

Open GI London Limited

**Directors' report and financial
statements**

Registered number 03534865
For the year ended 31 May 2019



Open GI London Limited

Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	4
Independent auditor's report to the members of Open GI London Limited	5
Profit and Loss Account	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes	11

Open GI London Limited

Company information

Directors	SA Badley CP Ralph
Company secretary	CP Ralph
Registered office	Buckholt Drive Warndon Worcester WR4 9SR
Auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

Open GI London Limited

Directors' report

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

Principal activity

The principal activity of the Company is the design and development of technology solutions to major insurers and brokers operating in the London insurance markets.

Directors of the Company

The directors, who held office during the year and up to the date of this report, were as follows:

SA Badley	(appointed 12 July 2019)
C C H Guillaume	(resigned 12 July 2019)
C P Ralph	

Business review

The Company performed in line with director's expectations. The strong increase in operating profit was due to operational efficiencies. The directors remain confident that the Company is well placed to continue to deliver the requirements its London customers demand.

Risk management

Risk management remains a high priority for the business. Processes are designed to identify, mitigate and manage risk. The Board of Directors are ultimately responsible for risk management.

The principal risks facing the business, and the controls in place to mitigate these, are as follows:

Credit risk

The Company's primary financial assets are bank balances, trade and other debtors. Cash balances are lodged with UK domiciled banks which carry high credit ratings. The Company has a good record of cash collection for its customer base.

Cyber risk

The Company's operations are dependent on maintaining and protecting the confidentiality, integrity and availability of the IT systems and information. The Company has a highly skilled technology team which monitors and reviews the performance and availability of the Company's IT systems including the risk of cyber-attack. Controls in place include physical controls over server room access; penetration testing, open source compliance reviews and denial of service attack protection. In addition, the Company has also included protection from various cyber-related events in its corporate insurance policies.

Business interruption risk

The Company maintains and regularly reviews its business continuity plan. The plan is documented and tested to ensure risk of business interruption is minimised. The Company maintains duplicated servers at physically separate locations with virtually real-time failover capability.

Brexit impact risk

100% of the Company's revenues are generated in the United Kingdom and, following an assessment the impact of Brexit is considered to be low.

Financial instruments

The Company's principal financial instruments comprise cash, trade debtors, trade creditors and loans from Group companies. These form the day to day trading balances of the Company.

Results and dividends

The results for the year are set out in the profit and loss account on page 8.

The profit for the financial year of £241,000 (2018: £11,000) has been transferred to reserves.

The directors do not recommend the payment of a dividend. (2018: £Nil)

Open GI London Limited

Directors' report *(continued)*

Employment policies

The Company's policy is to consult and discuss with employees those matters likely to affect employees' interests. This is done through regular meetings of the Employee Engagement Forum, comprising elected staff representatives and our Chief People Officer, who attends the monthly board meetings. In addition, regular staff meetings and other updates seek to achieve a common awareness on the part of all employees of the financial and strategic factors affecting the Company's performance.

The Company is committed to the equality of opportunity to all its employees in all areas of its work. All of our employees are treated in a fair and equal manner and in accordance with the law, regardless of gender, marital status, race, religion, colour, age, disability or sexual orientation.

Disclosure of information to the auditors

Each director has 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 Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

Approved by the Board on 9 October 2019 and signed on its behalf by:



C P Ralph
Director

Buckholt Drive,
Warndon,
Worcester,
WR4 9SR

Open GI London Limited

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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

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



KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Open GI London Limited

Opinion

We have audited the financial statements of Open GI London Limited ("the Company") for the year ended 31 May 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and related notes, including a summary of significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, *including FRS 101 Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

Independent auditor's report to the members of Open GI London Limited *(continued)*

Going concern *(continued)*

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Directors' report

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Open GI London Limited *(continued)*

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Brokenshire

Ian Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

11th October 2019

Open GI London Limited

Profit and Loss Account for the year ended 31 May 2019

	<i>Note</i>	2019 £000	2018* £000
Turnover	2	1,288	1,338
Cost of sales		(17)	(11)
		<hr/>	<hr/>
Gross profit		1,271	1,327
Administrative expenses		(747)	(1,390)
		<hr/>	<hr/>
Profit/(loss) before taxation	3	524	(63)
Taxation	6	(283)	74
		<hr/>	<hr/>
Profit for the year		241	11
		<hr/>	<hr/>

The above results were derived from continuing operations.

There are no recognised gains or losses other than those included above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 11 to 24 form an integral part of these financial statements.

* The Company has applied IFRS 15 using the cumulative effect method and IFRS 16 using the modified retrospective method. Under these methods, the comparative information is not restated, see note 1.

Open GI London Limited

Balance Sheet

at 31 May 2019

	<i>Note</i>	2019 £000	2018* £000
Fixed assets			
Tangible assets	7	-	-
Right-of-use assets	8	218	-
		<hr/>	<hr/>
		218	-
		<hr/>	<hr/>
Current assets			
Debtors	9	4,280	3,831
Cash at bank and in hand		202	248
		<hr/>	<hr/>
		4,482	4,079
Creditors: amounts falling due within one year	10	(1,712)	(1,424)
		<hr/>	<hr/>
Net current assets		2,770	2,655
		<hr/>	<hr/>
Total assets less current liabilities		2,988	2,655
Creditors: amounts falling due after more than one year	11	(140)	-
		<hr/>	<hr/>
Net assets		2,848	2,655
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	751	751
Profit and loss account		2,097	1,904
		<hr/>	<hr/>
Shareholders' funds		2,848	2,655
		<hr/>	<hr/>

The notes on pages 11 to 24 form an integral part of these financial statements.

* The Company has applied IFRS 15 using the cumulative effect method and IFRS 16 using the modified retrospective method. Under these methods, the comparative information is not restated, see Note 1.

These financial statements were approved by the Board on 9 October 2019 and were signed on its behalf by:



CP Ralph
Director

Company registered number: 03534865

Open GI London Limited

Statement of Changes in Equity for the year ended 31 May 2019

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 June 2017*	751	1,893	2,644
Profit for the year	-	11	11
	<hr/>	<hr/>	<hr/>
At 31 May 2018*	751	1,904	2,655
	<hr/>	<hr/>	<hr/>
At 1 June 2018*	751	1,904	2,655
Profit for the year	-	241	241
Impact of adoption of IFRS 15	-	(24)	(24)
Impact of adoption of IFRS 16	-	(24)	(24)
	<hr/>	<hr/>	<hr/>
At 31 May 2019	751	2,097	2,848
	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 24 form an integral part of these financial statements.

* The Company has applied IFRS 15 using the cumulative effect method and IFRS 16 using the modified retrospective method. Under these methods, the comparative information is not restated, see note 1.

Open GI London Limited

Notes

(forming part of the financial statements)

1 Accounting Policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and effective immediately have been applied.

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

The Company's ultimate parent undertaking, OM Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of OM Topco Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company's registered address at 1 Le Marchant Street, St Peter Port, Guernsey, GY1 2JJ.

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of OM Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Judgements made by directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

Measurement convention

The financial statements are prepared on the historical cost basis.

Open GI London Limited

Notes (continued)

1 Accounting policies (continued)

Going concern

The directors have prepared the financial statements of the Company on the going concern basis as the directors are satisfied that the Company and, as the Company is party to a cross guarantee, the Group, have sufficient funds to continue trading for the foreseeable future. The Group's secured loan facilities were repaid and new facilities put in place on 29 June 2018. The new facilities have maturity dates between 29 December 2024 and 29 December 2025.

Revenue recognition

IFRS 15 Revenue from Contracts with Customers, is effective for accounting periods beginning on or after 1 January 2018. The standard has been adopted by the Company for the first time in the year ended 31 May 2019. IFRS 15 replaces IAS 18 and is based on the principle that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company has applied IFRS 15 retrospectively with the cumulative effect of adopting application of the standard from the date of initial application. Therefore, the comparative information has not been restated and continues to be reported under IAS 18. The impact of change is disclosed below.

Revenue is measured based on the consideration specified in a contract with a customer, excluding amounts collected on behalf of third parties (net of value added tax). The Company recognises revenue when it transfers control over a product or service to a customer. The Company applies the five step model within IFRS 15 as follows:

1. the Company has identified a contract with a customer
2. the performance obligations within this contract have been identified
3. the transaction price has been determined
4. this transaction price has been allocated to the performance obligations in the contract; and
5. revenue is recognised as or when each performance obligation is satisfied

Where the revenue is recognised over the contract period, the corresponding payment will have been received in full by the end of the contract period. Payment terms are typically between due upon return and 30 days.

Practical expedients

The Company has taken the option to utilise the practical expedient in Para 63 of IFRS 15 to not adjust the promised amount of consideration for the effects of a significant financing component, as the Company expects at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Company has taken the option to utilise the practical expedient in Para 4 of IFRS 15 to apply IFRS 15 to a portfolio of contracts with similar characteristics, as the Company reasonably expects that the effect on the financial statements of applying this Standard to the portfolio would not differ materially from applying this Standard to the individual contracts within that portfolio.

Open GI London Limited

Notes (continued)

1 Accounting policies (continued)

Revenue recognition (continued)

Comparative period

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer. Revenue from rendering of services was recognised in proportion to the stage of completion of the work performed at the reporting date.

The following tables summarise the impacts of adopting IFRS 15 on the Company's consolidated financial statements for the year ending 31 May 2019.

Balance Sheet at 31 May 2019

	Pre IFRS 15 £000	IFRS 15 adjustments £000	As reported £000
Fixed assets			
Tangible assets	-	-	-
Right-of-use assets	218	-	218
	<u>218</u>	<u>-</u>	<u>218</u>
Current assets			
Debtors	4,274	6	4,280
Cash at bank and in hand	202	-	202
	<u>4,476</u>	<u>6</u>	<u>4,482</u>
Creditors: amounts falling due within one year	<u>(1,726)</u>	<u>14</u>	<u>(1,712)</u>
Net current assets	<u>2,750</u>	<u>20</u>	<u>2,770</u>
Total assets less current liabilities	<u>2,968</u>	<u>20</u>	<u>2,988</u>
Creditors: amounts falling due after more than one year	<u>(140)</u>	<u>-</u>	<u>(140)</u>
Net assets	<u>2,828</u>	<u>20</u>	<u>2,848</u>
Capital and reserves			
Called up share capital	751	-	751
Profit and loss account	2,077	20	2,097
Shareholders' funds	<u>2,828</u>	<u>20</u>	<u>2,848</u>

Open GI London Limited

Notes (continued)

1 Accounting policies (continued)

Revenue recognition (continued)

Profit and Loss Account

for the year ended 31 May 2019

	Pre IFRS 15 £000	IFRS 15 adjustments £000	As reported £000
Turnover	1,244	44	1,288
Cost of sales	(17)	-	(17)
Gross profit	1,227	44	1,271
Administrative expenses	(747)	-	(747)
Profit before taxation	480	44	524
Taxation	(283)	-	(283)
Profit for the year	197	44	241

The Company's revenue streams are recognised according to the substance of the transaction:

Licence and Maintenance

Arrangements such as annual licence renewals, which provide a licence and support and/or upgrade element, are only recognised according to the separate income recognition criteria when the fair value of the constituent elements can be ascertained. In all other cases, the whole of the income is recognised rateably over the contract period.

Maintenance and support contracts sold separately to licences are recognised rateably over the period of the contract.

Software, hardware and professional services

Revenue from the sale of software, hardware and professional services for the comparative period, relating to implementing systems, is recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Where a contract has a material value and spans a significant length of time, then the contract will be recognised on a percentage completion basis. The degree of completion of the contract is measured using milestones reached or actual effort against expected effort, depending upon the nature of the individual contract. Where a contract comprised multiple elements, each element is treated in accordance with the relevant revenue approach.

Revenue from the sale of hardware is recognised upon delivery to a customer as this is identified as a separate performance obligation within the contract from the software and services. The transaction price can be individually determined and allocated to the performance obligation and thus revenue recognised separately.

Revenue from the sale of software and services are one performance obligation and are recognised over the contract period for each customer, commencing when control has transferred.

Open GI London Limited

Notes (continued)

1 Accounting policies (continued)

Revenue recognition (continued)

Contract balances

As revenue is recognised over the contract period under IFRS 15 this has resulted in revenue being brought forward from prior accounting periods and recognised in both the current period and future periods.

All of the £30,000 revenue which has been brought forward from previous periods has been recognised in 2019.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

Expected future revenue recognition from existing performance obligations

	2020 £000
Revenue	14

No consideration from contracts with customers is excluded from the amounts presented above.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Computer equipment	2 years
Furniture, fittings and equipment	4 years

Open GI London Limited

Notes (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the profit and loss on a straight-line basis over the term of the lease.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Open GI London Limited

Notes (continued)

1 Accounting policies (continued)

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Leases

IFRS 16 Leases is effective for accounting periods beginning on or after 1 January 2019. The Company has early adopted IFRS 16 for the year ended 31 May 2019. IFRS 16 removes the operating and finance lease classification in IAS 17 and replaces them with the concept of right-of-use assets and associated financial liabilities.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. The details of accounting policies under IAS 17 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed below.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease by identifying if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration of the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement of the right-of-use asset

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. These are measured as the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Company.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. In addition, the right-of-use asset is periodically assessed for evidence of impairment. The depreciation methods applied are as follows:

Leased property On a straight line basis over the shorter of the lease term and useful life of the property

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally the Company uses the incremental borrowing rate as the discount rate.

Open GI London Limited

Notes (continued)

1 Accounting policies (continued)

Leases (continued)

The incremental borrowing rate is the rate of interest the Company would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. When measuring lease liabilities, the Company discounted lease payments using the incremental borrowing rate of 4% for UK properties.

Under IAS 17, assets held under other leases were classified as operating leases and were not recognised in the Company's balance sheet. Payments made under operating leases were recognised in the profit and loss account on a straight line basis over the term of the lease.

Practical expedients

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- a single discount rate is applied to a portfolio of leases with similar characteristics
- right-of-use assets and liabilities for leases with less than 12 months of lease term are not recognised
- direct costs from measuring the right-of-use asset at the date of initial application on a lease by lease basis are excluded. The exclusion of these direct costs from the right-of-use asset does not have a material impact on these financial statements
- right-of-use assets where the underlying asset is of low value are not recognised

Impact on financial statements

On transition to IFRS 16, the Company recognised: right-of-use assets of £302,000; deferred tax asset of £5,000; lease liabilities of £331,000; recognising the difference of £24,000 in retained earnings.

Interest receivable and interest payable

Interest payable and similar charges include interest payable.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

2 Turnover

All turnover is attributable to customers within the United Kingdom and is attributable to the principal activity of the Company.

3 Expenses and auditor's remuneration

Loss before taxation is stated after charging:

	2019 £000	2018 £000
Right-of-use depreciation expense	84	-
Depreciation expense	-	2
Research and development cost expensed	548	781
Operating lease expense - property	-	48
Audit of these financial statements	15	16
Taxation compliance services	3	3

The audit and taxation fees are borne by Open GI Limited, a fellow Group undertaking, for both the current and preceding financial years.

Open GI London Limited

Notes (continued)

4 Staff costs

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	Number of directors	
	2019	2018
Developers, customer support and other operations	8	18
Administrative and management	2	3
	<u>10</u>	<u>21</u>

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £000	2018 £000
Wages and salaries	491	1,018
Social security costs	60	124
Other post-employment benefit costs	18	18
	<u>569</u>	<u>1,160</u>

5 Directors' remuneration

The director's remuneration for the year was as follows:

	2019 £000	2018 £000
Remuneration	<u>14</u>	<u>17</u>

In respect of the highest paid director:

	2019 £000	2018 £000
Remuneration	<u>8</u>	<u>10</u>

Open GI London Limited

Notes (continued)

6 Taxation

Tax charge/(credit) in the profit and loss account.

	2019 £000	2018 £000
Current		
UK corporation tax	83	(5)
UK corporation tax adjustment to prior periods	193	(69)
	<u>276</u>	<u>(74)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	7	2
Adjustments in respect of prior periods	-	(2)
	<u>7</u>	<u>-</u>
Total deferred taxation	<u>7</u>	<u>-</u>
Tax charge/(credit) in the profit and loss account	<u>283</u>	<u>(74)</u>

The effective tax rate on profit before tax for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are reconciled below:

	2019 £000	2018 £000
Profit/(loss) before tax	524	(63)
Corporation tax at 19% (2018: 19%)	100	(12)
(Decrease)/increase from effect of adjustment in research development tax credit	(19)	4
Increase from transfer pricing adjustments	9	5
Adjustments in respect of prior periods	193	(71)
Total tax charge/(credit)	<u>283</u>	<u>(74)</u>

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. Deferred tax at 31 May 2019 has been calculated based on these rates.

Open GI London Limited

Notes (continued)

7 Tangible assets

	Computer equipment £000	Furniture, fittings and equipment £000	Total £000
Cost or valuation			
At beginning and end of year	201	27	228
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning and end of year	201	27	228
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 May 2019 and 31 May 2018	-	-	-
	<hr/>	<hr/>	<hr/>

8 Right-of-use assets

	Land and buildings £000
Cost or valuation	
At beginning of year	-
On adoption of IFRS 16	464
	<hr/>
At end of year	464
	<hr/>
Depreciation	
At beginning of year	-
On adoption of IFRS 16	162
Charge for the year	84
	<hr/>
At end of year	246
	<hr/>
Carrying amount	
At 31 May 2019	218
	<hr/>
At 31 May 2018	-
	<hr/>

Open GI London Limited

Notes (continued)

9 Debtors

	2019 £000	2018 £000
Trade debtors	440	333
Amounts owed by group undertakings	3,763	3,477
Other debtors	21	-
Deferred tax asset	9	6
Prepayments and accrued income	47	15
	<u>4,280</u>	<u>3,831</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

10 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	235	30
Lease creditors	100	-
Amounts owed to group undertakings	909	833
Other taxation and social security	15	61
Accruals	77	83
Deferred income	355	410
Other creditors	-	7
Corporation tax	21	-
	<u>1,712</u>	<u>1,424</u>

Amounts owing to group undertakings are unsecured, repayable on demand and interest free.

11 Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Lease creditor	<u>140</u>	<u>-</u>

Open GI London Limited

Notes (continued)

12 Deferred tax

The movements in deferred tax for the year are as follows:

	Deferred tax asset £000
At beginning of year	6
Origination/reversal of timing differences	(7)
Recognised in equity*	10
	<hr/>
At end of year	9
	<hr/>

* This is in relation to IFRS 15 and IFRS 16 which has been recognised in equity.

The elements of deferred tax are as follows:

	2019 £000	2018 £000
Accelerated capital allowances	(33)	6
Other timing differences	42	-
	<hr/>	<hr/>
	9	6
	<hr/>	<hr/>

As at 31 May 2019 and 31 May 2018 there was no unprovided deferred tax.

13 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	Number	£	Number	£
Ordinary shares of £1 each	751,000	751,000	751,000	751,000
	<hr/>	<hr/>	<hr/>	<hr/>

14 Obligations under operating leases

The total future value of minimum lease payments is as follows:

	2019 £000	2018 £000
Within one year	-	51
In two to five years	-	82
	<hr/>	<hr/>
	-	133
	<hr/>	<hr/>

During the year, £Nil (2018: £48,000) was recognised as an expense in the profit and loss account in respect of land and building operating leases. In the current year, all leases have been treated as a right-of-use asset under IFRS 16 and have been moved to the balance sheet.

Open GI London Limited

Notes (continued)

15 Pensions

The Company provided its own stakeholder pension scheme during the year. The pension charge for the year was £18,000 (2018: £18,000). The amount accrued at the year end and included in creditors is £Nil (2018: £7,000).

16 Guarantees

The Company is a cross-guarantor under a funding agreement between the sponsoring bank and OM Midco Limited, an intermediate holding company which, at 31 May 2019, amounted to £313 million (2018: £159 million).

17 Related party transactions

As disclosed in note 1, the Company has applied the exemption under FRS 101 and has not disclosed any related party transactions with wholly-owned subsidiaries within the Group.

There were no related party transactions requiring disclosure during the year 31 May 2019 (2018: £Nil).

18 Ultimate parent company and controlling party

The Company's ultimate parent company is OM Topco Limited, a company incorporated in Guernsey.

The results of the Company are consolidated within the group headed by OM Topco Limited. Copies of the Group financial statements, incorporating those of the Company, are available from the Company's registered address at OM Topco Limited, 1 Le Marchant Street, St. Peter Port, Guernsey GY1 2JJ.

The Company's ultimate controlling party is Montagu Private Equity LLP.

19 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on past experience together with expectation of future events that are believed to be reasonable at the present time. Actual results may ultimately differ from these estimates.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

Judgements

Revenue

The Company has applied judgement in determining the timing of satisfaction of performance obligations. The method used to recognise revenue over time from the sale of software and services is determined to be over the contract period for each customer, commencing when control has transferred. The software and services cannot be of benefit to the customer without the concurrent access to our system and as such determines the duration of transfer of goods or services. The revenue from the sale of hardware is recognised upon dispatch to a customer which is judged to be the point of control the promised goods pass to the customer. Where a discount cannot be specifically allocated the Company has applied judgement by splitting the discount across specific performance obligations.

The Company has applied judgement in determining whether individual contracts can be accounted for as a portfolio. The judgements include an assessment of whether the contracts share similar characteristics and whether the financial statements would be materially different if each contract was accounted for individually.

Leases

The Company applies judgement in determining whether individual leases can be accounted for as a portfolio. The judgements include an assessment of whether the leases share similar characteristics and whether the financial statements would be materially different if each lease was accounted for individually.