Axios Bidco Limited

Annual Report and Accounts 2020

THURSDAY

AAE4RDWR

A52 30/09/2021 #118
COMPANIES HOUSE

Registered Company Number: 09749768

GROUP STRATEGIC REPORT

The Directors present their Strategic Report for the period ended 31 December 2020 for Axios Bidco Limited ('the Company') and its subsidiaries (together 'the Group'). The Company and its subsidiaries are subsidiaries of Innovation Group Holdings Limited , which elected to change its year end from 30th September to 31st December resulting in a change of year end for its subsidiaries. Therefore, the current reporting period represents 15 months of trading. The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

On 24 March 2021 the Group and Company completed a restructuring of the Group's debt. Through this restructuring, the Group's Lenders as shareholders have provided a new capital structure to support the growth of the business. This includes, a debt for equity swap reducing the overall level of bank debt; extending the term of Facilities to September 2025; revising financial covenants and; providing additional Premium Term facilities of £20m in 2021. As part of this transaction the shares in the Company were sold by Innovation International Holdings Limited to its parent Innovation Group Holdings Limited for £1. The Company's immediate and ultimate parent company is now Innovation Group Holdings Limited.

The Directors have reviewed the cash flow forecasts for the Group and the terms of the new financing facilities and have concluded that the Group will be able to continue as a going concern for at least 12 months from the date of these financial statements. As such the Group financial statements have been prepared on a going concern basis.

The financial statements of the Company are also prepared on the going concern basis and further details are provided in note 1 to the Company Financial Statements on page 69.

Principal activities

The Group manages critical incidents in the car and home on behalf of the world's leading insurers, brokers and fleet managers, together with warranty and service plan provision for many automotive manufacturers and automotive dealerships and provides specialist software to the insurance industry. Our world-class supplier network, sophisticated technology platforms and over 2,200 employees across Europe, North America, Africa, Asia and Australia serve over 1,200 clients, including 15 of the top 20 global general insurers and three of the top five fleet and lease management companies.

The principal activity of the company is that of a holding company.

Strategy and objectives

The Group aims to be the leading provider of business services solutions to global motor and property insurers, fleet owners, lease management companies and manufacturers. The Board believes that the Group is well positioned to continue to develop its business through three key strategic objectives:

- Growth through technology optimisation and innovation
- Key account strategy to drive transformational growth
- Growth through delivery excellence

Growth through technology optimisation and innovation

During the period the Group has continued to make substantial progress in developing its global technology platform: Gateway, which has a common core and is being developed to meet the requirements of each of the Group's business streams. The platform has been operational in part of the UK business for the last 12 months and the Group expects to roll the platform out globally during 2021 and 2022 and since the period end has commenced with the Group's motor business in Germany in February 2021. The new platform is a sector leading application which will radically overhaul the customer experience and quality of service as well as deliver substantial operational efficiencies for both the Group and its customers. During 2020 the Group invested a further £8m, mainly in Gateway.

Key account strategy to drive transformational growth

The Group has an established position and scale across multiple territories and holds strong positions across the majority of the key markets we serve. The Group's diversified global operations create a significant opportunity for growth across a number of the Group's product offerings. The Board believes that the Group is therefore uniquely positioned to benefit from the significant opportunities available in a market where the outsourcing opportunity is growing. A key account strategy has been developed to drive transformational growth through fully leveraging our global presence targeting multiple territory deals with key existing and new global clients.

Growth through delivery excellence

The Board believes there is a substantial opportunity to drive efficiency across the Group through a focus on best in class operations and processes allied with our Global Gateway platform. The Group has the potential to leverage significant growth through standardising our highest-performance operations across the whole Group driving delivery excellence to existing customers and facilitating better integration of future clients and acquisitions.

Disposals

During the period the Group agreed to the sale of its 70% stake in Nobilas France SAS to its 30% joint venture partner, being a business controlled by AXA. This sale for proceeds of £18.8m completed in October 2019. In December 2019 the Group agreed to the disposal of its shares in its business in Belgium which completed in January 2020. These businesses were presented as 'held for sale' assets and liabilities in the prior period and together with the results of the Innovation Group JV in Pakistan (the Group's share in which was sold in April 2020) are shown as discontinued operations.

The business model

The Group generates revenues in the following ways:

1. Transaction fees, where we receive a fee per claim for handling motor and property claims on behalf of our clients;
2. Sale of goods, where we sell motor parts and paint for use within the supply chain and attract a margin either as agent or principal;
3. Provision of service, maintenance and warranty plans to the motor industry, where it generates fees and use 'risk and reward' models to deliver quality service and generate revenue.
4. Software revenues, through a combination of licence, implementation and maintenance fees.

Typically, only the fee for handling the claim is recognised, rather than the gross claims cost, as the Group acts under delegated authority from its clients. This provides earlier cash settlements from its clients and a positive cash flow model. For certain business lines, for example in the sale of parts in the Group's German motor business, and on-risk service and maintenance plans in South Africa, it recognises revenue gross.
The Group has previously operated a risk and reward model for elements of its UK property business, contracts under this model are being renegotiated and replaced with fee-based model.

Covid 19

The Covid 19 pandemic developed rapidly in the Spring of 2020 with a rapid rise in cases. As a result governments globally took action to reduce the impact of the spread of the virus by reducing economic activity. This in turn materially reduced the volume of traffic in all our regions which resulted in an overall reduction in our motor claims volumes. In addition, car dealerships were closed during the second calendar quarter of 2020 in both South Africa and in the UK which resulted in a material reduction in our policy sales volumes. With the easing of lockdowns in third quarter and onwards, our volumes quickly recovered returning to within 10-20% of our normal expectations.

The Group's global property businesses were largely unaffected by the Covid pandemic. After the initial hiatus through April – June 2020, volumes quickly returned to normal and in the second half of 2020 the property businesses were trading in line with normal expectations.

During 2020, the Group instituted a range of measures to ensure continuity of service through working from home, whilst managing costs tightly in response to a significant drop in motor volumes. This action, combined with good cash management, ensured that the Group maintained sufficient liquidity during the period to allow it to maintain its investment in the Gateway platform.

In response to Covid 19, governments in most of the Group's regions, offered material levels of employer and employee support through direct employer support and a range of furlough type arrangements. The Group benefited from this support in Australia, Germany, UK and the US, receiving cash totalling approximately £5m.

It is assessed that the EBITDA impact from Covid 19 was £6m net of government support received.

Market environment and outlook

The Group serves two principal vertical markets – insurance and automotive – with the insurance segment having the greatest scale and broadest geographic distribution.

The markets have attractive underlying drivers of growth, including the ongoing shift to outsourcing. Although a competitive market, the Group is well placed to benefit from these ongoing trends.

In assessing the opportunity for the Group's business, an analysis has been undertaken to determine the key strategic factors faced by clients. For insurance, these have been identified as:

- The technology challenge – in particular, a need to keep pace with customer expectations regarding the digital agenda.
- Pressure on insurance rates – borne out of an increasingly commoditised market and aggressive competition.
- Customer churn – exacerbated by the ease of price comparison and lack of customer loyalty.
- Focus on cost reduction – with a particular emphasis on claims cost and benefits of a managed network of repairs/contractors
- Market transformation – the realisation that both the customer engagement model and the nature of the insurance product itself are being transformed by market disruption (e.g. new entrants from a non-insurance heritage and developments such as the connected home and car).
- Regulation including General Data Protection Regulation - ensuring compliance and control over client data.

Some insurers are also questioning whether they should be full-service organisations, with control over the entire customer lifecycle, or whether they should consider certain aspects of their current business model to be non-core. This presents opportunity to organisations like Innovation Group through improved customer service, cost reduction and leading technology.

There is also an opportunity to change the operating model from one which manages a claim on a transactional basis, as is currently the case, to be the manager of the claims process itself. This would entail a much more fundamental outsourcing relationship with the insurer and is more likely to be positively received initially amongst the smaller insurers.

In the automotive segment, and in addition to an engagement with fleet operators around the world, the Group provides a comprehensive range of value-added products to automotive manufacturers and dealership groups. This includes the provision of service plans (whereby vehicle servicing costs are built into an inclusive monthly payment plan) and warranties and these are fully administered on a white label basis by the Group.

These solutions are marketed by the automotive manufacturers and dealership groups as critical enablers of customer retention and equally serve as an opportunity to up-sell to new and existing customers. The Board foresees an opportunity to extend these services beyond the current base in South Africa and the UK to other regions such as continental Europe.

The increasing importance of technology is becoming much more pre-eminent and the Group can see an opportunity to not only use its new technology platform with its current customer base but to extend its use to customers who are only seeking a technology solution.

In summary, the Board believes that the Group is strongly positioned to take advantage of a set of market dynamics which present significant opportunity for growth.

Risk management

The Group operates a centrally managed risk system that provides a clear structure for managing risk across the Group and ensures significant risks are understood and visible to senior management, as well as to the Board. The Board has ultimate responsibility for the Group's risk management process and reviews its effectiveness at least annually. However, on a day-to-day basis, senior management is responsible for providing visible leadership in the management of risk, integrating it into everything we do and all-important decisions we take.

Key risks and uncertainties

It is recognised that the Group at any point in time is exposed to a number of risks including financial risks (the Group's detailed financial risk management is provided in note 24). The following table details the most significant risks as identified by the Board together with the relevant mitigation. It should be noted that any system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Identified risk	Potential impact	Mitigation
Failure to retain a competitive advantage The Group's Business Services business has relatively low barriers to entry. Product offerings and service levels must be continually improved through process and technology to avoid competition being based solely on price.	If the Group is unable to maintain competitive advantage, its ability to gain and maintain market share will be impaired.	The Group has invested substantially in new technology to achieve a competitive edge. It also continually reviews its product quality against the competition in the market. the Group continues to invest in developing or acquiring 'point' solutions in both its Motor and Property divisions which will improve processes and give better efficiencies in the claims value chain.
Failure to deliver business transformation The Group's business plans include business transformation initiatives to deliver significant process improvements, improved customer outcomes and cost savings. There is a risk that it may take longer than anticipated to deliver these initiatives or that they may fail to deliver the benefits assumed.	Failure to deliver the cost process improvements, customer outcomes and cost savings planned could result in a materially adverse effect on the Group's ability to deliver planned financial results to shareholders.	The Group continues to invest in key leadership positions to lead the various business transformation initiatives and technology implementation programmes. Regional implementation teams ensure connection with local business processes. Progress against project plans is reviewed regularly to ensure the identified outcomes will be delivered.
Dependence on key clients and suppliers The Group's revenues depend in part on maintaining technology and Business Services agreements with key insurance industry clients. There is a risk that key customers might cancel material contracts or decide to take technology or Business Services in-house. The Group relies on its relationships with its supplier networks. There is a risk that these key suppliers do not cost effectively satisfy their obligations to the Group.	The loss of key customer contracts could result in a materially adverse effect on the Group's ability to deliver planned financial results to shareholders. A significant failure of delivery by the Group's supplier networks could result in damage to the Group's reputation and client relationships as well as adversely impacting on the results of operations.	The Group continues to monitor its performance and service offerings to ensure the delivery of real value to its customers. Supplier networks are continually managed to ensure the efficiency and cost effectiveness of these operations for the Group's customers. The Group continues to invest in product offerings to ensure the Innovation Insurer product suite remains technologically competitive. Its product and road map are regularly validated by industry analysts and insurance consultants.

Identified risk	Potential impact	Mitigation
Revenue may be significantly affected by weather conditions Most of the Group's Business Services revenue is derived from handling motor or property claims. It is therefore exposed to the risk of significant claims fluctuations due to extreme or abnormal weather conditions. Climate change may make extreme weather conditions more frequent.	In order to become and remain a go-to partner for the customer base in its chosen target markets, the Group must be able to respond in an agile manner to changes in claims volumes which are triggered by changes in climatic conditions. Inability to prove this capability will reduce the Group's ability to grow market share, impacting future revenue growth and hence reduce the potential to provide returns to its shareholders.	The Group maintains the ability to respond quickly and handle any change in volumes whilst still maintaining high levels of customer service. Part of the Group's business model is to be able to serve customers in their times of need. Therefore, it must be able to respond quickly to changes in required capacity. With tested surge plans in place, the Group is able to demonstrate to its customers that it can cope with additional volumes.
Servicing debt and meeting banking covenants At 31 December 2020, the Group had Senior and Super Senior Term debt of £213.6m consisting of drawn facilities of £196.0m and accumulated interest of £17.6m (2019: £195.5m) There is a risk of the Group failing to meet interest payments as they fall due or breaching covenants if the expected financial performance of the Group is not met.	Failure to meet interest payments as they fall due or breach of covenants would result in additional costs on the business if facilities are renegotiated or could result in the removal of the facilities.	The results of the Group are reviewed on a monthly basis and are re-forecast quarterly. The cash flows of the Group are reviewed on a continuous basis and are re-forecast weekly. These reviews enable,the Group to assess its ability to service the debt on a forward-looking basis. The terms of the Group's Senior and Super Senior debt are that the Group's interest can be paid if the Group choses to pay or otherwise will be capitalised. A waiver was also obtained from the June, September and December 2020 Covenant tests. Following the restructure of debt completed in March 2021 (see note 31) the next covenant test is December 2022.
Covid -19 Pandemic The Group's businesses rely on economic activity in each region. Governments in each region respond to the challenges faced and have direct impact on the activities in their economies. There is a risk that the Group is unable to respond either quickly enough or at all to new regulations, the impact of reduced economic activity will directly affect the operations of the Group.	Reduced economic activity, restrictions on ability to undertake normal business operations all directly and negatively impact business operations. There is a direct risk to the wellbeing of the Group's employees.	The Group has invested in IT infrastructure that enables remote working. Group and regional management have developed and implemented plans to adapt the business to the evolving environment to continue to serve customers, protect employees and ensure the continuation of the business. Where Government support is made available, especially to support the continued employment of employees the Group utilises such support when directly impacted.

This is not an exhaustive list and other factors may impact the Group.

Key Performance Indicators ("KPIs")

The Group uses a range of financial and non-financial performance indicators to monitor the business. The financial KPIs set out in the following table are fundamental to the Group's business and are the measures that inform the management team of the progress in achieving the Group's business plans, strategic aims and objectives.

£'m	15 Months to 31 December 2020	Year to 30 September 2019
Revenue	228.1	206.4
EBITDA	22.6	23.7
Operating cash flow	(2.9)	(11.9)

Certain of these KPIs also form the basis of senior management reward, therefore ensuring that this is aligned with shareholder value creation. The Group's performance against these KPIs is referred to as part of the following financial review.

GROUP STRATEGIC REPORT

The Group also has a number of operational KPIs that are used to manage the business on a day by day basis, many of which are woven into service level agreements within our customer contracts. Examples of these include:

- Claims volumes;
- Number of claims closed within a time period;
- Average settlement value per claim;
- Size of sales pipeline;
- Customer satisfaction; and
- Utilisation of staff.

It is considered impractical to separately report on these operational KPIs within the Group's Annual Report and financial statements because although the KPI measurement may be the same, the targets will vary by region, driven predominantly by individual contractual service level requirements.

The financial KPIs noted above are linked to the operational KPIs in a manner which mean that tracking the financial KPIs is considered to be a reasonable proxy for some of these operational KPIs. For instance, transactional revenue is driven by the number of claims handled in a period.

These KPIs are relevant to the strategic goals as stated on the following bases:

How will we reach our strategic goal	Relevance of KPIs to how we will achieve our strategic goal
Key account strategy to drive transformational growth	The Group continually assesses its sales pipeline in order to ensure that it has enough opportunities to support its growth targets. Sales growth is measured by the ability to increase revenue. The Group measures and reports revenue growth as a KPI.
Growth through delivery excellence	On a day to day basis, the Group's operations measure customer and client satisfaction as part of agreed service level agreements. If the Group fails to provide excellent service, it runs the risk of the loss of clients or a reduction in the volume of claims that it is asked to handle, thereby impacting revenue growth, profitability and generation of cash.
Growth through technology optimisation and innovation	On a day to day basis, the Group's operations measure customer and client satisfaction as part of agreed service level agreements. If the Group fails to provide excellent service, it runs the risk of the loss of clients or a reduction in the volume of claims that it is asked to handle, thereby impacting revenue growth, profitability and generation of cash.

Review of the business

Overall Group performance

Revenue from continuing operations (KPI)

£'m	15 Months to 31 December 2020	Year to 30 September 2019
UK	62.1	51.6
Central Europe	91.1	77.7
Western Europe	4.7	3.4
South Africa	49.3	46.1
Asia Pacific	9.0	12.2
North America	8.0	11.9
Software [1]	3.9	3.5
Group Revenue	228.1	206.4

[1] Includes revenue from multiple geographic locations.

Group revenue for the fifteen month period to 31 December 2020 was £228m (2019: £206m).
The results for the 15 months to December 2020 have been significantly affected by the Covid 19 lockdowns around the world where volumes of claims in the Motor businesses reduced significantly in April and May 2020, recovering to a lower base level towards end of 2020. Sales of new service and warranty policies were reduced, however Property claims continued throughout the period.

Central Europe is the Group's largest business although motor volumes recovered in the first 5 months of the year, the overall result was affected by lower motor volumes due to Covid 19 and lower hail damage to cars in summer. The UK business benefited from higher volumes in its property subsidence business and the move from profit share to fee based contracts in this area. South Africa result for the period was stable due to the recognition of income over the life of a plan. In North America the business suffered from the loss of a major property customer at the end of 2019 and the lower motor claims volumes due to Covid -19 related lockdowns. The effect of the new fleet and motor customers in North America also had limited impact in the period to 31 December 2020.

During the year the business disposed of its 70% stake in its main operating business in France (Nobilas France) to its joint-venture partner, as well as disposing of non-core businesses in Belgium and Pakistan as further described in note 15.

EBITDA (KPI) and Loss before tax

£'m	15 Months to 31 December 2020	Year to 30 September 2019
EBITDA	22.6	23.7
Exceptional items in Administrative expenses	(71.5)	(27.1)
Exceptional items in Revenue	3.0	-
Depreciation	(7.6)	(3.1)
Amortisation	(18.1)	(15.6)
Net interest	(17.1)	545.4
Profit/(Loss) before tax for the year	(88.7)	523.3

The reconciliation of EBITDA to the statutory loss before tax is provided in the table above. The business in Central Europe has been stable and the largest generator of EBITDA in the Group. The UK has benefited from additional revenue in its subsidence claims business and South Africa from additional cost savings.

As described above Covid -19 affected the revenues of the business, the overall impact on EBITDA is estimated at loss of c £6m after taking into account support schemes in the UK, Germany and Australia which have provided c £4m of cash support to the Group. In the USA the Group received support by way of a Government loan of £1m.

The reconciliation of EBITDA to the statutory profit before tax is provided in the table above.

The exceptional items of £71.5m (2019: £27.1m) comprised (further details in note 4):

- Impairment of goodwill and intangibles £68.9m (2019: £7.5m)
- Restructuring costs £6.3m (2019: £4.7m)
- Strategic consultancy, debt structuring and related tax and financial advice £2.6m (2019: £12.7m)
- Software implementation costs £1.4m (2019: £nil)
- Legal fees £0.9m (2019: £nil)
- VAT refund on exceptional costs credit £2.2m (2019: £nil)
- Software licence sale profit £1.8m (2019: £nil)
- Disposals loss £0.6m (2019 : £nil)
- Provisions released of £5.6m (2019: £0.5m)
- Other exceptional costs of £0.2m (2019: £2.7m)

Exceptional items recognised in revenue relates to the release of contract liabilities released on settlement of a client contract.

The amortisation of £18.1m (2019: £15.6m) arose largely on the intangible assets recognised on acquisition of Innovation Group in previous years.

The interest income of £1.1m (2019: £569.2m) comprises of £0.6m interest on bank balances. The prior year included amounts relating to restructuring of debt with £475.1m of written off the value of PIK notes issued to Tiger Midco 2 Ltd and £92.5m of written off the Senior debt. Interest payable of £18.2m (2019: £23.9m) included interest of £15.5m (2019: £16.6m) on the senior and super senior debt, £nil (2019: £0.6m) on the Bridge Facility, £0.4m (2019:£6.4m) for amortisation of arrangement fees and £2.3m (2019: £0.3m) of interest on bank loans and leased assets, full details are shown in note 7 and 8.

Net cash flow generated from / (used in) operating activities

£'m	15 Months to 31 December 2020	Year to 30 September 2019
Net cash flow used in operating activities	(2.9)	(11.9)

GROUP STRATEGIC REPORT

The trading of the Group has been impacted by the Covid-19 lockdowns. However, the Group has continued with its investment in transformation with £6.3m (2019: £4.7m) of restructuring and implementation expenditure. The cash flow for the period to 31 December 2020 includes an outflow of £15.5m for service plan creditors where the creditor and cash have been treated as client accounts. There has been a reduction in contract liabilities for the period of £4.6m (2019: £7.7m) due to lower sales of new policies in the period.

The Group invested £8.1m in intangible assets (2019: £9.0m) as it continued to develop its Gateway software platform.

Consolidated Balance Sheet

£'m	31 December 2020	30 September 2019
Intangible fixed assets	160.2	238.8
Tangible fixed assets	15.0	9.5
Other non-current assets and liabilities (excluding debt)	(17.6)	(17.0)
Current assets (excluding cash)	51.0	111.1
Current liabilities (excluding debt)	(108.4)	(179.3)
Cash	64.6	65.9
Total debt	(223.3)	(197.3)
Shareholders' (liability)/ equity	(58.5)	31.7

Capital structure

At 31 December 2020 the Group had debt, excluding lease liabilities, totalling £214.7m (2019: £195.5m) of which senior debt of £170.7m (£153.5m) was at an interest rate of 6.0%, £42.9m (2019: £42.0m) of super senior debt was at an interest rate of 5.67% , other bank loans £1.1m (2019 insurance premium financing of £1.1m). The increase in loans in the period is as a result of the Group electing to capitalise interest due to be paid in the period of £30.2m (2019: £nil). Under the terms of its main banking facilities the Group is required to meet one financial covenant on a quarterly basis being Net Debt/EBITDA, the first test under this facility was on 31 March 2020. The June, September and December 2020 covenant tests were waived by Lenders. The restructuring of this debt completed in 2021 is further described below.

	2020					
	Undrawn £'m	Drawn £'m	Interest capitalised £'m	31 December £'m	Fixed Rate %	Margin %
Senior debt (EUR)	-	156.7	14.0	170.7	-	6.00%
Super Senior debt (GBP)	4.0	39.3	3.6	42.9	-	5.00%
Other loans (USD)	-	1.1		1.1	1.00%	-
Total	4.0	197.1	17.6	214.7		

In addition, the Group has Lease liabilities under IFRS 16 of £8.6m. The Group's borrowing facilities are detailed in note 22 and described further below.

Post balance sheet events

Following the 2020 year-end, the Group concluded discussions with its shareholders and lenders to refinance the Group. On 24 March 2021 the refinancing was completed resulting in £57.7m of debt being exchanged for equity and an injection of £20m of new Premium Term debt at a 10% margin. The maturity of all debt was extended to September 2025 and the first testing of financial covenants is in December 2022. The former Super Senior and Senior Term debt are combined into a single facility bearing a 6% margin.

The table below provides details in the change debt following the refinancing using the values of debt at 31 December 2020, £4m of Super Senior Term Facility was drawn in January 2021 and £10m on closing of the refinancing in March 2021.

£m	Balance at 31 December 2020	Debt exchanged for equity	New facility	Debt drawdown post year end	Proforma at 31 December 2020
Senior and Super Senior Term Debt	213.6	(57.7)	4.0	-	159.9
Premium Term Debt	-	-	10.0	-	10.0
Finance leases (IFRS16) and other loans	9.7	-	-	-	9.7
Total Debt and Lease Liabilities	223.3	(57.7)	14.0	-	179.6
Super Senior Term Debt	4.0	-	-	(4.0)	-
Premium Term Debt	-	-	20.0	(10.0)	10.0
Total Undrawn Facilities	4.0	-	20.0	(14.0)	10.0
Total Debt and Undrawn Facilities	227.3	(57.7)	34.0	(14.0)	189.6
Total Equity	(56.0)	57.7	-	-	1.7

Impacts on society and the environment

The Group recognises that it must act in a responsible and ethical manner which respects the societies in which it operates. The Group has developed and implemented relevant policies, procedures and training to ensure that it protects these communities. It also runs a number of charitable giving and community programmes across the Group and has established objectives to support local communities through its Sustainability Strategy.

Acting with integrity is one of the Group's core values and is central to everything it does as a Group. Fraud, bribery and corruption are not only illegal but also represent a significant reputational and financial risk. The Group's policy is to conduct business in an honest way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. Its Anti-Bribery policy is available to employees on the intranet and mandatory Anti-Bribery and Corruption training has been rolled out globally.

The Group's business principles concerning all human rights issues e.g. discrimination, child labour and forced labour are documented in the Group Code of Business Conduct available to employees on the intranet.

The Group considers that its business poses relatively low risk to the environment and societies in which it operates. Some specialist Divisions within the UK business do present a slightly higher risk as the Group owns elements of the supply chain (e.g. arboriculture, ground works and drainage services) that have a higher direct impact on the environment. However, in the UK business, and Stuttgart office in Germany, the Group has Environmental Management Systems in place to understand, evaluate and minimise the impact on the environment.

The group aims to comply with all applicable environmental legislation and other requirements, to prevent pollution and to continually improve its performance globally.

Statement of corporate governance (Section 172(1) statement)

The Company is aware of its obligations under The Wates Corporate Governance Principles for large private companies (2018).

In March 2019 a new Group Code of Business and Conflicts of Interest policies were launched. The COBC is our frame of reference ensuring the highest standards of business ethics and professional conduct are employed by our workforce when making business decisions and resolving issues. All members of the workforce were required to undergo training which will be repeated regularly.

Stakeholder engagement

Employees

The Group employs over 2,200 people in 9 countries, all of whom contribute to the success of the business. the Group's employment policies meet the requirements of the local jurisdictions that it operate in. It does not discriminate on any basis and encourages employees to speak out if they believe something is wrong. The Group operates a whistleblowing telephone hotline and a web-based reporting whistleblowing service. It respects the rights of employees and ensure that all are given a fair wage, that all have the right to organise and that none shall be subject to any form of discrimination whilst in employment with the Group.

The Covid 19 Pandemic required the Group (Directors) to take actions to mitigate the potential impact on its business and stakeholders e.g. Employees, customers, suppliers and wider community. With Covid 19 being a particularly virulent respiratory disease and governments across the globe taking actions to lockdown their borders and restrict internal travel, the Group took actions to keep their global workforce safe alongside trying to ensure that it could continue to provide a first class service to its customers, which required improved open dialogue with its suppliers.

One of the first decisions made was to protect the workforce by moving to home working for the majority of employees. The senior management teams across the globe communicated the decision to employees via Townhall meetings, whilst the Technology department mobilised to ensure the infrastructure was in place to enable homeworking, securing hardware, laptops etc. and software alongside ensuring the additional risk as a result of opening the Group's systems to more external connections was mitigated through improved security of the network.

As the lockdowns continued it became apparent that the Group would need to increase communication with its employees, keeping them abreast of company performance and decisions and gauging feedback on how they were coping with the new ways of working. The communication took on many forms; "pulse" surveys in Australia, South Africa and Germany and Employee Resources Groups in North America. The surveys allowed the subsidiaries to track employee satisfaction, including their health and well-being. It became apparent that working from home was not ideal for all employees and so in line with local rules some offices reopened once they were made Covid safe for some employees to resume working from the office.

The Group continues to work alongside its employees to develop plans for the safe re-opening of offices and the return of an increase number of employees as and when conditions permit. The pandemic and increased engagement with employees has resulted in different ways of working, some of which will continue in a post lockdown environment.

Although the Group was quick to mobilise the workforce to work under Covid safe conditions and benefited in certain markets from its speed of response, overall, the business especially the motor trade business suffered as lockdowns were implemented across the globe. With reduced road traffic, there were fewer accidents and as a result less claims. To offset the economic downturn and to avoid having to make staff redundant during these trying times, the Group opted to utilise Government employer support schemes, e.g. the Furlough scheme in the UK, Kurzabeit in Germany, Job Keeper scheme in Australia and Payroll Protection Programme in USA. The schemes provided support during the pandemic and provided flexibility to quickly re-engage the furloughed workforce at the first signs of a pick-up in business conditions.

Clients
Great customer service is and will always be important to the Group with the aim of ensuring clients and in turn their customers have the best possible experience when engaging with employees.

The ability of the Group to provide relevant and accurate industry insights is well known and appreciated by suppliers and clients alike across all regions. Understanding what is happening within the industry and reacting to a changing landscape for the benefit of all parties is appreciated across the supply chain.

Across all sectors and countries, the move away from in person meetings and work has had a big impact. The workforce has leveraged video technologies to keep in touch with the Group's customers and each other as well as carry out vehicle assessments during lockdowns.

Trade shows and membership of trade bodies are key to providing access to both current and potential customers and suppliers. As a result of Covid 19, the majority of the trade shows and trade body meetings were cancelled during 2020 with some being replaced by online/ virtual meetings. The employees continued to actively participate in the new format events providing expert advice virtually in addition to increasing direct contact with customers. These meetings identified customers who were facing financial constraints, allowing open dialogue and when necessary support to help customers through the difficult period.

The Group received positive feedback from its customers and clients on the level of support and engagement provided by employees and key account managers, with some customers commenting on how the Group's service surpassed those of their other partners.

Suppliers
During the period, it has been increasingly important to keep in touch with the whole supply chain as in some markets, supply interruptions were encountered alongside increased time taken to complete repairs due to Covid safety protocols and reduced staffing levels. To manage customer / client expectations the Group held regular status update meetings with suppliers.

Additionally, to avoid concerns about the risk of spreading the disease through work carried out by the Group and those of its suppliers, the Group worked with customers, employees and suppliers to ensure hygienic processes were put in place throughout the supply chain e.g. the use of PPE, sanitising of vehicles prior and after hire and work being undertaken on them.

The Group continued its active participation with the relevant industry bodies in each of the territories that it operates. This has enabled it to keep abreast of issues impacting the industry and influence the future direction of the industry. For the UK this has involved addressing not only Covid issues but also Brexit issues, with the motor teams actively participating in the cross industry Brexit committee, with a view to gaining industry consensus as to how to deal with some of the anticipated issues e.g. stock availability and increases in pricing.

Shareholders
The Group aims to build supportive working relationships with Shareholders (who are also Lenders) and communicates progress and strategy via update presentations and other meetings as required. Where trading businesses have minority shareholders (for example in South Africa) the Group promotes active engagement with regular board meetings.

Streamlined energy and carbon reporting (SECR) information

The information provided below is in respect of the Group's UK operations only

		Unit	3 months to 31 December 2019	12 months to 31 December 2020
Scope 1 -	Direct emissions – from gas and owned/managed vehicles	tCO_2e	167	428
Scope 2	Indirect emissions	tCO_2e	311	964
	Total – Scope 1 & 2	tCO_2e	478	1,392
Scope 3	Transmission and Distribution of UK national grid electricity and Business travel	tCO_2e	68	131
	Total Scope 1,2 & 3	tCO_2e	546	1,523

UK	Unit	3 months to 31 December 2019	12 months to 31 December 2020
UK Turnover	£M.m	13.4	51.4
Scope 1& 2 – Total tCO2e per £m Turnover on gross scope 1 & 2	tCO_2e per £M	35.80	27.10
Scope 1& 2 – Total tCO2e per £m Turnover on gross scope 1, 2 & 3	tCO_2e per £M	40.89	29.66

Methodology

The Group's UK business has adopted an operational control approach to establishing the boundary. The methodology adopted is in line with the Greenhouse Gas Protocol and the BEIS Environmental Reporting Guidelines.

For National grid electricity consumption, the UK business has included factors for the transmission and distribution of electricity (T&D) losses, which occur between the power station and site(s). The emissions from T&D have been accounted for in Scope 3. As with other Scope 3 impacts, reporting T&D is voluntary but is recommended standard practice by the UK Government.

It has been necessary to make some assumptions in respect of travel by air and rail in some cases where the full detail was not available.

Energy efficiency measures

Energy efficiency measures taken

The UK business has reduced the number of office locations by three during the year.

Since Mid-March as a result of the Covid pandemic the majority of our UK employees have been working from home and have not been undertaking business travel, reducing the amount of energy directly consumed.

Energy efficiency planned

There are plans to close a data centre in UK within the next 12 months, which consumes large amounts of electricity to run servers and associated A/C and UPSs equipment.

The Group intends to review which changes to business practices as a result of the pandemic can be maintained once lockdowns are relaxed.

Diversity

We recognise the value of a diverse workforce and look to offer equal opportunities to everyone. There is a good gender balance across the Group as a whole but women are underrepresented at senior levels. We expect that our talent, development and recruitment programmes will help to address this imbalance. Totals as at 31 December 2020 and 30 September 2019 are set out below.

	2020		2019	
Number	Men	Women	Men	Women
Board	3	-	3	-
Senior management	28	17	26	12
Other employees	1,092	1,129	1,258	1,385

Approved by the Board of Directors and signed on behalf of the Board.

Alasdair Marnoch
Director
28 September 2021

DIRECTORS' REPORT TO THE MEMBERS OF AXIOS BIDCO LIMITED

The Directors present the Annual Report and the audited consolidated Accounts (the "financial statements") for the period ended 31 December 2020.

Directors and their interests

The Directors who served the Company during the period and up to the date of this report unless otherwise stated were:

- Tim Griffiths
- Alasdair Marnoch
- Gerard Loftus

Board composition

Tim Griffiths and Alasdair Marnoch hold Executive roles in the business as CEO and CFO respectively.

Directors' liabilities

The Company has granted an indemnity to its Directors against all liability in respect of proceedings, whether civil or criminal, in respect of alleged negligence, default, breach of duty, breach of trust or otherwise in which judgement is given in a Director's favour or in which such Director is acquitted or in defending or settling any such proceedings which are otherwise disposed of on terms previously agreed with the Board or on terms otherwise approved by the Board without a finding or admission of negligence, default, breach of duty or breach of trust on the Director's part brought by third parties, subject to the conditions set out in s234 of the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year and remains in force as at the date of approving the Directors' report.

Disabled Employees

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination. The Group considers applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Accounting Period

During the year the Company and its subsidiaries changed their accounting reference period from 30 September to 31 December. As a result the 2020 reporting period represents 15 months of trading.

Dividends

The Directors do not propose a final dividend for the period (2019: £nil).

Dividends paid by subsidiary undertakings to non-controlling interests in the period amounted to £2.4m (2019: £1.7m). See note 10 for further details.

Going concern

The Directors assess the Group and Company's going concern for a period of 12 months from the time of approving the financial statements and take into account the facts and circumstances during that year and events since the period end date. The Directors have drawn up cash flow forecasts for the Group through to December 2022 and based on these forecasts and the current facilities available, including the financial restructuring completed on 24 March 2021 as further described in note 31, they have concluded that the Group does have sufficient funds to enable it to meet its liabilities for a period of a least 12 months from the date of approval of these financial statements and as such consider that it is appropriate to adopt the going concern basis in preparing the Consolidated financial statements and the Company financial statements.

Research and development

As noted in the Strategic Report the Group continues to invest in its technology platforms to improve service delivery to customers and to bring new product offerings to market. A key part of the Group's strategy is to roll out an integrated global platform for motor/fleet/property repair management and this has been an area of focus in the current period.

Political donations

The Group made no political donations in the period (2019: £nil).

DIRECTORS' REPORT TO THE MEMBERS OF AXIOS BIDCO LIMITED

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

Disclosure of information to the auditors

In the case of each Director in office at the date the Directors' Report is approved:

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

Independent Auditors
In accordance with s485 of the Companies Act 2006, a resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

The Group has chosen in accordance with section 414C(11) to set out within the Strategic report or the financial statements the following information, that would otherwise have been required to be included within the Directors' report:

- Stakeholder engagement (page 8)
- Future developments (page 2)
- Financial risk objectives (page 3 and cross referred to note 24)
- Post balance sheet events (page 7).
- Streamlined energy and carbon reporting (SECR) Information (page 9)

Approved by the Board of Directors and signed on behalf of the Board.

Alasdair Marnoch
Director
28 September 2021

The Company's registration number is 09749768

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AXIOS BIDCO LIMITED

Opinion
In our opinion:

- Axios Bidco Limited's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's loss and cash flows for the 15 month period (the "period") then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements 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 Accounts (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2020; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated and Company Statements of Changes in Equity for the 15 month period 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 Group 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 Group's and 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 Group's and 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.

With respect to the Group 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AXIOS BIDCO LIMITED

Group Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Group Strategic Report and Directors' Report for the period ended 31 December 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 Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Group Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements
As explained more fully in the Statement of Directors' responsibilities set out on page 12, the Directors are responsible for the preparation of the financial statements in accordance with the applicable frameworks 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 Group's and 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 Group or 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 Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Christopher Boreham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
28 September 2021

CONSOLIDATED INCOME STATEMENT

Period ended 31 December 2020

	Note	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Continuing operations			
Revenue	3	228,105	206,386
Cost of sales		(144,853)	(124,804)
Gross profit		83,252	81,582
Administrative expenses excluding exceptional items		(85,258)	(77,422)
Exceptional items	4	(71,465)	(27,073)
Administrative expenses		(156,723)	(104,495)
Operating loss	5	(73,471)	(22,913)
Finance income	7	1,081	569,238
Finance costs	8	(18,206)	(23,853)
Income from financial assets	14	1,908	802
(Loss)/ profit before tax		(88,688)	523,274
Total tax credit/ (expense)	9	601	(3,272)
(Loss)/ profit from continuing operations		(88,087)	520,002
Loss from discontinued operation (attributable to equity holders of the parent)	15,16	(157)	(16,517)
(Loss)/ profit for the year		(88,244)	503,485
Attributable to:			
Equity holders of the parent		(90,184)	499,701
Non-controlling interests		1,940	3,784
		(88,244)	503,485

	Note	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
(Loss)/ profit before tax from continuing operations		(88,688)	523,274
Exceptional items in Administrative expenses	4	71,465	27,073
Exceptional items in Revenue		(3,001)	-
Net interest		17,125	(545,385)
Depreciation		7,565	3,093
Amortisation		18,084	15,621
EBITDA		22,550	23,676

Dividends paid or authorised are shown in the consolidated statement of changes in equity.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 December 2020

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
(Loss)/ profit for the year	(88,244)	503,485
Other comprehensive income/ (expense) that may in the future impact the Group income statement:		
Foreign currency:		
Currency translation differences	211	(502)
Other comprehensive income/ (expense) for the year	211	(502)
Total comprehensive (expense)/ income	(88,033)	502,983
Total comprehensive (expense)/ income attributable to:		
Equity holders of the parent	(89,640)	499,287
Non-controlling interests	1,607	3,696
	(88,033)	502,983

No adjustments through other comprehensive income have had any tax impact in either the current or preceding financial year.

CONSOLIDATED BALANCE SHEET
As at 31 December 2020

	Note	31 December 2020 £'000	30 September 2019 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	**11**	14,980	9,470
Goodwill	**12**	61,560	116,287
Other intangible assets	**13**	98,600	122,540
Investments accounted for using the equity method	**14**	-	-
Financial assets	**14**	7,443	5,855
		182,583	254,152
Current assets			
Trade and other receivables	**17**	47,470	61,482
Prepayments		3,507	3,143
Income tax receivable		-	-
Held for sale asset	**15**	-	46,447
Cash and cash equivalents	**18**	64,607	65,908
		115,584	176,980
TOTAL ASSETS		298,167	431,132
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital	**25**	11	11
Other capital reserve	**25**	100,000	100,000
Foreign currency translation		(3,861)	(4,405)
Accumulated losses		(157,033)	(66,849)
Total equity attributable to the parent		(60,883)	28,757
Non-controlling interests		2,348	2,951
TOTAL EQUITY		(58,535)	31,708
Non-current liabilities			
Trade and other payables	**19**	512	462
Contract liabilities	**20**	13,403	8,456
Lease liabilities	**22**	5,750	45
Interest bearing loans and borrowings	**22**	213,558	195,537
Deferred tax liabilities	**9**	9,665	13,896
Provisions	**23**	1,445	50
		244,333	218,446
Current liabilities			
Trade and other payables	**19**	64,906	86,829
Contract liabilities	**20**	40,311	49,822
Income tax payable		1,765	335
Lease liabilities	**22**	2,876	474
Interest bearing loans and borrowings	**22**	1,115	1,231
Held for sale liability	**15**	-	27,423
Provisions	**23**	1,396	14,864
		112,369	180,978
TOTAL LIABILITIES		356,702	399,424
TOTAL EQUITY AND LIABILITIES		298,167	431,132

These financial statements on pages 15 to 65 were approved by the Board of Directors on 28 September 2021 and were signed on its behalf by:

Alasdair Marnoch – Director.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 31 December 2020

	Attributable to owners of the parent						
	Share capital £'000	Other capital reserve £'000	Accumulated losses £'000	Foreign currency translation £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1 October 2018	**11**	**-**	**(566,550)**	**(3,991)**	**(570,530)**	**913**	**(569,617)**
Profit for the year	-	-	499,701	-	499,701	3,784	503,485
Currency translation differences	-	-	-	(414)	(414)	(88)	(502)
Total comprehensive income for the year	-	-	499,701	(414)	499,287	3,696	502,983
Contributions during the year (note 25)	-	100,000	-	-	100,000	-	100,000
Dividends (note 10)	-	-	-	-	-	(1,658)	(1,658)
Balance at 30 September 2019	**11**	**100,000**	**(66,849)**	**(4,405)**	**28,757**	**2,951**	**31,708**
(Loss)/ profit for the period	-	-	(90,184)	-	(90,184)	1,940	(88,244)
Currency translation differences	-	-	-	544	544	(333)	211
Total comprehensive expense for the period	-	-	(90,184)	544	(89,640)	1,607	(88,033)
Non-controlling interest on disposal of subsidiaries	-	-	-	-	-	189	189
Dividends (note 10)	-	-	-	-	-	(2,399)	(2,399)
Balance at 31 December 2020	**11**	**100,000**	**(157,033)**	**(3,861)**	**(60,883)**	**2,348**	**(58,535)**

Share Capital
The balance classified as share capital represents the nominal value on the issue of the Company's equity share capital, comprising ordinary £1 shares.

Other capital reserve
The other capital reserve is used to record capital contributions from owners, specifically a contribution was received during the year as a result of the group restructuring which completed on 11 April 2019.

Accumulated losses
The balance of all profits and losses due to shareholders.

Foreign Currency Translation
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and balances accounted for as quasi-equity items.

Non-controlling interests
Non-controlling interests represents all interests in Group companies held by third parties.

CONSOLIDATED CASH FLOW STATEMENT
Period ended 30 December 2020

	Note	15 Months to 31 December 2020	Year to 30 September 2019
		£'000	£'000
Operating activities			
Loss from continuing operations		(73,471)	(22,913)
Loss from discontinued operations	16	(157)	(14,841)
Group operating loss		(73,628)	(37,754)
Adjustments to reconcile Group operating loss to net cash inflows from operating activities			
Depreciation of property, plant and equipment		7,565	3,173
Loss/ (profit) on disposal of property, plant and equipment		303	(283)
Profit on disposal of intangible assets		(1,768)	-
Amortisation of intangible assets		18,084	16,524
Impairment of intangible assets		14,218	4,256
Impairment of goodwill		54,727	23,074
Loss on disposal of subsidiary		643	676
Gain on disposal of associate		-	(518)
Foreign exchange loss/ (gain)		551	(586)
Decrease / (increase) in stock		185	(98)
Decrease / (increase) in receivables		13,464	(4,297)
(Decrease) / increase in payables		(17,900)	(7,378)
(Decrease) / increase in contract liabilities		(4,564)	(7,710)
(Decrease) / increase in provisions		(12,073)	6,092
Income taxes paid		(2,674)	(7,032)
Net cash flow used in operating activities		(2,867)	(11,861)
Investing activities			
Sale of property, plant and equipment		-	766
Sale of subsidiary undertaking		18,869	14
Sale of associate undertaking		-	771
Proceeds from licencing of software		1,768	-
Purchases of property, plant and equipment and intangible assets		(9,517)	(11,054)
Acquisition of business combinations		-	-
Cash classified as held for sale	15	-	(17,751)
Dividend received		-	1,723
Interest received		1,086	1,350
Net cash flow from/ (used in) investing activities		12,206	(24,181)
Financing activities			
Interest paid		(1,752)	(1,210)
Dividends paid to non-controlling interests		(2,399)	(1,658)
Proceeds from borrowings		5,115	58,231
Repayment of borrowings		(7,948)	(23,180)
Repayment of capital element of finance leases		(5,265)	(830)
Net cash flow (used in) / from financing activities		(12,249)	31,353
Net decrease in cash and cash equivalents		(2,910)	(4,689)
Cash and cash equivalents at beginning of year		65,908	70,326
Effect of exchange rates on cash and cash equivalents		1,609	271
Cash and cash equivalents at the year end	18	64,607	65,908

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The financial statements of Axios Bidco Limited (the "Group") for the 15 months ended 31 December 2020 were authorised for issue by the Board of Directors on 28 September 2021 and the Group and Company balance sheets were signed on the Board's behalf by Alasdair Marnoch. The Company is a private company limited by shares incorporated, registered and domiciled in England and Wales. The registered office is Yarmouth House, 1300 Parkway, Solent Business Park, Whiteley, Hampshire, P015 7AE.

The Group's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements for the Companies Act 2006 ("IFRS") and the applicable legal requirements of the Companies Act 2006. The principal accounting policies adopted by the Group which have been consistently applied in the year are set out in note 2.

2. ACCOUNTING POLICIES

Basis of preparation

The Group is required to prepare its consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and the applicable legal requirements of Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of certain items which are measured at fair value as disclosed in the accounting policies below. The Group financial statements are presented in Sterling. All values are rounded to the nearest thousand pounds (£'000s), except where otherwise indicated.

Going concern

The Directors assess the Group and Company's going concern for a period of 12 months from the time of approving the financial statements and take into account the facts and circumstances during that year and events since the year end date. The Directors have drawn up cash flow forecasts for the Group and Company through to December 2022 and based on these forecasts and the current facilities available, the Group is considered to have sufficient funds to enable it to meet its liabilities for a period of a least 12 months from the date of approval of these financial statements.

On 24 March 2021 the ultimate parent company of the Group, Innovation Group Holdings Limited concluded refinancing negotiations with its shareholders and lenders resulting in £57.7m of the Group's Senior debt being exchanged for equity and an injection of £20m of new Premium Term debt at a 10% margin.

Based on the latest available forecasts and the successful refinancing, the Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of Axios Bidco Limited and the entities it controls for the period ended 31 December 2020.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. Typically, financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.
All inter-company balances and transactions, including unrealised profits and losses arising from them, are eliminated.

The results and cash flows relating to a business are included in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement from the date of acquisition or up to the date of disposal.

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and are presented separately within equity in the consolidated balance sheet, separately from parent shareholders' equity.

The following companies within the group adopted the Department for Business, Innovation and Skills audit exemption for the 15 months ended 31 December 2020. Axios Bidco Limited will guarantee the various debts and liabilities held within these companies as required under section 479A of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

2. **ACCOUNTING POLICIES** (continued)

Company	Registration number
The Innovation Group Limited	03256771
The Innovation Group (EMEA) Limited	04261291
Dimo Computing Limited	03693420
Innovation Fleet Services Limited	03429434
Motorcare Services Limited	02657470
Ingleby (1879) Limited	07795097
EMaC Limited	03158541
Innovation Group Business Services Limited	10459758
TiG Acquisition Holdings Ltd	05967175

Assets held for sale and discontinued operations

A discontinued operation is a component of our business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement and statement of cash flows are reclassified as if the operation had been discontinued from the start of the comparative period.

Assets and liabilities are classified as held for sale if it is highly probable that the carrying value will be recovered through a sale transaction within one year rather than through continuing use. When reclassifying assets and liabilities as held for sale, the assets and liabilities are recognized at the lower of their carrying value or fair value less selling costs. Assets held for sale are not depreciated but tested for impairment. Impairment losses on assets and liabilities held for sale are recognised in the income statement.

Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Interests in Associates

The Group's interests in associates, being those entities over which it has significant influence, and which are not subsidiaries, are accounted for using the equity method of accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Under the equity method, the investment in an associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less distributions received and less any impairment in the value of individual investments. The Group income statement reflects the share of the associate's results after tax. Any goodwill arising on the acquisition of an associate, representing the excess of the cost of the investment compared to the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the associate and is not amortised. To the extent that the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the associate's profit or loss in the year in which the investment is acquired.

Revenue

The Group derives its revenues primarily from the provision of Business Services to the insurance, fleet, automotive and property industries and software and related services to the insurance sector. In the Business Services division, the Group has core competencies in motor and property, particularly in the provision of administration services for first notice of loss, incident management, full claims handling, loss adjusting and service, maintenance policy and warranty administration. In addition, the Business Services division supplies motor parts into its managed network of repairers. The software division provides software to insurance companies through the sale of licences and the building and maintaining of the underlying business systems that are required to manage claims administration and policy processes.

Revenue Earned by the Business Services Division

Overview

The Group receives payments either as principal or agent. This is differentiated by the extent to which the Group is at risk for the gross payment. Where the Group acts as agent for the insurer, the insurer retains complete liability for the cost of settlement of the claim. As a result, even when the Group processes claims settlement costs gross through its own balance sheet, revenue is accounted for on a net basis and comprises fees for administrative and other services. Where the Group retains the liability for the settlement of claims costs, revenue is accounted for gross. Revenues are recognised in line with the delivery of the related services or referred work including, where appropriate, an assessment of accrued income.

2. ACCOUNTING POLICIES (continued)

The majority of the Group's Business Services revenue is derived from the administration of different parts of the claims management or policy management process. This is predominantly performed for a fixed administration fee or a fixed contractual percentage of the value of any repair. All administration fees are recognised, in accordance with IFRS 15, as the performance obligation is considered to be satisfied. Certain performance obligations, such as the provision of first notice of loss services, are paid by transaction and the transactions can be satisfied over a very short period of time. Revenue on these services is recognised as the transactions occur. Other performance obligations, such as the administration of motor service plans, or the administration of a subsidence claim will be delivered over a longer period of time. The key revenue streams are detailed below, and unless otherwise indicated may apply to the motor or property sector:

Key Business Services revenue streams

Incident management. Once the Group has been advised of a claim, either by taking an emergency roadside call or after being notified by the insurer, the Group assesses the claim, whether motor or property, and deploys the repair into its network of managed body shops or property contractors. Revenue is a fixed contracted percentage of the repair and is received from the repairer not the insurer. Revenue is recorded net as the Group acts as agent and takes no liability for the settlement of the claim and is recognised on a claim by claim basis at the point of deployment into the network as this is where the administration effort is substantially complete. Volume rebates are received from a number of suppliers. These rebates are recognised in line with the term of the related contract, be it annual or over a longer period. The Group also handles the payment process on behalf of the client however, effort is minimal and deemed perfunctory. The Group has an identical methodology for the servicing of vehicles except, in this instance, the customer is generally a fleet company.

Loss adjusting. Loss adjusting services may be performed as a stand-alone service for those insurers who do not take the end-to-end claims service. For both motor and property claims the Group performs the determination and approval of the repair on behalf of the insurer. An administration fee is recognised as revenue at the point of delivery of the loss adjuster's report when the service is complete.

Car hire and leasing. The Group earns revenue in two ways from this revenue stream. In the first instance the Group sources a vehicle from the rental provider on a fixed rate and charges to the insurer on a daily rate. The Group acts as principal and revenues are recognised on a gross basis when the lease is undertaken as hires are typically 2 or 3 days, on a pro-rata basis as the hire is provided. The second is where the Group promotes special offers to clients acting as an agent to the leasing company and receives a commission for the service which is recognised as revenue as an agent when the lease is signed.

Sale of Motor Parts. In certain geographies the Group supplies motor parts to its network of repairer garages. The Group's business model is for these goods to be delivered directly from the supplier to the customer and as a result it does not take inventory risk. However, the Group is exposed to the credit and supply of its counterparties and consequently recognises the transaction gross, in the income statement. Revenue is recognised at the point of despatch from the supplier to the customer.

Service Plans – EMaC. In the UK, the Group has contracts with a number of motor manufacturers and motor retailers to administrate service plans for motor vehicles. The Group earns administration fees over the life of the service plan, and from charges levied on administration of direct debit instalments. Volume rebates are due to a number of customers and are recognised in line with the term of the contractual agreements. Revenue is recognised net of rebates over the life of a service plan.

Service and Maintenance Plans. In South Africa the Group has contracts with a number of motor manufacturers, dealer groups and banks to provide services in relation to automotive service and maintenance plans for a fixed fee. Contracts can be either off-risk where the Group typically provides administration services or on-risk where in addition the Group has assumed the liability of the service cost (see below).

Off-risk plans

In the case of off-risk plans the Group receives a fee per vehicle per month for the administration of the policy. These can be paid either monthly or in advance. In all cases revenue and profits are recognised evenly over the term of the policy. In addition, in certain cases, to the extent the Group is able to manage a specified book of policies to settlement below a contracted benchmark it is entitled to a share of the savings on a percentage basis as determined by the contract. Based on prior experience of a significant number of similar claims the Group is reliably able to estimate these savings and revenue and profit is recognised as this service is delivered.

On-risk models

Service and maintenance plans. On-risk service and maintenance plans may be term or monthly policies. These are deemed on-risk as the Group bears all liability for the service / maintenance costs and receives all the benefit should a portfolio of policies be settled below the premium price and is on-risk should total costs exceed the premium. The plans are priced based on the estimated cost of the specified services plus an administration fee and third-party commission.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

2. **ACCOUNTING POLICIES** (continued)

Service and maintenance plans – term policies. Revenues and profits in respect of the fund portion are recognised over the life of the policy based in line with estimated future service costs. Future costs are estimated using an actuarial curve derived from historic experience of costs incurred on similar policies. The costs of services are recognised as incurred.

Service and maintenance plans – monthly policies. In the case of monthly policies, the total premium is recognised monthly as received with no distinction between administration fee and fund. The costs of the services are recognised as incurred, which is considered an even distribution of cost in line with revenues across a large book of plans.

Property subsidence claims. The handling of subsidence claims, only performed in the UK, is by its nature a lengthier process than motor and property repair claims, with the settlement of some claims spanning more than one accounting period. The Group recognises administration fees and profit shares on subsidence claims on an activity basis. Revenue from profit shares are only recognised when it

is reliably certain that no future reversals will occur. This is considered to be at the point when less than 1% of the total book value remains and qualitative aspects are also reliably certain. This can cause fluctuations in the recognition of revenue.

In general, where the Group is involved in the administration of the settlement of a claim a fixed contractual fee is received. For some contracts, the Group has entered into a 'risk and reward' model. On-risk models result when the Group shares, in part or fully, in the savings or losses generated from the settlement of a claim, or portfolio of claims, against a contracted benchmark.

For on-risk contracts, the administration fee is either fixed in the contract or separately allocated from the fees received using evidence of fair value determined from the administration-only contracts.

The Group has a number of contracts which generate revenue based on the Group's ability to settle a portfolio of notified claims within a specific period below a contractually agreed benchmark. Revenue is measured on these contracts to the extent that the saving attributable to the Group has been delivered and can be reliably measured. An average settlement per claim is calculated, being the actual cost on all closed claims in the population plus an estimate to settle all remaining open claims, adjusted by a deterioration factor to allow for the worsening of claims, divided by the number of claims in the population. Provided this average cost per claim is lower than the contractual benchmark, revenue is recognised only once the performance obligation has been met.

Where the average settlement per claim is calculated to be higher than the benchmark, the Group may become liable for a capped amount of excess and will provide in full for any exposure.

These on-risk contracts may be funded either through the customer's own bank account, through an Innovation Group bank account funded by the customer or in limited situations through the Group's own bank account with the Group taking prime responsibility for the settlement. For these on-risk contracts, to the extent funds flow through the Group's bank accounts, they will be accounted for on a gross basis in the balance sheet.

Revenue Earned by the Software Division

Initial Licence Fees

Revenues are recognised when persuasive evidence of an arrangement exists, delivery has occurred, the licence fee is fixed or determinable, the collection of the fee is reasonably assured, no significant obligations with regard to installation or implementation of the software remain, and customer acceptance, when applicable, has been obtained.

Maintenance and Other AMS Services

Maintenance and AMS services are typically billed on an annual basis in advance. The Group recognises this revenue on a monthly basis over the period of the contract on a straight-line basis.

Hosting Services

Where hosting is provided as part of a new solution sale, the hosting revenue stream will either be negotiated as a distinct separable element within the overall contract or will have a fair value attributed to it from the overall revenue stream generated. This is recognised as the service is provided over the term of the contract.

Interest Income

Interest is recognised in profit or loss, using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life if the financial instrument to the net carrying amount of the financial asset.

2. **ACCOUNTING POLICIES** (continued)

Research and Development

Research expenditure is charged to the income statement in the year in which it is incurred.

Expenditure incurred in the development of software and hardware products for use or sale by the business, and their related intellectual property rights, is capitalised as an intangible asset only when:

- technical feasibility has been demonstrated;
- adequate technical, financial and other resources exist to complete the development, which the Group intends to complete and usc;
- future economic benefits expected to arise are deemed probable; and
- the costs can be reliably measured.

Development costs not meeting these criteria are expensed in the income statement as incurred. Capitalised development costs are amortised on a straight-line basis over their useful lives (typically 5 years) once the related software and hardware products are available to use.

Government Grants

Government grants are recognised in profit and loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income of deducting it from the carrying amount of the asset. If the relief is a government grant related to income, it is presented as a deduction from the related expense.

Exceptional Items

The Group classifies items of income and expense as exceptional items, where the nature of the item is non-recurring so as to assist the user of the consolidated financial statements to better understand the results of the operations of the Group. Exceptional items are disclosed separately in the primary statements. Exceptional items primarily relate to impairments, restructuring costs and provisions relating to various loss-making contracts and are added back when calculating the Group's adjusted EBITDA.

Business Combinations and Goodwill

Business combinations are accounted for using the purchase method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill. Goodwill is not amortised but is subject to an annual impairment review.

The Group follows guidance in accordance with IFRS 3 (revised) for business combinations. On acquisition date, businesses are recorded at acquisition cost, being the fair value at the date of exchange of the cash paid, or other consideration given. Direct transaction costs are expensed through the Consolidated Income Statement in the year incurred and are typically classified as exceptional items.

The separately identifiable intangible assets, other assets, liabilities and contingent liabilities of acquired businesses are identified as required by IFRS 3 (revised), and are recorded in the Consolidated Financial Statements at their acquisition date fair values, with certain exceptions as set out in IFRS 3 (revised).

In the event that the value of the net assets acquired exceeds the cost of acquisition, the excess is immediately recognised as a gain in the Consolidated Income Statement at the acquisition date.

Goodwill is recognised initially as the difference between the fair value of total consideration received and the net assets acquired. After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses are never reversed.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units ("CGUs") monitored by management, usually at operating segment level or statutory company level as the case may be. A CGU is defined as being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it.

Deferred consideration is capitalised as part of the cost of acquisition and is discounted using an appropriate discount rate. Where the consideration is contingent, any revision to the amount payable is adjusted through the consolidated income statement. Where any payments are dependent upon continued employment, these payments are treated as compensation rather than consideration and are expensed to operating expenses in future years.

Intangible Assets

Intangible assets acquired separately from a business combination are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets that do not meet certain recognition criteria, excluding internally generated software and capitalised development costs, are not capitalised and expenditure is charged against income in the year in which the expenditure is incurred.

Guidance in Standing Interpretations Committee (SIC) 32 has been applied in accounting for internally developed website development costs. The Group capitalises costs that relate to the development of a website only if the primary purpose of the website is the generation of revenue. These costs include application development, design and content which enables revenues to be generated from the website, excluding advertising or promotional material. Where a website has been developed primarily for promoting or advertising the services of the Group, these costs are expensed as incurred. Website development costs are amortised over the expected useful life of the asset.

The useful lives of intangible assets are assessed to be finite and are amortised over the useful life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Internally generated intangible assets are amortised over their estimated useful lives, from the point when the asset is available for use and are reported net of any impairment losses.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates with adjustments reflected prospectively. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. The useful lives of the intangible assets are as follows:

Customer relationships	14 to 15 years
Proprietary software	2 to 5 years
Trade names	8 to 9 years
Order book	Over contract term

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Leases which adhere to the requirements of IFRS16 will be capitalised as right of use assets and will be depreciated over the lease term.

Depreciation is not provided on freehold land. On other assets it is calculated to write off their cost less estimated residual value, based on prices prevailing at the balance sheet date, in equal annual instalments over the estimated useful lives of the assets. These are as follows:

Land and Buildings	50 years
Property improvements	10 to 15 years
Fixtures and fittings	4 to 15 years
Motor vehicles	4 years
Computer systems and equipment	2 to 5 years
Right of use asset	Over the lease term

The useful lives and residual values assigned to property, plant and equipment are assessed on an annual basis. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2. **ACCOUNTING POLICIES** (continued)

Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in exceptional items.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement, except in the case of Goodwill, where no reversal of impairment can be made.

Trade Receivables and Contract Assets

Trade receivables are initially recognised at the amount of consideration that is unconditional and subsequently measured at amortised cost less any loss allowance. The Group applies the IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

All trade receivables are reviewed and provided for based upon estimated irrecoverable amounts determined by reference to past default experience. Amounts are provided where the recoverability of the balance due is considered to be doubtful. Any amounts provided for are recorded in the income statement within administrative expenses. Amounts are written-off when it is considered there is no further prospect of recovery. Subsequent recoveries of amounts previously written off are credited against administrative expenses within the income statement.

Trade Payables

Trade payables are initially recognised at fair value and thereafter carried at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and short-term deposits with an original maturity of three months or less. For the purposes of the consolidated cash flow statement, cash and cash equivalents consists of cash and cash equivalents, as previously defined, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents include amounts advanced by customers where use is restricted to handling the customer's activities.

Leases

Qualifying leases as defined under IFRS 16 are capitalised and disclosed under property, plant and equipment as a right-of-use asset. A corresponding lease liability is also recognised at the present value of future lease payments. The present value is discounted at the internal rate of return of the lease to the lessor. The total finance charge is allocated over the period of the lease or contract in such a way as to give a constant charge on the outstanding liability and the right-of-use asset is depreciated over the lease term.

Short-term or low value leases, are treated as operating leases and rentals payable or receivable are charged or credited to the income statement on a straight-line basis over the lease term.

Termination or extension options are assessed for the most likely scenario and then recognised in accordance with IFRS 16. When the scenario changes the lease is recognised in accordance with IFRS 16 based on the new information.

The Group has applied the following practical expedients as permitted by the standard:
- applying a single discount rate to a portfolio of leases with similar characteristics
- accounting for leases with a remaining lease term of less than 12 months as short-term leases and therefore operating leases
- accounting for leases of assets deemed to be of low value as operating leases.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

2. **ACCOUNTING POLICIES** (continued)

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement with the exception of differences on foreign currency loans to foreign currency subsidiaries which form part of the net investment. These are taken directly to equity until the date of disposal of the net investment, at which time they are recognised in the consolidated income statement.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at average exchange rates for the year, where this represents a reasonable approximation of actual exchange rates at the date of transactions. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

During the year the most significant currencies, other than Sterling, were the US Dollar, South African Rand and the Euro. The average annual exchange rates used to convert results into Sterling are shown in the table below:

Currency	2020	2019
US Dollar	1.293	1.272
South African Rand	20.851	18.251
Euro	1.134	1.131

Current and Deferred Income Tax

The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed, based on tax rates that are enacted or substantively enacted at the balance sheet date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities or assets are recognised on all temporary differences except in respect of investments in subsidiaries and associates where the Group is able to control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future. Deferred tax is not accounted for if it arises from initial recognition of goodwill or an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets on temporary differences arising on investments in subsidiaries or associates are recognised only to the extent that it is probably the temporary difference will reverse in the foreseeable future. In all cases, deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference or unused deferred tax asset can be utilised. The carrying amount of the deferred tax asset is reviewed at each balance sheet date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which the asset or liability is settled. This is based upon tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial Assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance sheet date. Such assets are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

2. **ACCOUNTING POLICIES** (continued)

Financial Liabilities

Financial liabilities are recognised when the Company becomes party to the contracts which give rise to them and are classified as financial liabilities at fair value through the profit and loss or loans and payables as appropriate. When financial liabilities are recognised initially, they are measured at fair value, plus in the case of financial liabilities not at fair value through profit and loss, directly attributable transaction costs. The Company determines the classification of its financial liabilities at initial recognition. The only instruments held at fair value through profit and loss are interest rate derivatives.

A financial liability is generally derecognised when the contract that gives rise to it is settled, sold, 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 such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. 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 net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense when incurred.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends

Dividends are recognised as a liability in the year in which they are fully authorised and no longer at the discretion of the entity concerned.

Provisions and Contingencies

Provisions, including those for legal claims, are recognised when the Group has a present legal or constructive obligation as a result of a past event and management believe it to be probable that the Group will be required to settle that obligation and a reliable estimate of the amount can be made. Where a reimbursement is expected, this is recognised only when it is virtually certain that the reimbursement will take place, and of the amount to be reimbursed. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to net present value where this is deemed to be material.

Contingent liabilities are liabilities that represent a possible obligation arising from a past event whose existence is dependent on one or more uncertain future events not within the control of the Group, or a present obligation where it is not probable that an outflow will be required for settlement of the obligation. Contingent liabilities are not disclosed where the likelihood of the uncertain future event is remote.

Contingent assets, which relate to possible assets and depend on the outcome of uncertain future events, are not recognised. Such an asset is disclosed only where the inflow of economic benefit is probable.

Employee benefits

Contributions to the Group's defined contribution pension schemes are charged to the income statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

2. **ACCOUNTING POLICIES** (continued)

The Group has applied IFRS 16 using the simplified transition approach and has not restated comparative amounts for the prior period to first adoption.

The Group's only material portfolio of leases relates to its property, there are immaterial leases in place for vehicles.
The Group recognised right of use assets and lease liabilities for those leases previously classified as finance leases and operating leases, except for short-term leases and leases of low value assets.

Critical Accounting Estimates and Judgements

In preparing the consolidated financial statements, management has had to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The critical judgements and key sources of estimation uncertainty that have been made in preparing the consolidated financial statements are detailed below and in specific accounting policy notes. These judgements involve assumptions or estimates in respect of future events which can vary from what is anticipated.

Where practicable, the carrying value of the associated asset or liability at the year-end has been provided in the table below.

The following are the critical accounting estimates and judgements that the Directors believe could reasonably move by an amount that could cause a material impact on the financial statements in the next 12 months.

Critical Accounting Estimate	Risk	Value within the Annual Report and financial statements
Goodwill and Intangible Asset impairment Determining whether the carrying value of goodwill and intangible assets is at risk of impairment involves a number of estimates, which includes the value of cash flows estimated to be generated from the asset in the future (initially driven by the budget for the following financial year) and the discount rate to be applied to these cash flows so that an assessment of their net present value can be made. This is tested annually. The recoverable amounts of CGUs have been determined based upon value in use calculations. The key estimates within the calculations are: • Forecast future EBITA; • Discount rates; and Growth rates and terminal growth rates.	If the estimates supporting the calculated value of goodwill are over optimistic, including the assumed revenue growth and cost savings arising from transformation, then the Group is at risk of overstating the value of the asset and hence overstating profits. Detail of how estimates are derived is included in note 12.	Details of the specific rates used and the value of any amounts which have been written off within administrative expenses in the income statement are detailed in notes 12 and 13.

The following are other important judgements that the Directors have made within the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

2. **ACCOUNTING POLICIES** (continued)

Important Accounting Judgements	Risk	Value within the Annual Report and financial statements
Revenue recognition on on-risk revenue share arrangements (and associated contract loss provisions) There are a number of key estimates that are required to be made in regard to establishing the revenue recognition profile on revenue share arrangements. For the on-risk contracts handled by the UK subsidence business, these include: • Development of actuarial claims curves; • The levels of outstanding recoveries to be made on a portfolio of claims; • The level of potential increase in the settlement value for open claims within a portfolio; • The projection of the ultimate settlement value for a portfolio of claims; and • The costs to complete on a "work-in-progress" run off book, no revenue is recognised until costs to complete are less than 1% of the total costs. • The number of claims left open, no revenue is recognised until 3 or fewer claims remain. For the off-risk contracts handled by UK subsidence bueiness this includes: • Development of actuarial claims curves. For the on-risk service and maintenance plans handled by the South African motor business, these include: • Development of actuarial claims curves; • The cancellation rate of policies sold; • The number of services taken under a policy; and • The number of policies that may lapse. For the warranty plans administered by the South African motor business and written through the associate cell captive, these include: • Development of actuarial claims curves; • Levels of costs incurred on inception of a plan; and • The number of policies that may lapse. For contract loss provisions, these include: • Future claims levels • Cost of settlement of future claims	Incorrect use of estimates on on-risk revenue share arrangements will impact the revenue and EBITDA recognised in a year. The Group uses past experience to inform estimates and where necessary uses third party specialist advice to develop revenue recognition curves.	Please refer to notes 17 and 20.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

2. **ACCOUNTING POLICIES** (continued)

Important Accounting Judgements	Risk	Value within the Annual Report and financial statements
Guardrisk Cell as associate The warranty plans administered by the South African motor business is written through the associate cell captive Guardrisk which is managed by a third party insurance company. As the Group does not directly manage and control the Cell it is treated as an associate rather than fully consolidated as a subsidiary undertaking.	Fully consolidating Guardrisk would bring all assets and liabilities gross on to the consolidated balance sheet.	Investment value is £7.4m (2019: £5.9m) (see note 14).
Goodwill and Intangible Asset impairment Determining whether the carrying value of goodwill and intangible assets is at risk of impairment involves a number of estimates, which includes the value of cash flows estimated to be generated from the asset in the future (initially driven by the budget for the following financial year) and the discount rate to be applied to these cash flows so that an assessment of their net present value can be made. This is tested annually. The recoverable amounts of CGUs have been determined based upon value in use calculations. The key estimates within the calculations are: • Forecast future EBITA; • Discount rates; and • Growth rates and terminal growth rates.	If the estimates supporting the calculated value of goodwill are over optimistic, including the assumed revenue growth and cost savings arising from transformation, then the Group is at risk of overstating the value of the asset and hence overstating profits. Detail of how estimates are derived is included in note 12.	Details of the specific rates used and the value of any amounts which have been written off within administrative expenses in the income statement are detailed in notes 12 and 13.
Deferred Taxation Deferred tax assets are recognised where management believe that the availability of future profits is reasonably assured and hence available losses are likely to be utilised.	If the estimates supporting future available taxable profits are optimistic then the Group is at risk of overstating the value of deferred tax assets.	At 31 December 2020, the Group has recognised £9.7m of deferred tax liabilities (2019: £13.9m) and has gross unrecognised temporary differences of £403.9m (2019: £454.1m). Please refer to note 9.
Capitalisation of Proprietary Software Development Costs Judgement is required to determine that only applicable costs are capitalised and that the carrying value of the asset at each reporting period is supported by the net present value of future cash flows to be derived from it.	Inappropriate capitalisation of costs would improve profitability as costs would be put on the balance sheet rather than expensed through the income statement. The carrying value of Proprietary Software is at risk of being overstated if the Group's future transformation initiatives change the development roadmap.	The carrying value of internally generated software is £28.7m (2019: £27.2m). £8.1m (2019: £9.0m) was capitalised in the period. See note 13.
Contract-related matters From time to time contractual issues arise whose resolution is uncertain and could impact the Group's future earnings. The Director's make their best estimate in determining the likely outcome and take account of the advice of legal experts where necessary in making these judgements.	If the outcome of such matters differs from the best estimates made by the Directors, it could materially impact the Group's future reported earnings.	Please refer to notes 23 and 29.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

The accounting policies adopted in these Consolidated Financial Statements are consistent with those of the financial statements for the year ended 30 September 2019, except for the adoption of new standards, amendments to the standards and interpretations which are mandatory for the 15 month period ended 31 December 2020. All effective dates shown below are those given within the IFRS as adopted by the European Union. The Group will apply these new standards, amendments and interpretations in the first accounting period following the effective date.

Standards, amendments and interpretations effective in the current year

New standards, amendments to standards or interpretations effective for the first time in the current financial year have had a material impact on the Group or parent company.

Standard		*Effective Date*
IFRS 16	*Leases*	1 January 2019

IFRS 16 – Leases

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Under the new standard, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

IFRS 16 will had no cash flow impact given that the actual lease payments will continue as normal, however operating cash flows will increase and financing cash flows will decrease because repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group applied the standard from its mandatory adoption date of 1 October 2019. The Group applied the simplified transition approach and did not restate comparative amounts for the year prior to first adoption. Right-of-use assets are measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

For the period ended 31 December 2020 the operating lease expense of £4.3m has been replaced with depreciation of £4.4m and interest of £0.8m. The right-of-use assets recognised as at 1 October 2019 have a net carrying amount of £8.0m at 31 December 2020.

New standards, amendments to existing standards and interpretations that are deemed to be applicable to the Group, that are not yet effective and have not been early adopted by the Group

Standard		*Effective Date Accounting periods beginning or After*
IFRS 16	Amendment – Covid-19 related rent concessions In response to the Covid-19 coronavirus pandemic, the amendments to IFRS 16 'Leases' to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of Covid-19 and meet certain conditions.	1 June 2020
IFRS 17	*Insurance contracts* This standard replaces IFRS 4 fundamentally changing the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features.	1 January 2023
IFRS 9 IAS 39 IFRS 7 IFRS 4 IFRS 16	*Amendments – Interest rate benchmark Reform -Phase 2* The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate.	1 January 2022
IAS 1	*Amendments – Presentation of financial statements on classification of liabilities* The amendments clarify the classification of liabilities between current or non-current based on the rights that exist at the end of the reporting period.	1 January 2021

Management continues to assess the potential impact of the new standard and amendments on the Consolidated Financial Statements of the Group. The Group will apply these new standards, amendments and interpretations in the first accounting period following the effective date.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

3. REVENUE

Revenue recognised in the income statement is analysed as follows:

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Rendering of services	183,116	172,890
Sale of goods	44,989	33,496
	228,105	206,386

Revenue derived from the rendering of services comprises business services and software services and is recognised over time. Revenue derived from the sale of goods relates to the sale of parts and is recognised at a point in time.

No revenue was derived from exchanges of goods or services.

Contract liabilities as at 30 September 2019 of £49.8m have been recognised as revenue in the year. £19.8m of revenue has been recognised in year from performance obligations satisfied in the prior year.

The geographical split of revenue is analysed as follows:

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
United Kingdom	63,961	52,878
Rest of Europe	95,781	80,982
Rest of World	68,363	72,526
	228,105	206,386

The Group has recognised the following assets and liabilities related to contracts with customers

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Contract liabilities	(53,714)	(58,278)
Contract assets	17,163	19,804
	(36,551)	(38,474)

4. EXCEPTIONAL ITEMS

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Restructuring costs	6,259	4,692
Debt structuring and related tax and financial advice	2,610	12,746
Impairments	68,945	7,459
Legal fees	931	-
Disposals	643	-
Provisions	(5,580)	(527)
VAT refunds on exceptional costs	(2,154)	-
Software license sale	(1,768)	-
Software implementation	1,362	-
Other exceptional costs	217	2,703
Total exceptional items included within administrative expenses	71,465	27,073

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

4. EXCEPTIONAL ITEMS (Continued)

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Release of onerous contract provisions	3,000	-
Total exceptional items included within revenue	3,000	-

Significant costs that are one-off in nature and not part of the recurring business have been recorded as exceptional:

Restructuring — includes one-off costs relating to office relocations, retrenchments and additional audit fees due to the year-end change. The prior year balance related to the rationalisation of the Software and Business Services divisions in the UK..

Debt structuring and related tax and financial advice – professional fees incurred during the refinancing process.

Disposals - Profits and losses relating to the sale and closure of businesses (note 16)

Legal fees - consists of legal fees falling outside of the above-mentioned categories pertaining to one off events.

Provisions – relate mainly to onerous contract provisions described in (note 23) that have subsequently been released..

Software related expenses - includes software implementation costs not capitalised.

VAT refunds on exceptional costs – relate to expenditure that was previously recorded under exceptional items inclusive of VAT and whereby a VAT claim has subsequently been filed successfully and the VAT has been refunded.

Software licence sales – relates to the licencing of software to an acquirer of a business disposed of.

Other exceptional costs relate to costs incurred outside the normal course of business mainly relating to various litigations and penalties.

Impairments – £68.9m (2019: £7.5m) consist of impairments of goodwill and intangibles – notes 12 and 13.

	15 months to 31 December 2020			Year to 30 September 2019		
	Goodwill	Intangibles	Total	Goodwill	Intangibles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
UK	9,453	9,512	18,965	-	-	-
Central Europe	2,593	-	2,593	-	-	-
South Africa	34,228	-	34,228	-	-	-
Asia Pacific	-	185	185	-	3,344	3,344
USA	8,453	4,511	12,964	3,203	-	3,203
Western Europe	-	10	10	-	912	912
	54,727	14,218	68,945	3,203	4,256	7,459

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

5. OPERATING LOSS

Operating loss is stated after charging / (crediting)

		15 Months to 31 December 2020	Year to 30 September 2019
		£'000	£'000
Depreciation	- owned assets	2,383	2,463
	- right of use assets/ leased assets	5,182	630
Amortisation of intangible assets		18,084	15,621
(Profit)/Loss on disposal of property, plant and equipment		303	(205)
Auditors' remuneration[1]	- audit of the Group financial statements	352	433
Other audit services	- local statutory audits for subsidiaries	640	732
	- all other services	18	10
Exchange loss/ (gain)		551	(586)

[1] Auditors' remuneration includes fees related to discontinued business.

6. STAFF COSTS AND DIRECTORS' REMUNERATION

Employee Costs During the Year

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Wages and salaries	79,584	78,796
Social security costs	7,632	8,685
Other pension costs	2,011	2,335
	89,227	89,816

Average Monthly Number of Persons Employed

	15 Months to 31 December 2020 Number	Year to 30 September 2019 Number
Business services	2,164	2,720
Software developers	77	93
Administration	27	24
Average number of employees at the year end	2,268	2,837

Directors' remuneration

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Aggregate emoluments	1,205	883
Pension costs	-	-
	1,205	883

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

6. STAFF COSTS AND DIRECTORS' REMUNERATION

The highest paid director received £ 698,126 for the 15 months ended 31 December 2020 (2019: £462,374 for the year ended 30 September 2019).
One Director made contributions to a pension scheme or received pensions contributions from the Group in the period (2019: Nil)
Certain of the Directors were representatives of the Group's shareholders and have not received any remuneration from the Group during the period.
A number of Directors waived emoluments during the year in response to the Covid 19 pandemic. Total emoluments waived were £46,937.

7. FINANCE INCOME

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Interest on financial assets measured at amortised cost		
Bank interest	558	1,551
Other interest	523	-
PIK Note debt waived during restructure	-	475,148
Senior debt waived during debt restructure	-	92,539
	1,081	569,238

8. FINANCE COSTS

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Interest on financial liabilities measured at amortised cost		
Interest payable on senior debt	12,596	16,596
Interest payable on super senior debt	2,927	-
Bridging loan interest	-	623
Amortisation of arrangement fee	353	6,346
Revaluation of interest rate derivatives	-	201
Bank loans and overdrafts	1,504	33
Interest payable on finance leases	826	54
	18,206	23,853

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

9. TOTAL TAX (CREDIT) / EXPENSE

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Current tax expense		
Current tax on profits for the period	3,541	7,610
Adjustments for current tax of prior periods	402	496
Total current tax expense	3,943	8,106
Deferred tax credit		
Deferred income tax adjustments for current period	(4,599)	(3,274)
Deferred income tax adjustments for prior periods	57	115
Total deferred tax credit	(4,542)	(3,159)
Total income tax (credit) / expense in the income statement	(599)	4,947
Tax (credit) / expense continuing operations	(601)	3,272
Tax expense discontinued operation	2	1,675
Total income tax (credit) /expense	(599)	4,947
Reconciliation of total tax charge		
Group (loss) / profit on operating activities before tax	(88,688)	523,274
Group loss on discontinued activity before tax	(155)	(14,842)
Total Group (loss) / profit before tax	(88,843)	508,432
Income tax using UK corporation tax rate of 19% (2019: 19%)	(16,880)	96,602
Tax effects of:		
Expenses not deductible for tax purposes	10,287	(102,870)
Rate differences on overseas earnings	2,437	1,356
Deferred tax assets not recognised	3,236	9,271
Prior year adjustments	459	560
Change in tax rates	(85)	86
Other taxes	(53)	(58)
Total tax (credit) / expense	(599)	4,947

There is no tax income or expense arising from any of the items recognised in Other Comprehensive Income in the current or prior period.

Deferred tax

Deferred tax is included in the income statement as follows:

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Release of deferred tax on acquired intangibles	(6,435)	(4,368)
Movement in recognition of deferred tax assets on losses	1,708	(558)
Decelerated capital allowances	2,579	1,381
Unremitted earnings	165	-
Other short-term temporary differences	(2,559)	386
Deferred tax credit	(4,542)	(3,159)

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

9. TOTAL TAX (CREDIT) / EXPENSE (continued)

The deferred tax credit is primarily driven by the release of deferred tax liabilities related to intangible assets acquired as a result of the business combination in November 2015. The deferred tax liabilities are released as the underlying intangible assets are amortised. The credit arising is offset in the UK and the US by the corresponding de-recognition of deferred tax assets on trading losses which the group recognise only to the extent that there are deferred tax liabilities in the same territory.

The movements in net deferred tax asset and liabilities are shown below.

	Acquired Intangible Assets	Losses	Unremitted Earnings	Other Timing Differences	Totals
Year ended 30 September 2019	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
1 October 2018	(31,946)	3,749	(165)	9,083	(19,279)
Charged /(Credited) to Profit and Loss for the year	4,368	558	-	(1,767)	3,159
Other movements	-	-	-	-	-
Foreign exchange	-	(1)	-	(190)	(191)
Balance 30 September 2019	(27,578)	4,306	(165)	7,126	(16,311)
15 Months ended 31 December 2020			-		
Charged /(Credited) to Profit and Loss for the period	6,435	(1,708)	165	(350)	4,542
Other movements	2,415	-	-	-	2,415
Foreign exchange	-	(2)	-	(309)	(311)
Balance 31 December 2020	(18,728)	2,596	-	6,467	(9,665)

Deferred tax assets and liabilities have been offset for presentation purposes in the consolidated balance sheet where it is appropriate to do so.

	31 December 2020 £'000	30 September 2019 £'000
Presented in the Group balance sheet – deferred tax liabilities	(9,665)	(13,896)
Presented within held for sale assets – deferred tax liabilities	-	(2,415)
Net deferred tax liability	(9,665)	(16,311)

The Group's policy is to look forward one accounting period when assessing future utilisation of deferred tax assets. However, where territories have consistently proven to be profitable, a deferred tax asset has been recognised on the basis that a longer forecast period of utilisation is appropriate. The deferred tax asset recognised at 31 December 2020 is £9.1m (2019: £11.4m).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been substantively enacted at the balance sheet date. The Finance Act 2020 which was substantively enacted on 17 March 2020 sets the UK main rate for corporation tax at 19%. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase both the gross deferred tax assets and liabilities by £2m with a net £nil effect on the net deferred tax liability and a net £nil effect on the tax expense for the period. In the prior period deferred tax assets and liabilities were recognised at the rates substantially enacted at 30 September 2019 being Finance (No. 2) Act 2015 having been substantively enacted on 26 October 2015 which reduced the main rate of corporation tax in the UK to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016 was substantively enacted on 6 September 2016 and reduced the main rate of corporation tax in the UK to 17% with effect from 1 April 2020.

It is likely that the majority of the unremitted overseas earnings would qualify for the UK dividend exemption introduced by Finance Act 2009 and therefore no tax liability is expected to arise on the repatriation of the earnings from overseas subsidiaries and associates. At 31 December 2020 no provision is held for irrecoverable withholding tax on unremitted earnings (2019: £165,000).

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

9. TOTAL TAX (CREDIT) / EXPENSE (continued)

Unrecognised temporary differences

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Decelerated capital allowances	13,138	-
Other timing differences	33,782	80,033
Tax losses – income	199,094	209,739
– capital losses	157,854	164,344
	403,868	454,116

Unrecognised deferred tax assets largely relate to carried forward tax losses which are available for offset against future profits of the companies, primarily in the UK, in which the losses have arisen. These assets have not been recognised on the basis that there is insufficient evidence that the asset will be recoverable at the balance sheet date. The assets will only be recognised if future taxable profits become probable against which they can be utilised.

10. DIVIDENDS

	15 Months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Dividends on ordinary shares paid to non-controlling interests:		
Innovation Group South Africa (Pty) Limited	1,319	1,110
Netsol – Innovation (Private) Limited	1,080	-
Nobilas France SAS	-	548
	2,399	1,658

The directors do not propose a final dividend in respect of 2020 (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Property improvements £'000	Right of use assets £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer systems and equipment £'000	Total £'000
Cost							
At 1 October 2018	4,261	2,261	-	2,829	76	8,324	17,751
Foreign exchange	(2)	(12)	-	(5)	6	4	(9)
Additions	125	72	-	335	241	1,562	2,335
Disposals	(1)	(394)	-	(478)	(105)	(806)	(1,784)
Held for sale	(215)	(132)	-	(248)	-	(149)	(744)
Transfers	-	-	-	6	-	(6)	-
At 30 September 2019	4,168	1,795	-	2,439	218	8,929	17,549
Foreign exchange	(1)	(72)	169	(132)	(12)	(75)	(123)
Additions	492	33	-	171	19	711	1,426
Disposals	-	(150)	(1,434)	(873)	(11)	(340)	(2,808)
Effect of transition to IFRS16	-	-	11,929	-	-	-	11,929
Reclassification	-	7	-	(6)	8	(10)	(1)
Transfers*	(187)	-	404	(45)	45	(470)	(253)
At 31 December 2020	4,472	1,613	11,068	1,554	267	8,745	27,719
Accumulated depreciation							
At 1 October 2018	395	927	-	960	42	4,226	6,550
Foreign exchange	-	(3)	-	4	-	38	39
Charge for the year	154	378	-	709	53	1,879	3,173
Disposals	-	(381)	-	(419)	(60)	(441)	(1,301)
Transfers	-	(3)	-	9	-	(6)	-
Held for sale	(38)	(100)	-	(128)	-	(116)	(382)
At 30 September 2019	511	818	-	1,135	35	5,580	8,079
Foreign exchange	-	(39)	97	(59)	2	(401)	(400)
Charge for the period	164	386	5,182	696	71	1,066	7,565
Disposals	-	(150)	(1,434)	(677)	(11)	(232)	(2,504)
Reclassification	-	(250)	(813)	(6)	-	1,068	(1)
At 31 December 2020	675	765	3,032	1,089	97	7,081	12,739
Net book value							
At 31 December 2020	3,797	848	8,036	465	170	1,664	14,980
At 30 September 2019	3,657	977	-	1,304	183	3,349	9,470

*Computer equipment to the value of £404k held under finance lease was transferred to right of use assets on 1 October 2019 upon transition to IFRS 16.

Refer to note 22 for details of security existing on the above assets.

All assets within Land and buildings are freehold. Freehold land included within Land and buildings amounts to £1,826,000 (2019: £1,826,000). In accordance with IAS 16, this is not depreciated.

Depreciation for 2020 as calculated above includes IFRS 5 Held for sale depreciation, whereas the depreciation as per the consolidated income statement excludes IFRS 5. Depreciation included in the income statement is £7,560k (2019: £3,093k) and discontinued operations is £5k (2019: £80k).

The Group initially adopted IFRS16 at 1 October 2019 using the modified retrospective approach. The 2019 results have not been restated for the impact of IFRS16 under this method of transition.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

The balance sheet shows the following amounts relating to leases:

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Buildings	7,934	-
Vehicles	102	-
Computer systems and equipment	-	654
	8,036	654

Lease liabilities

	31 December 2020 £'000	30 September 2019 £'000
Current	2,876	474
Non-Current	5,750	45
	8,626	519

The income statement shows the following amounts relating to leases:
Depreciation charge of right-of-use assets:

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Buildings	4,450	-
Vehicles	78	-
Computer systems and equipment	654	630
	5,182	630

Interest expense on lease liabilities:

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Buildings	812	-
Vehicles	5	-
Computer systems and equipment	9	54
	826	54

The group leases various offices and vehicles for which rental contracts are typically for fixed periods of 12 months to 10 years.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Contracts may contain both lease and non-lease components. The group 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 group is a lessee, it has elected not to separate lease and non-lease components and instead accounts 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.

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
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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 the group, the 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.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The incremental borrowing rates applied in the UK, Europe, South Africa, North America and Australia are 3%, 3% 10% 8% and 3.75% respectively.
The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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. If the group is reasonably certain to exercise a purchase option, then the asset's useful life is applied. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

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 the group. These are used to maximise operational flexibility in terms of managing the assets used in operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

12. GOODWILL

	Note	Goodwill £'000
Cost		
At 1 October 2018		391,602
Classified as held for sale	15	(43,397)
At 30 September 2019		348,205
At 30 December 2020		348,205
Accumulated impairment		
At 1 October 2018		244,319
Classified as held for sale	15	(15,604)
Impairment	4	3,203
At 30 September 2019		231,918
Impairment	4	54,727
At 31 December 2020		286,645
Net book value		
At 31 December 2020		61,560
At 30 September 2019		116,287

The carrying amount of goodwill allocated to Cash Generating Units ("CGUs") is as follows:

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
UK	-	9,488
Central Europe	60,204	62,763
Western Europe	-	-
South Africa	1,356	35,584
Asia Pacific	-	-
North America	-	8,452
	61,560	116,287

Goodwill is allocated to a regional CGU as either Business Services or Software unless the acquisition is not immediately integrated into the existing businesses of that CGU. In which case, goodwill arising on acquisition is allocated to its own separate CGU until such a time that the business is integrated.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

12. GOODWILL (continued)

Impairment Test for Goodwill

Goodwill acquired in a business combination is allocated to CGUs. The Group conducts annual impairment tests on the carrying value of goodwill using value in use calculations. The key assumptions for the value in use calculations are the discount rate applied, forecast EBITA and the long-term growth rate of net operating cash flows.

The Group prepares cash flow forecasts for these CGUs based on the most recent annual budgets presented to the Board. These are based upon detailed budgets for the coming year and internal forecasts through to 2022. Cash flows beyond the forecast period are extrapolated using expected long-term growth rates. Further infonnation on the assumptions used within the major CGUs is detailed below.

Key Assumptions Used in Value in Use Calculations

The calculation of value in use for all of the business units is most sensitive to the following assumptions:

- forecast cash flow;
- discount rates; and
- growth rates used to extrapolate cash flows beyond the budget period.

EBITA is derived from management budgets and forecasts which are based upon both past performance and experience together with changes anticipated following expected developments within each location and operating segment. EBITA is defined as operating profit after adding back amortisation and exceptional items. EBITA is used as base for future cash flows. Management has prepared a budget for the FY20 year, which has been approved by the Board and forecasts have been prepared for the FY21-22 periods, which includes forecasted cash flows.

Discount rates reflect management's estimation of the rate of return that would be expected from a rational investor over the period of the forecast, should the CGU be independent of the Group's capital structure. In determining these rates management has reflected specific risks relating to the relevant operating segments. Specific details of the discount rates for each CGU are provided below.

The growth rates used for periods beyond management developed forecasts are shown below and reflect an estimate of long-term growth rates in the regions in which the Group operates.

	2020			2019		
	Cash flows growth rate year 4-5	Terminal Growth rate	Pre-tax discount rate	Cash flow growth rate year 4-5	Terminal Growth rate	Pre-tax discount rate
UK	4%	2%	14.81%	8%	2%	14.46%
Central Europe	4%	2%	15.00%	12%	2%	17.14%
Western Europe	2%	0%	16.00%	10%	2%	16.00%
South Africa	4%	4%	23.61%	12%	3%	19.44%
Asia Pacific	2%	2%	17.14%	4%	2%	17.14%
North America	5%	2%	15.19%	8%	2%	15.19%

Further details on the main CGUs with material goodwill balances are detailed below:

UK – This CGU represents all Services businesses in the UK.

Central Europe - This CGU represents the Services businesses in Germany, Netherlands and Poland.

Western Europe - This CGU represents the Services businesses in Spain.

North America – This CGU represents the Services businesses in the United States of America and Canada.

Asia Pacific - This CGU represents the Services businesses in Australia.

Impairment

The impairment review performed at the year-end identified projected underperformance in the UK, South African and Central European businesses (2019: Western Europe, Asia Pacific and North American businesses) compared to the investment case at acquisition and accordingly an impairment charge of £68.9m (2019: £7.5m) was booked in the period. The impairment recorded was £54.7m (2019: £3.2m) to goodwill and £14.2m (2019: £4.3m) to other intangibles assets.

For CGUs, which have been impaired down to their calculated value in use, any changes to the assumptions outlined above, for example, an increase to the discount rate or lower growth than expected could result in a further impairment.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

12. GOODWILL (continued)

The Directors have considered this risk and do not consider, based on current progress, that this represents a reasonably possible change. The Directors do not consider there to be any other reasonably possible change in key assumptions that would result in further impairment.

Impact of possible changes in key assumptions

The following table details the sensitivities to the key assumptions used by the impairment test review. It details the impact on impairment the CGU of a 1% movement in the key assumptions:

	Goodwill & Intangibles			
	Central Europe £'000	South Africa £'000	UK £'000	Total £'000
Reduction in growth rates years 4 -5 by 1%	(1,384)	(368)	(856)	(2,608)
Reduction in terminal growth rate by 1%	(7,052)	(1,305)	(3,825)	(12,182)
Combined sensitivity to growth rates	(8,436)	(1,673)	(4,681)	(14,790)
Sensitivity to discount rates – increase by 1%	(7,874)	(1,736)	(4,505)	(14,115)
Combined sensitivity to growth rates and increase in discount rates	(16,310)	(3,409)	(9,186)	(28,905)
Sensitivity to discount rates – decrease by 1%	9,691	2,010	5,419	17,120
Combined sensitivity to growth rates and decrease in discount rates	1,255	337	738	2,330

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

13. OTHER INTANGIBLE ASSETS

	Proprietary software £'000	Customer relationships £'000	Order book £'000	Trade names £'000	Total £'000
Cost					
At 1 October 2018	51,540	133,099	3,602	15,569	203,810
Additions	8,969	-	-	-	8,969
Foreign exchange	(10)	-	-	-	(10)
Classified as held for sale	(277)	(11,485)	-	(983)	(12,745)
Disposals	(617)	-	-	-	(617)
At 30 September 2019	59,605	121,614	3,602	14,586	199,407
Additions	8,091	-	-	-	8,091
Foreign exchange	80	-	-	-	80
Transfers	253	-	-	-	253
Reclassification	11	-	-	-	11
At 31 December 2020	68,040	121,614	3,602	14,586	207,842
Accumulated Amortisation and Impairments					
At 1 October 2018	26,266	25,430	3,602	4,356	59,654
Charge for the year	6,549	8,422	-	1,553	16,524
Impairment	-	3,797	-	459	4,256
Foreign exchange	(17)	-	-	-	(17)
Classified as held for sale	(109)	(2,782)	-	(381)	(3,272)
Disposals	(278)	-	-	-	(278)
At 30 September 2019	32,411	34,867	3,602	5,987	76,867
Charge for the period	6,820	9,474	-	1,790	18,084
Impairment	-	12,789	-	1,429	14,218
Foreign exchange	62	-	-	-	62
Reclassification	11	-	-	-	11
At 31 December 2020	39,304	57,130	3,602	9,206	109,242
Net book value					
At 31 December 2020	28,736	64,484	-	5,380	98,600
At 30 September 2019	27,194	86,747	-	8,599	122,540

All amortisation is charged through administrative expenses in the income statement.

All intangible assets are internally generated.

No intangibles have an indefinite life. The remaining lives of the intangibles are: proprietary software 1-5 years, customer relationships 13-14 years and trade names 7-8 years.

Amortisation for the prior year as calculated above includes IFRS 5 Held for sale amortisation, whereas the amortisation as per the consolidated income statement excludes IFRS 5. Amortisation included in the income statement is £18,084k (2019: £15,621k) and held for sale is £Nil (2019: £903k).

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

14. OTHER NON-CURRENT ASSETS

	Investments accounted for under the equity method £'000	Financial Assets £'000	Total £'000
Carrying value at 1 October 2018	143	6,819	6,962
Share of profit retained for the year	-	802	802
Distributions	-	(1,723)	(1,723)
Disposals	(142)	-	(142)
Foreign exchange	(1)	(43)	(44)
Carrying value at 30 September 2019	-	5,855	5,855
Share of profit retained for the period	-	1,908	1,908
Foreign exchange	-	(320)	(320)
Carrying value at 31 December 2020	-	7,443	7,443

Other non-current assets held at 31 December 2020 are accounted for at cost less any provision for impairment, where reliable fair values are not available. Where reliable market values are available, other investments are stated at this amount.

Financial assets include a 100% investment in a cell captive within Guardrisk Insurance Company Limited.

The Directors have concluded that the Group exercises significant influence but is unable to exercise control.

Distributions of £Nil in the period (2019: £1,723k) relate to dividends received from associates.

At December 2020 there are no investments accounted for under the equity method (2019: a 40% shareholding in Sureplan New Zealand Limited whose principal place of business is New Zealand. This Investment was sold on the 25th of July 2019 for £ 771k, resulting in a profit on disposal of £ 518k).

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

15. HELD FOR SALE ASSETS

Nobilas France

The Group disposed of their 70% shareholding in Nobilas France with effect from 1st October 2019.

Financial performance and cash flow information

The following assets and liabilities were classified as held for sale at 30 September 2019

Balance sheet

	2020 £'000	2019 £'000
Intangible assets and Goodwill	-	15,693
Property plant and equipment	-	300
Trade and other receivables	-	5,272
Prepayments	-	3,406
Other taxes and social security	-	1,157
Cash	-	17,042
	-	42,870
Trade and other payables	-	(21,362)
Deferred income	-	(628)
Deferred tax liabilities	-	(2,014)
Interest bearing loans and borrowings	-	-
Provisions	-	(916)
	-	(24,920)

Net cash outflow

	2020 £'000	2019 £'000
Net cash flow from operating activities	-	(697)
Net cash flow from investing activities	-	(138)
Net cash flow from financing activities	-	(1,826)
Net foreign exchange difference	-	(63)
	-	(2,724)

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

15. HELD FOR SALE ASSETS (continued)

Belgium

The Group disposed of their 100% shareholding in all Belgian entities with an effective date of the 7th of January 2020, which were being actively marketed at the period end and are thus disclosed as held for sale. Refer to the investments note for a list of Belgian entities that were sold.

Financial performance and cash flow information

The following assets and liabilities were classified as held for sale as at period ending:

Balance sheet

	31 December 2020 £'000	30 September 2019 £'000
Intangible assets	-	1,702
Property plant and equipment	-	62
Trade and other receivables	-	1,098
Prepayments	-	19
Other taxes and social security	-	(13)
Cash	-	709
	-	3,577
Trade and other payables	-	(1,617)
Deferred income	-	(350)
Deferred tax liabilities	-	(403)
Interest bearing loans and borrowings	-	(133)
Provisions	-	-
	-	(2,503)

Net cash outflow

	2020 £'000	2019 £'000
Net cash flow from operating activities	-	(408)
Net cash flow from investing activities	-	(39)
Net cash flow from financing activities	-	-
Net foreign exchange difference	-	(2)
	-	(449)

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

16. DISCONTINUED OPERATIONS

Netsol disposal

On 23April2020 the Group disposed of its shareholding in Netsol - Innovation (Private) Limited and received £56k cash consideration received in full on the same date. The share transfer was approved by the regulatory authorities on 10 August 2020.

Financial performance and cash flow information

	Pakistan Period to 31 December 2020 £'000	France Period to 31 December 2020 £'000	Belgium Period to 31 December 2020 £'000	Total Period to 31 December 2020 £'000
Revenue	-	-	713	713
Expenses	66	-	(934)	(868)
Profit /(Loss) before tax	66	-	(221)	(155)
Tax	(1)	-	(1)	(2)
Profit / (Loss) after tax	65	-	(222)	(157)
Profit / (Loss) recognised on measurement of fair value	-	-	-	-
Result after tax post profit / (loss) on measurement of fair value	65	-	(222)	(157)
Net cash inflow / (outflow)/inflow from operations	1,773	-	(140)	1,633
Net cash inflow from sale of subsidiary	56	18,813	-	18,869
Net cash increase / (decrease) generated by subsidiary	1,829	18,813	(140)	20,502

India disposal

On 21st May 2019 the Group disposed of its shareholding in Innovation Group (India) Claims Management Private Limited, for £14k cash consideration received in full on 22nd May 2019.

Financial performance and cash flow information

	France Year to 30 September 2019 £'000	Belgium Year to 30 September 2019 £'000	India Year to 30 September 2019 £'000	Total Year to 30 September 2019 £'000
Revenue	17,165	3,528	870	21,563
Expenses	(11,648)	(4,140)	(745)	(16,533)
Profit/(Loss) before tax	5,517	(612)	125	5,030
Tax	(1,670)	(5)	-	(1,675)
Profit/(Loss) after tax	3,847	(617)	125	3,355
Loss recognised on measurement of fair value	(19,872)	-	-	(19,872)
Result after tax post profit / (loss) on measurement of fair value	(16,025)	(617)	125	(16,517)
Net cash (outflow)/inflow from operations	(697)	(408)	(4)	(1,109)
Net cash inflow from sale of subsidiary	-	-	14	14
Net cash increase/(decrease) generated by subsidiary	(697)	(408)	10	(1,095)

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

16. DISCONTINUED OPERATIONS (continued)

Loss on sale of subsidiary

The profit/loss on the sale is disclosed under exceptional costs.

	Pakistan	Nobilas France	Belgium	Period to 31 December 2020 £'000	Period to 30 September 2019 £'000
Cash Consideration	56	18,813	-	18,869	14
Net assets disposed of	(157)	(4,242)	(21)	(4,420)	(690)
Intangible assets and goodwill	-	(13,458)	(1,608)	(15,066)	-
Foreign exchange	15	(5)	-	10	-
Total assets disposed	(142)	(17,705)	(1,629)	(19,476)	(676)
Non-controlling interest	(1,376)	1,340	-	(36)	-
Profit/(loss) on disposal	(1,462)	2,448	(1,629)	(643)	(676)

Loss on sale of subsidiary

Loss from discontinued operations (attributable to equity holders of the parent)

	2020 £'000	2019 £'000
(Loss) from Nobilas France	-	(16,025)
(Loss) from Belgium	(222)	(617)
Profit from India	-	125
Profit from Pakistan	65	
(Loss) from discontinued operation	(157)	(16,517)

17. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Trade receivables	31,077	38,580
Less loss allowance	(4,171)	(2,779)
Trade receivables - net	26,906	35,801
Stocks	213	398
Other debtors	3,188	5,479
Contract assets	17,163	19,804
	47,470	61,482

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

17. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are non-interest bearing and on average have 30 to 60 day settlement terms. The credit quality of the trade receivables is considered by management to be very good as a high proportion of customers are large global companies with whom the Group trades on a long-term basis. Management do not consider that there is a significant concentration of credit risk due to the spread of trade receivables across the global business. None of the accrued income or other debtor balances are considered impaired.

Impairment of Trade Receivables

The movement on the Group loss allowance of trade receivables are as follows:

	2020 £'000	2019 £'000
At 1 October	2,779	3,228
Increase in loss allowance	2,099	302
Loss allowance utilised	(601)	(351)
Disposed of with subsidiary	(12)	(76)
Unused amount reversed	(67)	27
Foreign exchange movement	(27)	(351)
At end of period	4,171	2,779

The total amount and ageing of trade receivables against which the above loss allowance relates are as follows:

	2020 £'000	2019 £'000
Less than one month overdue	93	62
One to two months overdue	329	219
Two to three months overdue	797	531
Three to four months overdue	1,219	812
Over four months overdue	1,733	1,155
	4,171	2,779

The loss allowance is determined by applying the average default rate experienced over the past two years to the current period trade receivables. The historical default rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

The carrying amount of trade and other receivables are denominated in the following currencies:

	2020 £'000	2019 £'000
Sterling	10,666	15,587
Euro	28,930	33,182
US Dollar	3,591	6,765
South African Rand	3,242	4,041
Australian Dollar	876	1,692
Other	165	215
	47,470	61,482

The maximum exposure to credit risk at the year-end is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

18. CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Cash at bank and in hand	64,607	65,908

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Cash held and available for use within the business in our South African operation of £23.3m (2019: £22.2m) is subject to the normal government-imposed exchange controls for that country. Also included within cash are balances of £2.5m (2019: £1.7m) where the use of the cash is restricted.

19. TRADE AND OTHER PAYABLES

	Note	2020 £'000	2019 £'000
Current			
Trade payables		20,926	24,152
Other payables		14,039	29,049
Accruals		27,007	30,180
Social security and other taxes		2,934	3,448
		64,906	86,829
Non-Current			
German Pension liabilities		261	194
Other payables		251	268
		512	462

20. CONTRACT LIABILITIES

	2020 £'000	2019 £'000
Current		
Contract liabilities	40,311	49,822
Non-current		
Contract liabilities	13,403	8,456

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

21. INSURANCE LIABILITIES

Included within contract liabilities are figures that require separate disclosure under IFRS 4 "Insurance Contracts". These are as follows:

	2020 £'000 See 'a' below	2019 £'000 See 'a' below	2020 £'000 See 'b' below	2019 £'000 See 'b' below
On-risk contracts				
At 1 October	31	72	18,855	18,105
Amounts deferred from new policies	(1)	-	20,017	19,682
Amounts utilised	(21)	(41)	(20,654)	(18,748)
Foreign exchange	-	-	(1,312)	(184)
At the end of the period	9	31	16,906	18,855

On-risk contracts currently fall into two categories: subsidence contracts and service and maintenance plan contracts.

a Subsidence Contracts

In order to manage the risks around these contracts, each individual subsidence claim is assessed for possible repudiation and total potential exposure to costs if it is not possible to repudiate the claim. Analysis is performed on a regular basis to ensure that there are adequate funds available to cover the assessed potential exposure to costs. This includes an assessment of costs to complete on a contract by contract basis. If this percentage remains below 100%, then there are sufficient funds to cover the potential future costs. In the current financial year, the percentage is below 100%. The insurance company is invoiced in advance for claims so cash is always available to meet the repair costs.

b Maintenance Plans

In order to manage the risks around these contracts all vehicles are assessed in terms of make, model, age and distance driven to date.

Fund burn analyses are performed periodically to ensure that there are adequate funds available to pay future expected claims. If this percentage remains below 100%, then the fund is sufficient to cover future claims. In both the current and previous financial years, the percentage is below 100%.

The Group has on-risk contracts for maintenance plans. As these plans can be priced accurately due to parts having to be replaced at specific intervals, risk due to uncertainty is mitigated to satisfactory levels.

Maintenance plans expire on the earlier of either the fixed length of the plan or the distance limit being reached.

These contracts are not reinsured as management believe it is possible to price the contracts very accurately.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

22. INTEREST BEARING LOANS AND BORROWINGS

	2020 £'000	2019 £'000
Current		
Lease liabilities	2,876	474
Other loans	1,115	1,231
	3,991	1,705
Non-current		
Super Senior Debt	42,894	42,000
Senior debt	170,664	153,537
Lease liabilities	5,750	45
	219,308	195,582
	223,299	197,287

Total bank debt of £213.6m (2019: £195.5m) is stated net of unamortised issue costs of £0.9m (2019: £1.3m).

	2020	2019
Due within one year or on demand		
Lease liabilities	2,876	474
Bridge facility	-	-
Other loans	1,115	1,231
Due between one and two years		
Lease liabilities	1,296	45
Other loans	-	-
Due between two and five years		
Super Senior Debt	42,894	42,000
Senior debt	170,664	153,537
Lease liabilities	2,785	-
Due after five years		
Lease liabilities	1,669	-
	223,299	197,287

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

22. INTEREST BEARING LOANS AND BORROWINGS (continued)

Leases under IFRS 16 Future minimum payments due are as follows:	**2020** **£'000**	**2019** **£'000**
Due within one year or on demand	3,441	474
Due between one and two years	1,668	45
Due between two and five years	3,680	-
Due after five years	1,849	-
	10,638	519
Future finance charges	(2,012)	(9)
	8,626	510

Finance leases are secured on the underlying assets.

The carrying value of the Group's borrowings, loans and lease liabilities are denominated in the following currencies:

	2020 **£'000**	**2019** **£'000**
Sterling	44,274	94,518
South African Rand	3,261	-
Euro	172,446	102,769
Australian Dollar	593	-
US Dollar	2,591	-
Other	134	-
	223,299	197,287

The average effective interest rates were as follows:

	15 months to 31 December 2020	**12 months to 30 September 2019**
Super Senior debt	5.67%	5.9%
Senior Debt	6.0%	6.0%
Other bank loans	1.5%	1.5%
Right of use liabilities/ lease liabilities	3% - 10%	5.6%

Total Senior and Super Senior Facilities

	2020		2019		2020		2019	
	Drawn LC'm	Drawn £'m	Drawn LC'm	Drawn £'m	Final maturity	Margin %	Final maturity	Margin %
Super Senior Debt (GBP)	39.3	39.3	42.0	42.0	Sep 2025	5.00%	Apr 2024	5.00%
Senior debt (EUR)	174.4	156.7	173.0	153.5	Sep 2025	6.00%	Apr 2024	6.00%
Total Senior and Super Senior Debt		196.0		195.5				

No instalment payments are due prior to maturity other than interest, interest can be capitalised rather than paid at the Company's option.

The Super Senior Facility commitments can be increased up by a further £4m for settlement of specific liabilities. During the period £7.7m of Super Senior Facilities were repaid using proceeds from the disposal of Nobilas France SAS.

The bank loans are secured on certain of the Group's operations.

22. INTEREST BEARING LOANS AND BORROWINGS (continued)

Borrowings are held under both fixed and floating rates as follows:

	2020 £'000	2019 £'000
Fixed rates		
Lease liabilities	8,626	519
Other loans	1,115	1,231
Floating rates		
Super Senior debt	42,894	42,000
Senior debt	170,664	153,537
	223,299	197,287

Bank loans

The Group's borrowing facilities comprise a Senior Term Facility drawn in Euro of £170.7m (2019 :£153.5m) and a Super Senior Facility of £42.9m (2019: £42m). A further £4m is available to be drawn under the Super Senior Facility for settlements of specific liabilities. Interest on both facilities is capitalised or paid at the option of the borrower. There are no mandatory instalment payments prior to the maturity date. Changes to these facilities in 2021 are detailed in page 7 of the Group Strategic Report. Under the terms of its main banking facilities the Group is required to meet one financial covenant on a quarterly basis being Net Debt/EBITDA, the first test under this facility is on 31 December 2022.

Leases

The Group's lease liabilities are detailed in note 11. The related assest are held as security in respect of these leases. There are no other significant restrictions in place in regard to these assets.

23. PROVISIONS

	Legal and Restructuring £'000	Property leases £'000	Contract provisions £'000	Total £'000
Balance at 1 October 2018	1,316	1,050	7,372	9,738
Provided in the year	(448)	342	7,250	7,144
Released in the year	-	(782)	-	(782)
Classified as held for sale	(916)	-	-	(916)
Utilised in the year	67	(131)	(204)	(268)
Foreign exchange	(5)	3	-	(2)
Balance at 30 September 2019	14	482	14,418	14,914
Non-current liabilities	-	50	-	50
Current liabilities	14	432	14,418	14,864
Balance at 1 October 2019	14	482	14,418	14,914
Provided in the period	-	79	-	79
Released in the period	(13)	(55)	(6,696)	(6,764)
Utilised in the period	-	(152)	(5,236)	(5,388)
Balance at 31 December 2020	1	354	2,486	2,841
Non-current liabilities	-	275	1,170	1,445
Current liabilities	1	79	1,316	1,396

23. PROVISIONS (continued)

Legal and Restructuring
This provision is expected to be utilised in full during the upcoming financial year. Provisions relate to restructuring performed in the year and small cases in relation to employment disputes.

Property leases
The property lease provision relates to the onerous element of lease contracts related to certain offices vacated as a result of the restructuring of Software and Services divisions. The provision is expected to be utilised over the next three years.

A provision for the restoration of a property within South Africa for £ 275,000 is held in non-current provisions as this is expected to be utilised in the next three years.

Contract provisions
The contract provision relates to the onerous element of two software implementation contracts and certain property on-risk contracts. The provision is expected to be utilised over the next five years.

24. FINANCIAL INSTRUMENTS

Objectives, Policies and Strategies

The Group's objective has been to finance acquisitions through new capital, cash reserves and borrowings. Investments in intangible fixed assets and property, plant and equipment have been made through cash and finance lease borrowings.

The Group's policy towards using financial instruments is to manage credit, interest rate, liquidity and currency exposure risk without exposing the Group to undue risk or speculation. The policy is kept under review by the directors according to the Group's foreign exchange and treasury policy.

Risk Management

The risks arising from the Group's operations are explained below.

Credit Risk

The Group monitors its exposure to credit risk on an ongoing basis. Cash investments are only allowed in liquid securities with major financial institutions that satisfy specific criteria. The maximum credit risk exposure at the balance sheet date is represented by the carrying value of financial assets and there are no significant concentrations of credit risk.

Interest Rate Risk

Interest bearing financial assets comprises cash. Interest bearing financial liabilities comprise shareholder loans, bank loans and net obligations under finance leases. Shareholder loans and finance leases are held at fixed rates of interest. The Group currently relies on the natural hedge of financial assets versus financial liabilities to manage the risk arising from changes to floating interest rates in the majority of cases and it is generally the policy of the Group to hold assets under floating interest rates. During the accounting period the Group had utilised an interest rate cap to partially mitigate the interest rate risk on bank debt.

The interest rate risk is for cash and cash equivalents, shareholder loans and bank loans only. All other financial assets are non-interest bearing. Interest on floating rate assets is based on the relevant national inter-bank rates, with short-term deposits being made for varying periods of between one and three months depending upon the immediate cash requirements of the Group. During the year interest rates on these assets ranged from 0.0% to 4.4% depending on the type of account and the location of the Group entity.

Capital Risk

The Group defines its capital as the Group's total equity, including non-controlling interests. Its objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, to provide an adequate return to investors based upon the level of risk undertaken, to have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefit to investors and maintain sufficient financial resources to mitigate risks and unforeseen events.

In order to maintain or adjust the capital structure the Group may adjust the value of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Liquidity Risk

The Group's funds are principally held either as cash or short-term money market investments with a number of different major banking institutions. The Group has a term debt facility that is fully drawn (other than £4m for settlement of specific liabilities) and manages liquidity by maintaining available cash balances.

Management monitors rolling forecasts of the Group's liquidity reserves (comprising any undrawn borrowing facility, or unexercised Committed facility increase (note 22)) and cash and cash equivalents (note 18) on the basis of expected cash flow. The Group's liquidity management policy includes reviewing cash flows in major currencies and considering the level of liquid assets necessary to meet these,

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

monitoring balance sheet liquidity ratios against internal key performance indicators and external covenant requirements and maintaining debt financing plans.

24. FINANCIAL INSTRUMENTS (continued)

Financial Liabilities – By Maturity

The table below summarises the remaining contractual maturity for the Group's financial liabilities. The amounts shown are the contractual undiscounted cash flows which include interest, analysed by contractual maturity. The difference between the contractual cash flows and the carrying amount of these liabilities reflects the effects of interest not included in the carrying amount and discounting applied in assessing fair value.

Period ended 31 December 2020	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade payables	20,926	-	-	-
Borrowings	1,115	-	213,558	-
Lease liabilities	3,441	1,668	3,680	1,849
Other payables	41,046	512	-	-
	66,528	2,180	217,238	1,849

Year ended 30 September 2019	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade payables	24,152	-	-	-
Borrowings	1,705	45	265,697	-
Other payables	59,229	462	-	-
	85,086	507	265,697	-

Other contractual liabilities are included within the other payables balance as disclosed in Note 20. There are no other financial liabilities within this balance.

Fair Values of Financial Assets and Liabilities

Fair value is considered to be substantially equivalent to book value for the Group's financial assets and liabilities, where items are short term in nature, including cash, trade payables and other contractual liabilities.

A summary of the fair values and book values of the Group's financial assets and liabilities is noted below.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

24. FINANCIAL INSTRUMENTS (continued)

Period ended 31 December 2020

	Note	Amortised cost £'000	Fair value through profit and loss £'000	Total carrying amount £'000
Financial assets				
Trade receivables	17	26,906	-	26,906
Contract assets	17	17,163	-	17,163
Other debtors	17	3,188	-	3,188
Cash and cash equivalents	18	64,607	-	64,607
Non-current financial assets	14	7,443	-	7,443
		119,307	-	119,307

	Note	Amortised cost £'000	Fair value through profit and loss £'000	Total carrying amount £'000
Financial liabilities				
Trade payables	19	20,926	-	20,926
Borrowings	22	213,558	-	213,558
Other loans	22	1,115	-	1,115
Lease liabilities	22	8,626	-	8,626
Other payables and accruals	19	41,046	-	41,046
		285,271	-	285,271

Year ended 30 September 2019

	Note	Amortised cost £'000	Fair value through profit and loss £'000	Total carrying amount £'000
Financial assets				
Trade receivables	17	35,801	-	35,801
Contract assets	17	19,804	-	19,804
Other debtors	17	5,479	-	5,479
Cash and cash equivalents	18	65,908	-	65,908
Non-current financial assets	14	5,855	-	5,855
		132,847	-	132,847

	Note	Amortised cost £'000	Fair value through profit and loss £'000	Total carrying amount £'000
Financial liabilities				
Trade payables	19	24,152	-	24,152
Borrowings	22	197,287	-	197,287
Other payables and accruals	19	59,229	-	59,229
		280,668	-	280,668

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

24. FINANCIAL INSTRUMENTS (continued)

Currency Risk

Currency exposure arises through external debt, intra-group loans and trading balances throughout all Group locations. Natural hedging is employed, to the extent possible, to minimise net exposures. Currency exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the functional currency of the operating unit involved. In general, all overseas operating units trade and hold asset and liabilities in their functional currency. The parent company has long-term intercompany loans designated in foreign currency. As these are of a long-term nature, these are treated as quasi-equity and as such any foreign exchange arising is taken straight to reserves. Any foreign exchange incurred on trading loans is taken through the income statement. In the Company financial statements, all foreign exchange gains and losses are taken to the income statement.

Sensitivities

The following table details the Group's sensitivities to a change in Sterling against the respective foreign currencies. The sensitivities represent management's assessment of the effect on monetary assets and liabilities of the possible changes in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the year-end has been determined based on the assumption that the change is effective throughout the financial year and all other variables remain constant. A positive number indicates an increase in profit after taxation and other components of equity where Sterling weakens against the respective currencies. A strengthening of Sterling would have the equal but opposite effect on the basis that all other variables remain constant.

	Sensitivity	2020 Profit £'000	2019 Profit £'000	2020 Equity £'000	2019 Equity £'000
South African Rand	10%	580	760	886	(161)
Euros	10%	(1,007)	556	(775)	1,400
US Dollar	10%	(903)	(357)	(1,129)	(3,165)

The following table details the Group's sensitivity to changes of 1% in interest rates throughout the year, with all other variables remaining constant. A positive number indicates an increase in profit after taxation and equity (net assets).

	Sensitivity	2020 Profit £'000	2019 Profit £'000	2020 Equity £'000	2019 Equity £'000
Sterling	1% rise	(429)	(420)	-	-
South African Rand	1% rise	364	208	-	-
Euros	1% rise	(1,716)	(1,330)	-	-

	Sensitivity	2020 Profit £'000	2019 Profit £'000	2020 Equity £'000	2019 Equity £'000
Sterling	1% fall	32	420	-	-
South African Rand	1% fall	(364)	(208)	-	-
Euros	1% fall	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

25. SHARE CAPITAL AND OTHER CAPITAL RESERVE

	2020		2019	
	Number	£'000	Number	£'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	11,478	11	11,478	11

	2020	2019
	£'000	£'000
Other capital reserve		
Other capital reserve	100,000	100,000

There is a single class of ordinary shares. As shares are issued, the cash received upon issuance is treated as consideration and included as additions to the Issued Capital account. The ordinary shares have attached to them full voting dividend and capital distribution rights. They do not confer any rights of redemption.

No share issues took place during the current financial year (2019: nil).

The other capital reserve is used to record capital contributions from owners. No contributions were received during the current period (2019: £100m of bank debt in the form of PIK debt).

26. LEASE COMMITMENTS

The Group has entered into commercial leases on certain properties and items of equipment that are on a short-term basis or deemed a low value asset. At period end the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Future minimum lease payments payable	Land and Buildings 2020 £'000	Other 2020 £'000	Land and Buildings 2019 £'000	Other 2019 £'000
Within one year	-	51	3,809	479
Between one and two years	-	2	3,372	222
Between two and five years	-	-	2,181	46
After five years	-	-	932	41
	-	53	10,294	788

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

27. NON-CONTROLLING INTERESTS

Set out below is the summarised financial information for Innovation Group (Pty) Limited being the subsidiary at 31 December 2020 which has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

Summarised balance sheet as at	**31 December 2020 £'000**	**30 September 2019 £'000**
Current assets	28,051	27,947
Current liabilities	(18,963)	(24,066)
Current net assets	9,088	3,881
Non-current assets	13,706	12,673
Non-current liabilities	(13,403)	(8,456)
Non-current net assets	303	4,217
Net assets	9,391	8,098
Accumulated NCI	2.348	2,025

Summarised statement of comprehensive income	**15 months to 31 December 2020 £'000**	**12 months to 30 September 2019 £'000**
Revenue	51,420	47,183
Profit for the period	7,360	10,614
Total comprehensive income	7,360	10,614
Profit related to NCI	1,840	2,653
Dividends paid to NCI	1,319	1,110

Summarised cash flows	**15 months to 31 December 2020 £'000**	**12 months to 30 September 2019 £'000**
Cash flows from operating activities	6,951	7,980
Cash flows from investing activities	886	394
Cash flows from financing activities	(5,293)	(4,456)
Net increase in cash and cash equivalents	2,544	3,918

28. CAPITAL AND FINANCIAL COMMITMENTS

At 31 December 2020 the Group had entered to a commitment for a new 5 year office lease in South Africa commencing in 2021 with an approximate value in use of £1.9m. At 30 September 2019 there was no capital expenditure contracted for and not provided in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

29. CONTINGENT LIABILITIES

Contract-related matters

From time to time contractual issues arise whose resolution is uncertain and could impact the Group's future earnings.
At the current time there are discussions ongoing with a number of parties. In some instances, the final position cannot be reliably measured and in these instances no provision has been included. However, where a reliably estimate can be made these amounts are provided for (see note 23).

30. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not included in this note. Transactions between the Group and its associates are disclosed below.

Non-trading transactions

In 2019:
Under the terms of the restructuring a net £91.7m of Senior Debt has been waived, a total of £50m of new money has been provided in new committed term facilities, all of the amounts due to related parent undertakings were waived.

In 2020:
Certain of the Company's Lenders formed a co-ordinating committee and fees totalling £0.3m were paid to shareholder or affiliates of shareholders.

Trading transactions

	Sales to related party £'000	Purchases from related party £'000	Amounts owed by related party £'000
Guardrisk Insurance Company Limited			
2020	2,418	-	-
2019	2,885	-	-

Key management

Key management are defined as the Board of Innovation Group Holdings Limited and those persons, directly or indirectly, having authority and responsibility for planning, directing and controlling the activities of the Group, which is considered to be the board of directors. information on the remuneration of the Directors is disclosed within note 6.

31. POST BALANCE SHEET EVENTS

Following the period end, the Group concluded discussions with its shareholders and lenders to refinance the Group. On 24 March 2021 the refinancing was completed resulting in £57.7m of senior debt being exchanged for equity and an additional facility of £20m of new Premium Term Debt at a 10% margin. The maturity of all debt was extended to September 2025 and the first testing of financial covenants is in December 2022.

The former Super Senior and Senior Term debt are combined into a single facility bearing a 6% margin.
The table below provides details in the change in debt following the refinancing. £4m of Super Senior Debt was drawn in January 2021 and £10m of Premium Term Debt in March 2021.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

31. POST BALANCE SHEET EVENTS (continued)

£'000s	Balance at 31 December 2020	Debt exchanged for equity	New facility	Debt Drawn in 2021	Proforma at 31 December 2020
Senior and Super Senior Term Debt	213,558	(57,695)	-	4,000	159,863
Premium Term Debt	-	-	-	10,000	10,000
Finance leases (IFRS16) and other	9,741	-	-	-	9,741
Total Debt and Lease Liabilities	223,299	(57,695)	-	14,000	179,604
Super Senior Term Debt	4,000	-	-	(4,000)	-
Premium Term Debt	-	-	20,000	(10,000)	10,000
Total Undrawn Facilities	4,000	-	20,000	(14,000)	10,000
Total Debt and Undrawn Facilities	227,299	(57,695)	20,000	-	189,604
Total equity	(55,961)	57,695	-	-	1,734

32. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Innovation Group Holdings Limited is the largest group to consolidate these financial statements. Innovation Group Holdings Limited acquired the group on 11 April 2019. Copies of these financial statements can be obtained the Group's registered office being Yarmouth House, 1300 Parkway, Solent Business Park, Whiteley, PO15 7AE, UK

The immediate parent company was Innovation International Holdings Limited at 31 December 2020.

The ultimate parent company is Innovation Group Holdings Limited at 31 December 2020. The group is controlled by its lenders, there is no one party that controls more than 25% of the group.

COMPANY BALANCE SHEET
At 31 December 2020

	Note	31 December 2020 £'000	30 September 2019 £'000
FIXED ASSETS			
Investments	3	170,654	259,832
CURRENT ASSETS			
Debtors	4	2,954	12,804
Cash at bank and in hand		4,838	6,940
		7,792	19,744
CREDITORS: amounts falling due within one year	5	(18,548)	(24,760)
NET CURRENT LIABILITIES		(10,756)	(5,016)
TOTAL ASSETS LESS CURRENT LIABILITIES		159,898	254,816
CREDITORS: amounts falling due after more than one year	6	(100,589)	(94,052)
		(100,589)	(94,052)
NET ASSETS		59,309	160,764
CAPITAL AND RESERVES			
Called up share capital	8	11	11
Other capital reserve account		100,000	100,000
(Accumulated losses) / retained earnings		(40,702)	60,753
TOTAL EQUITY		59,309	160,764

These financial statements on pages 67 to 74 were approved by the Board of Directors on 28 September 2021 and were signed on its behalf by:

Alasdair Marnoch
Director

Registered Company Number: 09749768

COMPANY STATEMENT OF CHANGES IN EQUITY
Period ended 31 December 2020

	Called up Share capital	Other capital reserve	(Accumulated losses)/retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 1 October 2018	11	-	(389,143)	(389,132)
Profit and total comprehensive income for the year	-	-	449,896	449,896
Contributions within the year	-	100,000	-	100,000
At 30 September 2019	11	100,000	60,753	160,764
Loss and total comprehensive expense for the period	-	-	(101,455)	(101,455)
At 31 December 2020	11	100,000	(40,702)	59,309

NOTES TO COMPANY FINANCIAL STATEMENTS
Period ended 31 December 2020

1. ACCOUNTING POLICIES

The principal activity of the Company is the holding and financing of investments. The principal accounting policies applied in the preparation of these financial statements, which have been consistently applied in the period, are set out below. The company has adopted FRS 102 in these financial statements.

Basis of Preparation

These financial statements are prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting standard applicable in the United Kingdom and Republic of Ireland ('FRS102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The Directors consider there to be no assumptions or estimates that are significant to the financial statements.

The Directors assess the Group and Company's going concern for a period of 12 months from the time of approving the financial statements and take into account the facts and circumstances during that year and events since the year end date. The Directors have drawn up cash flow forecasts for the Group through to September 2021 and based on these forecasts and the current facilities available, including the financial restructuring completed on 11 April 2019 as further described in note 31, they have concluded that the Group does have sufficient funds to enable it to meet its liabilities for a period of a least 12 months from the date of approval of these financial statements and as such consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Exemptions for qualifying entities under FRS102

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Investments

Investments in subsidiaries and associates are stated at cost less any provision for impairment in value. Investments in unquoted equity investments which do not have a reliable market value are stated at cost less provision for any impairment in value.

Financial instruments

The Company has chosen to adopt the disclosure requirements of sections 11 and 12 of FRS 102 in respect of financial instruments.

Measurement
The company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables and other financial liabilities.
For financial instruments which are recognised at fair value through profit or loss, the Company measures the asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets which are not carried at fair value through profit or loss are expensed in the income statement.

Cash

Cash at bank and in hand represents cash in hand and deposits repayable with any qualifying institution.

NOTES TO COMPANY FINANCIAL STATEMENTS
Period ended 31 December 2020

2. PROFIT/LOSS FOR THE PERIOD

As permitted by section 408 of the Companies Act 2006, the Company has not presented its profit and loss account. The parent Company's profit for the period ended 31 December 2020 was a loss of £101.5m (2019: profit of £449.9m).

3. INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 1 October 2019 and 31 December 2020	509,207
Accumulated impairment	
At 1 October 2019	249,375
Impairment	89,178
At 31 December 2020	338,553
Net book value	
At 31 December 2020	170,654
At 30 September 2019	259,832

NOTES TO COMPANY FINANCIAL STATEMENTS
Period ended 31 December 2020

3. INVESTMENTS (continued)

The Company held the following investments in subsidiary undertakings during the period:

Subsidiary undertakings	Principal activities	Country of incorporation	Direct / indirect holding and percentage of ordinary shares held	
Software				
1insurer Holdings Ltd [3]	Holding company	UK	Direct	100%
1insurer Limited [3]	Software services	UK	Indirect	100%
1insurer Australia Pty Limited [1]	Software services	Australia	Indirect	100%
Innovation Group (Japan) Pty Limited [1]	Software services	Australia	Indirect	100%
1insurer Inc [2]	Software services	USA	Indirect	100%
1i Services (Canada) Limited [22]	Software services	Canada	Indirect	100%
Netsol - Innovation (Private) Limited [2*] α	Software services	Pakistan	Indirect	49.5%
Business Services				
The Innovation Group (EMEA) Limited [3***]	Business Process services	UK	Indirect	100%
Motorcare Services Limited [3***]	Business Process services	UK	Indirect	100%
Innovation Property (UK) Limited [3]	Business Process services	UK	Indirect	100%
Innovation Group Business Services Limited [3***]	Business Process services	UK	Indirect	100%
Innovation Fleet Services Limited [3***]	Business Process services	UK	Indirect	100%
Innovation Assessment Technologies Limited [3]	Dormant company	UK	Indirect	51%
Ingleby (1879) Limited [3***]	Holding company	UK	Indirect	100%
EMaC Limited [3***]	Business Process services	UK	Indirect	100%
Innovation Property Limited [3]	Dormant company	UK	Indirect	100%
TIG Acquisition Holdings [3***]	Holding company	UK	Indirect	100%
InFront Insurance PCC Limited [4]	Business Process services	Guernsey	Indirect	100%
Nobilas France SAS [5] α	Business Process services	France	Indirect	70%
Innovation Group Control SAS [5] α	Business Process services	France	Indirect	70%
Innovation Group Solutions SAS [5]	Business Process services	France	Indirect	100%
Wintec Autoglass France SAS [5]	Business Process services	France	Indirect	100%
Nobilas Iberica SL [6]	Business Process services	Spain	Indirect	100%
Pericialcar SL [6]	Business Process services	Spain	Indirect	100%
Innovation Group Holdings BV [7]	Dormant company	Netherlands	Indirect	100%
Innovation Group Belgium BVBA [8] α	Business Process services	Belgium	Indirect	100%
Innovation Group Control BVBA [8] α	Business Process services	Belgium	Indirect	100%
Innovation Group Services NV [8] α	Business Process services	Belgium	Indirect	100%
Teledesk NV [8] α	Business Process services	Belgium	Indirect	100%
Teledesk Claimmanagement BVBA [8] α	Business Process services	Belgium	Indirect	100%
Innovation Group Poland sp.zoo [9]	Business Process services	Poland	Indirect	100%
Wintec Windschutzscheibentechnik GmbH [10]	Business Process services	Germany	Indirect	100%
Wintec Autoglas GmbH [10]	Business Process services	Germany	Indirect	100%
Innovation Group AG [11]	Business Process services	Germany	Indirect	100%
Motor Service GmbH [12]	Business Process services	Germany	Indirect	100%
Innovation Group Fleet & Mobility GmbH [11]	Business Process services	Germany	Indirect	100%
Innovation Group Germany GmbH [11]	Holding company	Germany	Indirect	100%
Innovation Group Parts GmbH [13]	Business Process services	Germany	Indirect	100%
Innovation Group Services GmbH [12]	Business Process services	Germany	Indirect	100%
Claim Bees GmbH [14]	Business Process services	Germany	Indirect	100%
Servicekoncept AG [15]	Business Process services	Germany	Indirect	100%
Innovation Group Switzerland GmbH [16]	Dormant company	Switzerland	Indirect	50%
Innovation Group (Australia) Pty Ltd [1]	Business Process services	Australia	Indirect	100%
Innovation Group (Claims Services) Pty Ltd [1]	Business Process services	Australia	Indirect	100%
Innovation Group (Motor Consult) Pty Ltd [1]	Business Process services	Australia	Indirect	100%

NOTES TO COMPANY FINANCIAL STATEMENTS
Period ended 31 December 2020

3. INVESTMENTS (continued)

Innovation Group (Sureplan) Pty Ltd [1]	Business Process services	Australia	Indirect	100%
Innovation Group (Motorcare) Pty Ltd [1]	Business Process services	Australia	Indirect	100%
TIG Acquisition Co.[17]	Holding company	USA	Indirect	100%
First Notice Systems Inc [17]	Business Process services	USA	Indirect	100%
First Notice Inc [17]	Business Process services	USA	Indirect	100%
Innovation Auto Inc [17]	Business Process services	USA	Indirect	100%
Sureplan USA Inc [17]	Business Process services	USA	Indirect	100%
Innovation Holdings (South Africa) (Pty) Limited [18]	Holding company	South Africa	Indirect	100%
The Innovation Group (Pty) Limited [18]	Holding company	South Africa	Indirect	75%
Innovation IP (Pty) Limited [18]	Business Process services	South Africa	Indirect	100%
Innovation Group Services (Pty) Limited [18]	Business Process services	South Africa	Indirect	75%
Innovation FSP (Pty) Limited [18]	Business Process services	South Africa	Indirect	75%
Innovation Group Namibia (Pty) Limited [18]	Business Process services	South Africa	Indirect	75%
Business Process Innovation Botswana (Pty) Ltd [18]	Business Process services	South Africa	Indirect	75%
Innovation Risk Services (Pty) Ltd [18]	Business Process services	South Africa	Indirect	53%
Innovation Specialised Risk (Pty) Ltd [18]	Holding company	South Africa	Indirect	53%
Innovation Legal (Pty) Limited [18]*	Dormant company	South Africa	Indirect	38%
Catalyst Insurance Consultants (Pty) Limited [18]	Business Process services	South Africa	Indirect	53%
Corporate Warranty Administrators (Pty) Limited [18]	Dormant company	South Africa	Indirect	75%
Motorcare Investment Holdings (Pty) Limited [18]	Dormant company	South Africa	Indirect	75%
Maxicare Holdings (Pty) Limited [18]	Dormant company	South Africa	Indirect	75%
Maxicare (Pty) Limited [18]	Dormant company	South Africa	Indirect	75%
Innovation Group Distribution (Pty) Limited [18]	Dormant company	South Africa	Indirect	75%
M.B.I Underwriting Managers (Pty) Limited [18]	Dormant company	South Africa	Indirect	75%
masSA (Pty) Limited [18]	Dormant company	South Africa	Indirect	75%
Websoft (Pty) Limited [18]	Dormant company	South Africa	Indirect	75%
Property				
DIMO Computing Limited [3]***	Business Process services	UK	Indirect	100%
Holdings				
The Innovation Group Limited [3]***	Holding company	UK	Direct	100%
Associates				
Cell captive within Guardrisk Insurance Company Limited [19] **	Cell captive	South Africa	Indirect	100%
Cell captive within Absa Risk Insurance Management Services Limited [20] **	Cell captive	South Africa	Indirect	100%

* The Directors have concluded that the Group exercises a dominant influence over this company as it is able to control its operating and financial decisions through its position on the Board.

** The Directors have concluded that the Group exercises significant influence over the cell captive but is unable to exercise control.

*** These entities are exempt from the requirements of the Companies Act 2006 relating to the audit of financial statements under section 479a of the companies Act 2006.

α Subsidiaries that were disposed of during the period

NOTES TO COMPANY FINANCIAL STATEMENTS
Period ended 31 December 2020

3. *INVESTMENTS (continued)*

Addresses of all subsidiaries are referenced from the above table as follows:

[1] Level 15, 8 Exhibition Street, Melbourne, Victoria, 3000, Australia
[2] IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore, 54792, Pakistan
[3] Yarmouth House, 1300 Parkway, Whiteley, Fareham, Hampshire, Hampshire PO15 7AE, UK
[4] PO Box 33, Dorey Court, Admiral Park, St Peter Port, GY1 4AT, Guernsey
[5] 4 rue de Marivaux, 75002 Paris, France
[6] 10 calle de la Selva 10PB1 08820 El Prat de Llobregat, Spain
[7] Tankval 3, 2408 ZC Alphen aan den Rijn, Netherlands
[8] Plumerlaan 113, 8900 Ieper, Belgium
[9] Al. Jerozolimskie 212, 02-486 Warszawa, Poland
[10] Diezer Strasse 104, 65549 Limburg, Germany
[11] Rotebühlstrasse 121, 70178 Stuttgart, Germany
[12] Torgauer Strasse 231-233, 04347 Leipzig, Germany
[13] Finsterwalder Strasse 75, 01979 Lauchhammer, Germany
[14] Jahn Strasse 1, 71032, Böblingen, Germany
[15] Am Wassermann 19, 50829 , Köln, Germany
[16] Industriestrasse 12, CH-8305 Dietlikon, Switzerland
[17] 5350 Keystone Court, Rolling Meadows, Illinois, 6008, USA
[18] Innovation House, 192 Bram Fischer Drive, Randburg, 2194, Johannesburg, South Africa
[19] Block B, 102 Rivonia Road, Sandton, 2196, Johannesburg, South Africa
[20] 7th Floor, Barclays Towers West, 15 Troye Street, 2001, Johannesburg, South Africa
[21] Suite 402, level 4, 18-20 Orion Road, Lane Cove, New South Wales, Australia
[22] 400 - 725 Granville Street, Suite 400, P.O. Box 10325, Vancouver, BC V7Y 1G5

NOTES TO COMPANY FINANCIAL STATEMENTS
Period ended 31 December 2020

4. DEBTORS

	31 December 2020 £'000	30 September 2019 £'000
Other debtors	265	11
Amounts owed by group undertakings	2,689	12,793
	2,954	12,804

Amounts owed by group undertakings are interest free and repayable on demand. All amounts due are unsecured. Amounts owed by group undertakings are stated after provisions for impairment of £43,138k (2019: £40,300k).

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2020 £'000	30 September 2019 £'000
Amounts owed to group undertakings	16,821	21,988
Other creditors	1,727	2,772
	18,548	24,760

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

	31 December 2020 £'000	30 September 2019 £'000
Bank loans and overdrafts	100,589	94,052
	100,589	94,052

Details of the bank loans are disclosed in note 7.

7. INTEREST BEARING LOANS AND BORROWINGS

Non-current	31 December 2020 £'000	30 September 2019 £'000
Super Senior debt	42,894	42,000
Senior debt	57,695	52,052
	100,589	94,052

The bank loans are secured on certain of the Group's operations. The current facilities include Super Senior debt of £42.9m (2019: £42m) and Senior debt of £57.7m (2019: £52m) which attracts interest at a margin of 5% to 6%.

8. CALLED UP SHARE CAPITAL AND OTHER CAPITAL RESERVE

	31 December 2020 Number	31 December 2020 £'000	30 September 2019 Number	30 September 2019 £'000
Allotted, called up and fully paid				
Ordinary shares of £1	11,478	11	11,478	11

	31 December 2020 £'000	30 September 2019 £'000
Other capital reserve		
Other capital reserve	100,000	100,000

There is a single class of ordinary shares. No share issues took place in the current or prior financial periods.

The other capital reserve is used to record capital contributions from owners, specifically a contribution was received as a result of the group restructuring which completed on 11 April 2019.

9. RELATED PARTY TRANSACTIONS

The Company is exempt from disclosing related party transactions with companies that are wholly owned within the Group.

10. STATUTORY AND OTHER INFORMATION

There are no employees of the Company (2019: none). Details of directors' remuneration is set out in note 6 of the consolidated financial statements. The fees in connection with the audit of the Company were paid and borne by a subsidiary undertaking, without recharge in both periods. Fees paid to PricewaterhouseCoopers LLP for non-audit services to the Company are not disclosed in the individual financial statements of the Company because Group financial statements are prepared which are required to disclose such fees on a consolidated basis.

The ultimate parent company is Innovation Group Holdings Limited at 31 December 2020. The group is controlled by its lenders, there is no one party that controls more than 25% of the group.

Innovation Group Holdings Limited is the largest group to consolidate these financial statements. Innovation Group Holdings Limited acquired the group on 11 April 2019. Copies of these financial statements can be obtained the Group's registered office being Yarmouth House, 1300 Parkway, Solent Business Park, Whiteley, PO15 7AE, UK

The immediate parent company was Innovation International Holdings Limited at 31 December 2020.