax liability	-	(113)	(113)
Total identifiable net assets	(34)	372	338
Goodwill			763
Total Investment			1,101
Reduction on hive-up of trade and assets (note15)			(1,101)
Investment after hive-up			-

* The adjustment to intangible assets is to recognise customer relationships and development expenditure acquired. The deferred tax liability has also been created for intangibles acquired. The adjustment to right of use assets is to recognise the adoption of IFRS 16. The adjustments to creditors due within one year are to recognise adoption of IFRS 16 (£44,000), and additional deferred revenue (£115,000).

26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,310,000 (2019: £436,000).

27. Post balance sheet events

On 1 October 2020 Allocate acquired 100% of the share capital of the UK incorporated company Software (Europe) Limited, for £14.8 million. Software (Europe) Limited owns Selenity Limited, a UK company providing cloud-based human resource and finance process management software. Its solutions are used by 400+ customers including 200 customers in health and care. The addition of Selenity Limited broadens Allocate's human capital management (HCM) offer and streamlines people management processes at a time when organisations are under unique pressure to unlock efficiency for sustainability and provide the best worker experience.

28. Ultimate parent undertaking and controlling party

A number of limited partnerships which are managed by Hg Pooled Management Limited ("HgCapital") (holding through a nominee company) or Vista Equity Partners ("Vista") held a significant interest in the ordinary shares of the ultimate parent company, Antidote Investor Holdco Limited. The directors deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships holding an interest in the Company and managed by HgCapital or Vista has an ownership interest of more than 20% of the issued share capital of the Company.

The immediate parent company is Allocate Bidco Limited. The largest group in which the results of the Company are consolidated is that headed by Antidote Investor Holdco Limited. The smallest group in which the results of the Company are consolidated is that headed by Antidote Bidco Limited. The consolidated financial statements of Antidote Investor Holdco Limited and Antidote Bidco Limited are available to the public and can be obtained from the Company's registered office at 1 Church Road, Richmond, TW9 2

29. Changes to Accounting policies

As indicated in note 2, the Company has adopted IFRS 16 *Leases* using the modified retrospective method from 1 June 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Balance Sheet on 1 June 2019. The new accounting policies are disclosed in note 2.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 June 2019. The Company's incremental borrowing rates applied to the lease liabilities on 1 June 2019 was 6.26%.

The Company had no finance leases at 1 June 2019.

29. Changes to Accounting policies (continued)

Practical expedients applied
In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 June 2019 as short-term leases; and
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application and using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

Measurement of lease liabilities	**£'000**
Operating lease commitments as at 1 June 2019	**2,525**
Discounted using the Company's incremental borrowing rate	**2,257**
Less short-term leases not recognised as a liability	**(88)**
Additional lease commitments not recognised at 1 June 2019	**252**
Lease liability recognised as at 1 June 2019	**2,421**
Of which are:	
Current lease liabilities	**485**
Non-current lease liabilities	**1,936**
	2,421

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a modified retrospective basis.

Adjustments recognised in the Balance Sheet on 1 June 2019

The change in accounting policy affected the following items in the Balance Sheet on 1 June 2019.

Right-of-use assets – increase by £2,421,000
Lease liabilities – increase by £2,421,000

30. Right-of-use assets

	Leasehold land and buildings £'000	Total £'000
Cost		
At 1 June 2019	2,421	2,421
Acquired through business combination	44	44
At 31 May 2020	2,465	2,465
Accumulated depreciation		
At 1 June 2019	-	-
Charge for the year	649	649
At 31 May 2020	649	649
Net book value		
At 31 May 2020	1,816	1,816

31. Lease liabilities

	31 May 2020 £'000	1 June 2019 £'000
Financial liabilities		
Current	514	485
Non-current	1,422	1,936
	1,936	2,421

Amounts recognised in the statement of profit and loss	2020 £'000	2019 £'000
Depreciation charge of right-of-use assets	(649)	-
Interest expense	(114)	-
Expenses relating to leases of low value	(16)	(16)

The total cash outflow for leases in the year ended 31 May 2020 was £643,000.