IRIS

IRIS Debtco Limited

Annual Report and Financial Statements

For the year ended 30 April 2020

Company Registration: 11368604
England & Wales

IRIS Debtco Limited

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For the year ended 30 April 2020

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Company Information
For the year ended 30 April 2020

Directors

K Dady (Appointed 26 July 2019)
E Mortimer-Zhika (Appointed 26 July 2019)
M Cox (Appointed 26 July 2019)
N Humphries

Registered Office

4th Floor Heathrow Approach
470 London Road
Slough
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SL3 8QY

Registered Number

11368604

Independent Auditors

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Introduction

The Directors present their strategic report of IRIS Debtco Limited ("the Company"), and the consolidated group of companies (together "the Group") for the year ended 30 April 2020.

IRIS provides software solutions and services for finance, HR and payroll teams, educational organisations, and accountancy firms that helps them comply with regulations, drive productivity and better engage with key stakeholders.

Ownership

On 6 September 2018, the Group was acquired by a joint investment of Hg Capital's Saturn Fund and Intermediate Capital Group (ICG). A new Parent Company structure was put in place under the sale, including a new shareholder capital structure, and the new ultimate Parent Company changed to Perennial Newco 2 Ltd. The Company was incorporated in the UK as a company limited by shares on 17 May 2018.

Founded in 2000, Hg is a specialist private equity investor focused on software and service businesses in Europe and the US. Hg's objective is to pursue investments to support long-term growth, using its expertise working with software and services companies to implement initiatives designed to maximise organic expansion, as well as through rolling up fragmented sectors. Hg Capital has been a long-term investor in IRIS, first investing in 2004. The Hg Saturn Fund focuses on software businesses with enterprise values of more than £1 billion.

Founded in 1989, ICG is a global alternative asset manager focused on providing capital to help companies grow through private and public markets, providing strategies and funds aimed at institutional investors.

Business Activity

With nearly 42 years' experience and a predominantly UK focus, the Group offers the greatest range of specialist financial, human resources, engagement, payroll and bookkeeping solutions. These are managed under the leading brands of IRIS, Cascade, PS Financials, FMP Global, Star Practice Management, Practice Engine, Innervision, ParentMail, KashFlow, BioStore and Taxfiler product brands.

IRIS has over 120,000 UK and international customers with 80% having a tenure of five or more years. IRIS is the largest third-party online filer with the UK government. 91 of the top 100 UK accountancy firms and 50 of the top 100 US certified public accounting (CPA) firms use IRIS software. Circa 20% of the UK's workforce is paid by IRIS payroll offerings. More than 850,000 UK employees are managed by IRIS HR solutions. Over 11,000 UK schools and academies use IRIS, with four million parents and guardians using IRIS apps to connect with their children's school; 300 million messages are delivered between schools and parents each year, and over £15 million transactional payments are processed every month. IRIS is placed in the Grant Thornton Sunday Times Top Track 250 and the Megabuyte50.

Strategy

During the year, the business has relentlessly pursued its business priorities to achieve revenue and profit growth:

Strategy	Bringing value to the business
To build #1RIS	
A substantial business transformation programme bringing together IRIS' people, technology and processes to help make a difference to customers' lives	The business has created a new Mission, Vision and Values, focused on creating a standardised way of operating across the Group, with a common goal and priorities. As part of this, a business transformation programme, Quantum, was initiated to move onto one integrated platform using Salesforce, Marketo, NetSuite and Kimble. This includes bringing together various legal entities into a centralised IRIS legal entity to operate as one company, as well as a single communities' portal for customer self-service. The first go-live has been completed for the Cascade business area with 250 users for systems including Salesforce, Marketo and Kimble. This allows processing from leads to pricing; quotes to sales order processing; and project implementation and customer support. To date, 1,300 revenue opportunities and £7 million pipeline have been processed through the solution by the year ended 30 April 2020. A phased rollout is planned for the rest of IRIS during the year ending 30 April 2021, including across NetSuite application. The programme has also seen a new Data Warehouse created with a new Data Analytics team to centralise data from existing legacy systems. One million rows of customer/prospect data are processed every day within the Data Warehouse. IRIS has also reduced the number of IT infrastructures from 15 to one, bringing people together onto the same domain and creating efficiency across the business.
To create a culture of exemplary customer service	
Enhancing customer services, evolving customer success and use intelligence in customer products to enhance the experience	During the year, IRIS has created a new customer success team, comprising of specialists to cover its key markets. The team manages 114 tier one customers with KPI monitoring. This has resulted in a substantial increase of three-year renewals, which have increased five-fold in the year ended 30 April 2020 compared to the period ended 2019, helping to give customers visibility of spend into future years. The focus and evolution of customer service has resulted in improvements in several areas, including improved customer retention, and growth in the Managed Payroll business.

To improve the employee experience	
Focus on increasing engagement, reducing attrition and driving productivity. IRIS employees are the Group's most valuable asset and the priority is to encourage and recognise every success with an emphasis on teamwork, individual contribution, inclusion and diversity	Over the financial year IRIS has launched a bi-monthly internal newsletter, introduced monthly site meetings for all employees and social committees for each office (both of which moved to virtual post-Covid), and has a company-wide initiative, *CEO Award: Made in IRIS* which encourages entrepreneurial ideas to be developed. This has led to employee attrition decreasing by 4.4% during the financial year. A focus on learning and development has resulted in over 375 employees attending 42 courses, again being delivered in a virtual format from March 2020. The business is also championing *Giving Back Days*, allowing employees to take three working days each year to work for local causes or charities. In the year ended 30 April 2020, 128 days were given to communities, supporting 48 charities.
Growth through acquisition	
Continue to identify opportunities to expand both domestically and internationally where IRIS can apply its expertise in mission-critical software	During the year ended 30 April 2020, IRIS Group acquired FMP Global, Innervision and Star Practice Engine. More information about acquisitions can be found later in this report.

Business Model

<u>Group Overview</u>

IRIS Group is one of the UK's largest privately held software companies. Its purpose is to be the most trusted provider of mission-critical software and services, ensuring customers get it right first time, every time.

IRIS takes the pain out of processes and lets professionals working in businesses and schools focus on the work they love. Its software solutions and services for finance, HR and payroll teams, educational organisations, and accountancy firms helps them comply with regulations, drive productivity, and better engage with key stakeholders. Through simplifying, automating, and providing insights on everyday mission-critical tasks for organisations of all shapes and sizes, IRIS ensures customers can look forward with certainty and confidence.

<u>Group Values</u>

The values within IRIS have been created by employees and are the glue that binds the business, supporting the vision, mission and culture. They are designed to make an IMPACT:

Innovation: We are creative and fearless in our work and curious and hungry to discover smarter solutions. We always focus on improvement and embrace change.

Making it happen: We focus on the task at hand and produce high-quality results within ambitious timescales. We set stretch goals for ourselves and our teams and deliver at pace, on time, every time.

Passion: *We take pride in our business. We are energetic, enthusiastic and highly self-motivated.* We bring passion to our roles and encourage and inspire those around us. #loveIRIS.

Accountable: We take ownership of our work and lead from the front. We seek out solutions, are trustworthy and act with integrity and honesty. We deliver on our promises.

Customer focus: Our customers' needs are our priority. We exceed their expectations and delight them with outstanding service and great outcomes.

Teamwork: We collaborate widely and build supportive, open, inclusive environments where people feel valued and are able to speak up and give their best. We recognise, appreciate, respect and care for others.

Revenue Generation

The Group generates revenue primarily through provision of software and services to its end customers. Software services are provided primarily through recurring maintenance or subscription, both through on-premise and cloud / SaaS solutions. Contract lengths range from monthly rolling for certain solutions, through to multi-year arrangements.

Alongside subscription services, the Group provides implementation, managed payroll, and consultancy services, including specialist HR advice.

Finally, Transactional Engagement services are offered through provision of SMS and Payment platforms to allow Schools and Parents to better communicate and transact with each other.

How IRIS Adds Value

IRIS has been providing businesses, schools and organisations with mission-critical software and services for more than four decades. Over the years, the business has invested in highly skilled and experienced employees and teams in delivering mission-critical software solutions designed to meet the needs of customers. A strong culture and responsible leadership has enabled the business to grow and develop sustainably, giving customers confidence in IRIS as a strategic partner.

Through this, IRIS has scaled to internally develop and acquire new products and solutions, allowing it to provide developed or acquired solutions to its existing customer base. This approach enables customers to turn to IRIS, which has developed a trusted brand over many years, to purchase a best-of-breed core solution and access a wider choice of other modules and functionality than that offered by competitors.

Why Customers Choose IRIS

IRIS benefits from its trusted position and specialist knowledge to drive the adoption of new functionality and modules to existing customers. IRIS remains well-positioned to continue this growth strategy for many years to come, with Cloud technologies providing potential to accelerate this.

IRIS' scale allows it to invest in state-of-the-art infrastructure, including cloud IT and related analytics. This investment in technology and development enables the business to be relied upon to consistently deliver regulatory updates alongside enhanced products and services.

The Group also continues to identify opportunities to expand both domestically and internationally where it can apply its expertise in compliance-driven software and services, to ensure it can give its customers the best support on their own growth journeys.

The Group is led by an Executive Committee made up of key leaders across Sales, Marketing, Operations, Finance & Legal, Human Resources, and Corporate Development to drive better alignment and acceleration of performance across all areas of the business.

Business Review

Progress against strategic priorities

During the year, the business has relentlessly pursued its business priorities to achieve revenue growth and profit. Strategic projects are underway to elevate IRIS to a household name and increase opportunities to introduce the wider IRIS portfolio to customers.

IRIS has been recognised for its growth and achievements in the past year. In the Sunday Times Grant Thornton Top Track 250, IRIS moved up 55 places, rising to position 172 in the league. It is identified as one of the top 50 best performing privately owned UK technology companies, ranking 23rd in the Megabuyte50 League table. It has been named as a top IT company in the Southern Tech 100, coming sixth in the listing.

IRIS received the LUCA award for Taxfiler, and IRIS Payroll Professional secured the Customer Service award at The Rewards. CEO Elona Mortimer-Zhika was a finalist at the UK Tech Awards and the Company was also a finalist in the Digital Accountancy Forum Awards, Accounting Excellence Awards and Somerset Business Awards.

IRIS continues to be a technology leader. Customers consume IRIS products as traditional on-premise software and as cloud-based Software as a Service (SaaS) applications. IRIS continues to develop a comprehensive range of cloud applications using the latest computing technology to drive improved productivity and efficiency for customers and currently represents around a quarter of IRIS overall revenue.

In September 2019, IRIS launched its ground-breaking new platform, IRIS Elements. This is the next generation adaptive platform connecting client data to the heart of the workflow and integrating a rich inventory of solutions and services. Initially launched to the accountancy sector, it allows firms to adopt at their own pace through an ecosystem of coexisting desktop, cloud and third-party apps – so they can access and work on their data anywhere. The business has taken an agile approach to development and has now launched IRIS Elements AML Phase II, which streamlines the onboarding AML, KYC and PSC process to make it easier for firms to remain compliant. This frees up time to focus on delivering client advisory services – ultimately helping customers remain competitive in a fast-paced market.

During the financial year, IRIS has progressed its strategic plan to fuel international expansion in English speaking countries, focused on the United States. IRIS selects organisations where the product portfolio complements its own range and targets UK companies who have successfully developed overseas operations.

To achieve this strategic aim, in August 2019, IRIS announced its largest acquisition to date, FMP Global, a leading provider of payroll and HR services to international and UK-based businesses. In the UK, FMP provides BACS registered managed payroll services, and HR and payroll software and service solutions.

In September 2019, IRIS acquired Innervision, a global provider of lease accounting software, and lease management consultancy services. This supports the goal to lead with compliance-driven software expertise in domestic and international markets. Based in the UK, Innervision has a user base in over 100 countries, and its system hosts more than 120,000 leases with a combined value of over €75 billion.

During October 2019, IRIS acquired Star, a global provider of Practice Management software solutions for accounting firms. This followed the acquisition of Star Payroll in 2018 and formed part of the strategic plan to fuel international expansion. Star provides an opportunity to service the needs of accounting firms requiring Practice Management with a functionally rich and technically advanced solution focused on the needs of US certified public accountant (CPA) firms.

Covid-19 Pandemic

At the start of the pandemic, IRIS moved approximately 1,600 UK, US, Canadian and Indian employees to homeworking within 10 days. This involved moving equipment and rolling out soft phones (for use over the internet) to customer-facing employees. Within this time everyone was working from home effectively.

The business maintained its strong customer focus. IRIS efficiently managed its bureau payrolls, including the end of tax year compliance, and updated payroll solutions several times to accommodate emergency government legislation (including furlough and sickness benefits) in very tight timescales. The rapid response also saw the business launch a free-to-use messaging platform, for its customers to communicate with their workforce or customers via text messaging and email. IRIS has also undertaken an extensive customer survey to understand their barriers, concerns and plans for the future – enabling IRIS to provide further guidance and expertise as a transparent business partner.

Internal communications have been key for the Group. An initial internal survey in early April focused on the emotional concern for employees to understand how they were feeling working from home, what they enjoyed, and the challenges faced. IRIS was also keen to gain feedback on the support required in the homeworking environment. This resulted in several initiatives including, *Acts of Kindness*: a campaign to highlight the generosity of employees and raise funds for nominated charities. *Working from Home Companions*: a competition to celebrate pets (including invented ones) with wellbeing prizes, and a celebration of *IRIS Heroes* – highlighting exceptional work from individuals across the business. IRIS has also continued its *IRIS IMPACT Awards* for employee recognition and *CEO Award: Made in IRIS* which encourages and develops entrepreneurial ideas. A further survey has been conducted in June to track progress and respond to employee changes in sentiment.

At every step, IRIS has been keen to keep employees safe, motivated and focused. Alongside regular employee platform communications, IRIS TV has been launched. Accessed through Microsoft Teams and the intranet (until office repatriation) this provides daily updates from across the business. Another key vehicle for employee communications is a weekly blog from Elona Mortimer-Zhika, Group CEO, starting on 20 March 2020. The strategy behind this was two-fold: to give emotional support and inspiration as IRIS moved through the phases of reacting, adapting and reinventing; and to provide authentic communication about the business, the changes during Covid-19 and plans in the coming weeks and months.

Behind the scenes, the IRIS Board of Directors is now monitoring key performance indicators on a weekly basis to review the impact of Covid-19 including cash position and collections, and responding to what it sees and hears, as well as using the extensive experience and knowledge of teams. IRIS has adopted an agile and rapid response capability to embrace changes and opportunities and believes that its business model is resilient.

As the pandemic has developed the Group has witnessed a slight uptick in customer attrition and some delays to go live decisions by customers which will reduce new recurring revenue growth rates in the short term, but overall the existing recurring revenue base remains strong. Any customers who have been finding trading difficult have been closely worked with to ensure they are getting value for money and those looking to leave to competitors have been monitored closely.

Costs have been carefully considered in light of the potential pressure on revenue growth to ensure margins are maintained after the year end. A small proportion of employees (less than 10%) have been placed on furlough in areas of the business most affected by the pandemic, predominantly professional services and implementation where customers have not been available to complete the work. The need for office space has been reviewed and with flexible working being so successful, Management expect the number of desks required going forward to be lower.

Clearly the Directors acknowledge that we live in uncertain times at present, and it is unclear how the recovery from the pandemic will develop. As a result, forecasting is more problematic, and there is a recognition that growth trajectory will have been affected into the year ended 30 April 2021, with new sales likely to be lower than previously expected. The Board has therefore approved a budget with a lower growth than originally anticipated, and compared to the previous 5 financial years. However, given the resilience of the business model and the performance in the year to date, with good visibility of the revenue over the coming months, management remain confident in the budgeted financial performance for the year ended 30 April 2021.

The Group has very strong liquidity with £118.0 million of cash as at the reporting date (2019: £36.9 million) and is well within leverage and covenant levels. This coupled with the limited reduction in revenues mean the Group is very well placed to take advantage of growth opportunities when confidence returns to the markets it operates in, and expects to bolster growth through acquisitions in the coming months.

Post Balance Sheet Events

The Group does not have any adjusting or non-adjusting events to report after the reporting period

Key Performance Indicators

Management consider the Key Performance Indicators of the Group to be Management Revenue, Recurring Revenue, Management EBITDA, Management Operating Cash Flow and conversion.

Management results for the Group are summarised as:

		Proforma*	
£'m / %	**2020**	**2019**	**2018**
Management Revenue	199.4	162.2	139.9
Recurring Revenue %	90%	87%	83%
Management EBITDA	92.2	78.5	65.8
Management Operating Cash Flow	87.6	76.9	67.2
Cash Conversion %	95%	98%	102%

* Pro forma results for the years ended 30 April 2019 and 2018 are given in order to provide year on year comparability of growth for the consolidated group as if the Group had owned the businesses it acquired on 6 September 2018 for both years. These pro forma results do not include any pre-acquisition results for entities acquired after that date.

** Management Revenue, Management EBITDA and Management Operating Cash Flow are non-GAAP alternative performance measures that are presented to provide readers with additional financial information that is regularly reviewed by management. Such measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See note 35 to the financial statements for further details.

Management Revenue and Recurring Revenue

Management Revenue is made up of subscription, support and maintenance income, professional and managed services income, and income from payment and SMS transaction income and excludes the impact of revenue deferrals arising on acquisitions and the deferrals of revenue on certain licence income streams.

The Group achieved revenue of £199.4 million up by 23% in 2020 whilst continuing to improve recurring revenue rates. The majority of the increase in revenue was driven by acquisitions, coupled with sales of products into new and existing customers, price increases to support continued investment in product functionality and legislation updates, coupled with low customer churn.

Management EBITDA

Management EBITDA is defined as operating profit before depreciation, amortisation and transaction related costs, adjusted to exclude management exceptional items, share based payments, recognising sales commissions as they fall due and the impact of recognising rents as they fall due. Management exceptional items include other costs related to acquisitions, reorganisation costs and other non-recurring items.

Management EBITDA of £92.2 million was achieved in 2020, a growth of 17%, and at a margin of 46%.

Management Operating Cash Flow

Management operating cash flow is defined as net cash flows generated from operating activities adjusted to exclude the cash in respect of transaction related costs, management exceptionals and the impact of recognising assets and liabilities for all leases. Cash conversion is the percentage of Management operating cash flow generated from Management EBITDA.

In 2020 the Group achieved Management Operating Cash Flow of £87.6 million. The drop of conversion percentage in the year ended 30 April 2020 is driven by a slight increase in receivables due to Covid-19 and larger amounts being invested in development expenditure for major business transformation initiatives.

Financial Position

At 30 April 2020, the Group had cash balances of £118 million (2019: £37 million) and borrowings of £660 million (2019: £440 million).

The key terms of the Group's borrowing facilities are summarised as follows as at 30 April 2020:

	Facility	Maturity	Amount Drawn Down
Senior:			
Facility B	£585 million	September 2025	£585 million
Acquisition Facility	£75 million	September 2025	£75 million
Revolving Facility	£40 million	March 2025	£nil

During the year, the Group increased Facility B by £145 million to fund acquisitions. The current financial arrangements include a leverage covenant which requires the leverage (the ratio of Consolidated Senior Secured Net Leverage to Consolidated Pro Forma EBITDA) does not exceed 9.6x. At year end the leverage was substantially below this level at 5.13x, which has not increased materially year on year despite IRIS making significant acquisitions in the year.

Social, Community and Human Rights Issues

IRIS acknowledges its responsibility to local communities in which it works and with which it does business. The Company actively encourages its employees to recognise those responsibilities and behave in a responsible manner towards the society in which it functions. It regards the setting of good example as an important practice in this regard.

Employees can take three Giving Back Days each year and are encouraged to actively give their time and skills to fundraise for a charity of their choice and volunteer on community projects. During the last financial year, 128 days have been given to charities and community projects, including schools, NHS, foodbanks, blood donations, pet refuge, hospices and MIND. A total of £14,842 (2019: £10,500) has been donated to charitable causes.

As part of its responsibility around Social, Community and Human Rights Issues the Group has undertaken the following activities and updates during the financial year 1 May 2019 to 30 April 2020:

IRIS Anti-Slavery Policy: IRIS continues to take action to understand all potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business and its supply chains. Third party organisations within the supplier/contractor pool and other companies that may be engaged with are expected to ensure their goods, materials and labour-related supply chains fully comply with the Modern Slavery Act 2015; and are transparent, accountable and auditable, and free from ethical ambiguities. The business has also implemented an 'Awareness Raising Programme', training staff on modern slavery issues by producing an IRIS anti-slavery policy included as part of the induction process and available on the intranet.

IRIS has undertaken assessments using legal, risk and procurement teams to determine risk exposure. It has also included the Modern Slavery Act 2015 within its statutory and regulatory compliance risk register to ensure the risk continues to be flagged, assessed and appropriately addressed.

IRIS seeks to impose adequate and robust contractual provisions relating to modern slavery or human trafficking compliance with applicable suppliers it works with. The business uses only specified, reputable employment agencies to source labour and verifies the practices of any new agency it is using before accepting workers from that agency.

Whistleblowing Policy: The business encourages all its workers, customers and other business partners to report any concerns related to the direct activities, or the supply chains of IRIS. Its whistleblowing procedure is designed to make it easy for workers to make disclosures, without fear of retaliation.

Employee code of conduct: IRIS' code makes clear to employees the actions and behaviour expected of them when representing the business.

Gender Diversity

Figures reveal that for 2018/19, before taking into account the transferred employees, IRIS' mean pay gap reduced from 25.7% to 24.8%, while the median pay gap went down from 16.9% to 16.4%. However, once acquisitions are factored in, the mean gap has risen from 25.7% to 26.2%. The median bonus gap decreased, reducing from 38.3% in 2018 to 28.7% in 2019, although the mean gap increased from 44.6% to 50.1%.

IRIS Group is led by nine board members, of which two are women. Its executive team comprises of three female leaders and eight male leaders. Calculated on core IRIS Group employees (which excludes non-UK staff and employees still employed by newly acquired entities) per the Gender Pay report in 2019 the business comprised of 759 employees with women representing 40.95% of roles. Increasing the number of women in its business and moving towards an equal distribution of men and women across all levels is important to IRIS.

IRIS acknowledges there is room for improvement, and its goal is to create a better gender balance across the business. To achieve this ambition, since April 2019, IRIS has implemented a number of important measures to further strengthen its commitment to equality and closing the gender pay gap:

1. **Celebrating Success**
    - Promoting and showcasing female senior leaders as role models across the business – including organising an online event and Q&A sessions with female members of the executive team
    - Shining a light on inspirational female managers in the business through special features in the bi-monthly group-wide newsletter to share practical advice and suggestions when climbing the career ladder
    - Running a learning and development event for women focused on perceived or actual barriers to success, and launching a Women into Leadership mentoring programme

2. **Reviewing Company Practices**
    - Undertaking a diversity and inclusivity audit of all its policies and practices and working to remove any artificial barriers to women being successful in IRIS
    - Adapting its promotion policy to ensure women feel confident to apply and are equally considered
    - Applying for a 'Great Place to Work Award' to make sure it has a great work experience for all staff, regardless of their gender
    - Supporting networking across the organisation through regular business leadership events

3. **Focusing on Recruitment and Selection**
    - Using innovative recruitment avenues to source diverse talent e.g. Women in Tech
    - Reviewing all shortlists for management positions and senior roles to make sure it has equally qualified female applicants represented in its shortlists
    - Supporting parents looking to return to work after a career break

Promoting Work Life Balance

- Promoting its flexible working options across the organisation
- Encouraging a healthy work life balance

- Supporting its employees with a range of flexible benefits options including private healthcare with discounted family coverage, free life insurance and group income protection for all its employees
- Offering an Employee Assistance Programme
- Offering three Giving Back Days per year for all employees to have the opportunity to volunteer in their local communities

Environmental

During the past year, IRIS has worked hard to increase staff awareness of environmental good practice such as improving the frequency and quality of meter readings at all our locations. In 2019 we completed our ESOS submission and are working on delivering the recommendations.

We are rationalising office space and have closed 16 of our older offices, which by their nature, are energy inefficient. For those which are go forward locations we have also focused on making them as energy efficient as possible, for instance by replacing over 12,000 sq. ft of office space lighting in our Manchester Office, Faulkner House with energy efficient LED lighting.

With grey fleet transport accounting for more than half of our carbon emissions, we are investigating the provision of a car loan scheme which will favour green vehicles for our drivers. This will enable us to record our grey fleet emissions more accurately and help reduce these through an improved reporting mechanism.

Due to the Covid-19 Pandemic all our employees have been working from home, which has significantly reduced the need for commuting and travelling between offices. This practice is continuing into our new financial year and will have a positive effect on reducing our transport and emissions in the year to come.

Emissions Reporting
GHG Emissions and Energy Consumption

		2019/20		
Type of emission	**Activity**	**kWh**	**tCO_2e**	**% of total**
	Natural Gas	217,670	40.0	6.3%
Scope 1	Heating Oil	163,146	40.7	6.4%
	Sub-total	380,816	80.7	12.6%
Scope 2	Electricity	742,330	189.7	29.7%
Scope 3	Grey Fleet	1,536,043	367.6	57.6%
Total gross emissions		**2,659,189**	**638**	**100%**
Intensity metric:				
Number of employees			1,641	
Tonnes of CO_2e per employee			0.39	

Quantification and Reporting Methodology
IRIS has followed the 2019 UK Government Environmental Reporting Guidelines and has used the 2019 UK government's conversion factors for company reporting. The energy efficiency narrative methodology has been created based on energy management best practice.

Organisational Boundary
IRIS has used the control approach, whereby the Company accounts for 100 percent of the GHG emission (and energy) over which it has control. The report is at Group level and includes information of subsidiaries. However, the option has been taken to exclude energy and carbon reporting for any subsidiary which itself would not be obligated if reporting on its own.

Principal Risks and Uncertainties

The Directors continue to identify and evaluate operational and other risks faced by the Group, implementing changes where necessary to reduce risk to manageable levels. The quality of earnings is underpinned by strong legal and financial governance, coupled with a focus on improving customer service and increasing the lifetime value of customers. Refer to the section above on Covid-19 for specific risks and uncertainties related to the pandemic.

Risk	Mitigation
Disruption of IT Systems and Networks, including Cyber Risk The Group's business operations rely on the efficient and uninterrupted operation of its information technology systems and networks. Loss of access, loss of customer data, and GDPR fines present a risk if not properly managed.	To support the business, detailed business continuity plans are in place for all major locations backed up by third party contracts to provide dedicated alternate facilities and systems in the event of disaster. The Group also pays attention to scalability of infrastructure to ensure all systems remain appropriate for the needs of the business as it continues to grow. The Group has continued to invest in increased cyber security measures during the year, including for instance Mimecast, two factor authentication, and additional training for employees.
Evolving Technology Market The software market in which the Group operates is characterised by evolving technology, market practices and industry standards. There is a risk that IRIS may be left behind if it does not continue to invest in its products and solutions, and therefore becomes uncompetitive.	The Group has a strong commitment to Research and Development, which allows for identification of, and adaptation to technological, compliance and market changes, thereby ensuring demands of customers are met and products are delivered on the latest technology platforms. In September 2019 IRIS Elements was launched, an ambitious multiyear programme to create a cloud platform, which will deliver product functionality across its core product suite going forward, demonstrating the focus on long term investment in IRIS products.
Regulatory Change Customers come to IRIS as they want to ensure that their compliance is taken care of, and is right first time. If IRIS was unable to ensure that products remained up to date for regulatory change, customers would be less confident in the products and may choose to go elsewhere.	As a provider of regulatory software, it is imperative products are kept up to date, and product updates and releases are right first time. IRIS works closely with HMRC to ensure that its products meet all requirements, as shown by the recent changes to regulations around furlough

Risk	Mitigation
Competitive Market Environment The Group operates in a competitive environment where the quality of products is paramount.	For IRIS, product quality is paramount, and it is the largest third-party filer with the government. It employs quality assurance teams to reduce risk associated with new product releases and to improve both the quality and the timeliness of releases. The Group also attaches enormous importance to providing the highest levels of customer service to differentiate itself in the market.
Wider Economic Environment The Directors acknowledge that the economic environment can affect the overall performance of the Group's businesses in terms of both revenues and cost, including for instance through global events such as Covid-19.	Through continued development of products and services, the Group endeavours to ensure that it delivers good value to its customers. The Group ensures that it reacts promptly to changes in government legislations – e.g. furloughing, so that business critical software products are kept fully up to date and can continue to support its customers and their businesses.
Acquisition Integration There is a risk that businesses acquired by IRIS do not integrate effectively within the business, and investment objectives are not met.	Acquisition integration is planned and monitored closely to ensure the investment objectives for each acquired business are met.
Risk of New Entrants All technology companies are vulnerable to disruptive market entrants.	IRIS has a market leading position and reputation for quality which means it is well positioned. IRIS also has the largest and the most integrated suite of accountancy products in the market. The combination of IRIS's market standing and value its solutions deliver, results in customers renewing their subscription from year to year.
Breach of Copyright The Group relies on intellectual property laws including laws on copyright, trade secrets and trademarks to protect its products. Despite such laws and regulations being in place, unauthorised copying of software may still occur.	To mitigate this risk the Group endeavours to police the unauthorised use of its products, uses secure storage of its source code and engages the services of specialists to enforce and protect the Group's intellectual property rights both in the UK and US.
Retention of key employees Legislative software is complex and requires in-depth knowledge of both the legislation and software development, to build and deploy the solutions. Retention of key employees is therefore important to ensure the business is able to continue to deliver great software to customers.	The Group has an increased focus on employee satisfaction and continuing development, linking to the strategy of #1RIS. This includes identification of Top Talent across the business and personalised development plans. It also includes cross training across multiple products to remove any single points of failure.

Future Outlook

Looking ahead, the Directors believe that there are substantial opportunities for further growth, both organically and from acquisitions. Key management strategies to take advantage of the positioning of the Group and market opportunity include a focus on M&A to strengthen core product portfolios, diversify into new markets as well as taking advantage of significant cross-sell opportunity and operational synergies within the new functional management structure.

Covid-19 is clearly set to impact all businesses going forward. It is expected that IRIS will see some impact on its financial performance, as companies in many of the markets it deals in have pushed back their investment decisions. Management have worked quickly to adapt to these changes, looking to minimise the impact felt by customers and employees. IRIS has ensured its clients are kept up to date on the latest changes on government policies and its product and development teams have worked to adapt its products to these changes, for example ensuring its payroll offerings were able to easily conduct the furlough process. IRIS employees have transitioned to homeworking and Management is constantly monitoring government guidance around this issue.

With customers' requirements constantly adapting, IRIS will continue to evolve its product offering. There is a growing demand for cloud-based solutions and IRIS is working to meet this demand. For example, Elements was launched in September 2019 to address the changing demands its accountancy customers are facing. Significant investment has been made and dedicated teams are in place to build this platform and make this product available to its clients. The IRIS Board has made the decision during Covid-19 to actually accelerate this investment in future product roadmap, to ensure it is best placed to support its customers as we emerge from the pandemic.

The Directors are confident in the Group's prospects going forward.

The Directors would like to thank IRIS employees for their excellent contribution to its results and its customers for continuing to choose IRIS to help them run their businesses.

On behalf of the Board,

Elona Mortimer-Zhika
Group CEO
28 August 2020

Annual Report & Financial Statements

For the year ended 30 April 2020

The Directors present their report and the audited consolidated financial statements of IRIS Debtco Limited ("the Company"), and the consolidated group of companies (together "the Group") for the year ended 30 April 2020.

Principal Activities

With nearly 42 years' experience and a predominantly UK focus, the Company offers the greatest range of specialist financial, human resources, engagement, payroll and bookkeeping solutions. These are managed under the leading brands of IRIS, Cascade, PS Financials, FMP Global, Star Practice Management, Practice Engine, Innervision, ParentMail, KashFlow, BioStore and Taxfiler product brands.

The Group predominantly operates in the UK, with operations in the US through acquisitions.

The future outlook of the Group is outlined in the Strategic Report.

Financial Risk Management Objectives and Policies

The Group's activities expose it to a number of financial risks including credit risk, interest rate risk, cash flow and liquidity risk.

Cash Flow and Liquidity Risk
The Group manages its day-to-day cash flow requirements through free cash reserves (£118 million as at the year end) and the use of an available revolving credit facility of up to £40 million (2019: £40 million). At year end the balance drawn on this facility was £nil (2019: £nil).

The Group's debt facilities specify a combination of financial and non-financial covenants and these are monitored at Board level on a monthly basis.

As at the start of the year, the Group held a Senior loan of £440 million and undrawn and available Acquisition and Revolving Credit Facilities of £75 million and £40 million respectively. The facilities have a bullet repayment and term of between six and a half and eight years from completion. In September 2019 a further £145 million was added to the senior loan to fund acquisitions in the year, and during March 2020 at the height of the Covid-19 uncertainty the Group also drew down on the Acquisition Facility of £75 million. This liquidity has not been required to date and remains available to fund future acquisitions and strategic projects in the coming months.

As at 30 April 2020 the Group has borrowings gross of unamortised fees and including accrued interest of £660 million (2019: £440 million)

Interest Rate Risk
The Group holds its borrowings through long-term variable rate facilities. Interest rate risk is managed through the use of a series of fixed LIBOR interest rate swaps for a total notional amount of £220 million, which expire in November 2021.

Credit Risk
The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced.

The current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. IRIS has assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.

In light of the Covid-19 pandemic, particular consideration was given to debt recovery and given an increase in the number of customers requesting payment holidays Management increased their bad debt provision to reflect the higher risk to expected credit losses. The Group continues to work with their customers to support where it can those in financial difficulty.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. For continuing operations in the year ended 30 April 2020, no income derived from a single customer exceeded 1% of the Group's revenue.

Going Concern

The Group has very strong liquidity with £118.0 million of cash as at the reporting date (2019: £36.9m). It has no debt repayable until late in 2025 and continues to have significant headroom in its only covenant test. This coupled with the limited reduction of revenues caused by Covid-19 due to the recurring and highly cash generative nature of the business model, mean the Group is very stable from a profit perspective. Management have considered every plausible scenario and do not foresee any of them causing this covenant test to fail.

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they believe there is no material uncertainty in respect of going concern and continue to adopt the going concern basis in preparing the financial statements for the coming 18 months from the date of this report. Further information is included in Note 2.

Dividends

During the year, the Company did not pay a dividend (2019: £nil). The Directors do not recommend the payment of a final dividend for the year.

Directors

The Directors who served throughout the year, and up to the date of signing, were as follows:

K Dady *(Appointed 26 July 2019)*
E Mortimer-Zhika *(Appointed 26 July 2019)*
M Cox *(Appointed 26 July 2019)*
M Biehl *(Resigned 6 December 2019)*
N Humphries

Director roles on the Board are as follows:

Kevin Dady was appointed to the Board on 6 September 2018 and served as Chief Executive Officer during the year, subsequently being promoted to the position of Executive Chairman as at 1 September 2019. Kevin has more than 20 years of leadership experience, having held many executive roles across the UK. Most notably, his experience includes membership of Capita's divisional executive board, spending 18 years with the business, including overseeing its Professional Services Division.

Elona Mortimer-Zhika was appointed to the Board on 6 September 2018 and served as Chief Operating Officer until being promoted to the position of Chief Executive Officer on 1 September 2019. Before joining IRIS, Elona held several senior leadership roles in Big 4 and PE-backed businesses, including Mavenir, Acision, Arthur Anderson and Deloitte.

Michael Cox is the Chief Financial Officer. Prior to joining IRIS, Michael held senior leadership roles in PE-backed businesses, including Xura and Acision, following time in practice with PwC.

Nic Humphries serves as a Non-Executive Director appointed by Hg Capital. Nic led the original buyout of the business by Hg in 2004. Nic is the Senior Partner and Executive Chairman of Hg and Head of the Saturn fund. He has ultimate responsibility for Hg's strategy, management and governance.

Directors' Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of certain of its Directors and these remain in force at the date of this report.

Section 172 Statement

The Directors of the Company, as those of all UK companies, must act in accordance with the duties detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.'

The following paragraphs summarise how the Directors' fulfil their duties:

Risk Management

IRIS provides mission-critical software and services to its customers. As it grows, the business and risk environment also become more complex. It is therefore vital that IRIS effectively identifies evaluates, manages and mitigates the risks, and that it continues to evolve the strategic approach to risk management.

For details of IRIS' principal risks and uncertainties, and how it manages its risk environment, please see page 12.

Employees

Employees are the Group's most valuable asset. For the business to succeed it needs to manage employees' careers, offering opportunities for learning and developments and ensuring success is recognised. Common values inform and guide internal behaviour so IRIS can achieve its goals in the right way. For further details on employees, please see page 9.

Customers

Ensuring customers are provided the best quality products and services is fundamental to IRIS' strategy. It is constantly looking to develop products to ensure they are in line with the latest regulation and meet customers evolving needs. Customer service is key to success, and a key metric measured in its annual performance.

For further details on how IRIS works with customers, please see page 5.

Community and Environment

IRIS uses its position of strength to create positive change for the people and communities with which it interacts. The business actively encourages employees to support communities and charities they are close to.

For further details on how IRIS interacts with communities and the environment, please see pages 9 and 11 respectively.

Investors

The Board is committed to openly engaging with investors. For more information please see page 2.

Corporate Governance

The Board of the Company discharges its responsibilities by providing effective leadership to the Group within a framework of prudent and manageable controls, which enables risk to be assessed at an early stage and proactively managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its business commitments and regularly monitors management's performance.

The IRIS Debtco Limited Board has adopted a schedule of matters, which are specifically reserved for its decision. Such matters include, but are not limited to, the final approval of the annual budget and strategic plan, major acquisitions and disposals, material contracts and any changes to the Group's financing arrangements. It has also adopted a framework of delegated commercial and operational authorities which define the scope of the executive officers' powers and those of subsidiary management.

The IRIS Debtco Limited Board of Directors' intention is to convene at least six times a year at formal Board meetings, however, has met far more often in recent times.

The Group's overriding objective is to maximise long-term shareholder value whilst exceeding the needs of customers and employees. The Board has overall responsibility for the Group's approach to assessing risk and the systems of internal control and for monitoring their effectiveness in providing its ultimate stakeholders with a return that is consistent with a responsible assessment and mitigation of risks. This includes reviewing financial, operational and compliance controls and risk management procedures. The role of Executive Management is to implement the Board's policies on risk and control and present assurance on compliance with these policies. All employees are accountable for operating within these policies.

The Group has an Audit Committee, which consists of members of the Group Board, including a Non-Executive Chairman. The Audit Committee meets regularly with the Auditors to review audit planning, audit and non-audit fees and the results of the Group audit and financial statements prior to finalisation. The Audit Committee approves the appointment of the Auditors.

Employees and Reward

IRIS employees are the Group's most valuable asset and the priority is to encourage and recognise every success with an emphasis on team work, individual contribution, inclusion and diversity. The Group's core mission values spell IMPACT and stand for Innovation, Making it happen, Passion, Accountability, Customer focus and Team work.

The Group has a committed and skilled workforce and the Group's reward strategy aims to reinforce the link between employee performance and business performance. In addition to a competitive basic salary, total reward may include variable pay elements such as bonuses, commission, recognition awards and employee share schemes. IRIS has continued to enhance flexible benefit schemes which gives employees the opportunity to choose appropriate benefits to suit their lifestyles while ensuring a core benefit package that supports IRIS' duty of care to employees.

Employee Consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings including monthly site meetings, the Group's intranet and a monthly newsletter.

Learning and Development

The education and development of the Group's employees remain a priority. With the intent of attracting, recruiting, developing and retaining key employees, the Group maintains a number of policies and procedures, such as an Equal Opportunities Policy.

Employee development is encouraged through appropriate training and a newly established, dedicated Learning and Development function. Regular and open communication between management and employees is viewed as essential for motivating a highly educated workforce. Briefings are held regularly to provide business updates and give opportunities for questions and feedback. The Group maintains both a website, which is freely accessible, and an intranet site accessible to all employees.

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure their employment with the Group continues and appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

Corporate Social Responsibility

IRIS continues to be strongly aware of its responsibility for its actions and encourages a positive impact on the environment and communities it serves. Along with ensuring it is compliant and actively engaged in sustainability, IRIS encourages employees to 'give back' to the community and raise money for charity. Its *Giving Back Days* initiative allows every person to take three days per year to support local charities and communities by raising money or volunteering for a number of charitable causes. 128 days were given back to the community by IRIS employees in 2020. The Group made charitable donations during the year of £14,842 (2019: £10,500).

The Group made no political donations in the year.

Health and Safety

The Company has well-developed health and safety policies and procedures, safeguarding employees, contractors and visitors in compliance with applicable registration and practice.

Statement of Directors' Responsibilities in respect of the financial statements

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 Consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent 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 IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Parent 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 Parent Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Parent 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 Parent 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.

Directors' Confirmations

The Directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

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 to make themselves aware of any relevant audit information and to establish that the Group and Company's Auditors are aware of that information.

Approved by the Board and signed on its behalf by:

Michael Cox
CFO
28 August 2020

Independent auditors' report to the members of IRIS Debtco Limited

Report on the audit of the financial statements

Opinion

In our opinion, IRIS Debtco Limited's Group financial statements and Parent Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2020 and of the Group's loss and the Group's and the Parent Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Parent Company Balance Sheet as at 30 April 2020; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the 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 Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 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 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 20, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

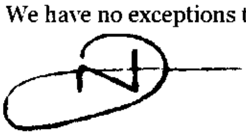
Other required reporting

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.



Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 August 2020

Consolidated Income Statement
for the Year ended 30 April 2020

	Note	Year to 30 April 2020 £'000	For the period from 17 May 2018 to 30 April 2019 £'000
Revenue	4	194 976	91,545
Cost of sales		(17 404)	(8 105)
Gross profit		**177,572**	**83,440**
Administrative expenses		(150,736)	(94,085)
Operating profit / (loss)	6	**26,836**	**(10,645)**
Finance income	7	189	203
Finance costs	8	(150,492)	(87,317)
Loss before tax		**(123,467)**	**(97,759)**
Income tax (charge) / credit	9	(4 382)	6 699
Loss for the year/period		**(127,849)**	**(91,060)**
Attributable to			
Equity holders of the parent		(128 291)	(91 305)
Non-controlling interests	33	442	245
		(127,849)	(91,060)

	Note	2020 £'000	2019 £'000
Management EBITDA	35	92,156	54,865

Consolidated Statement of Comprehensive Income
for the Year ended 30 April 2020

	Note	Year to 30 April 2020 £'000	For the period from 17 May 2018 to 30 April 2019 £'000
Loss for the year/period		**(127,849)**	**(91,060)**
Other comprehensive (expense)/ income			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(153)	25
Items that will be reclassified to profit or loss:		(153)	25
Total other comprehensive (expense)/income		**(153)**	**25**
Total comprehensive expense for the year/period		**(128,002)**	**(91,035)**
Attributable to			
Equity holders of the parent		(128,477)	(88,726)
Non-controlling interests	33	475	256
		(128,002)	(91,035)

Consolidated Balance Sheet
As at 30 April 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Intangible assets	10	1 560 741	1 397,467
Property plant and equipment	11	9,085	6,329
Contract assets	4.1	4 844	2 230
Right-of-use assets	12	8,899	9,483
Deferred tax asset	18	839	541
		1,584,408	**1,416,050**
Current assets			
Inventories		131	139
Trade and other receivables	15	42 893	33 073
Corporation tax		-	777
Assets held for sale	14	2,572	2,572
Contract assets	4.1	1 621	621
Cash and cash equivalents	16	118,037	36,850
		165,254	**74,032**
Total assets		**1,749,662**	**1,490,082**
Current liabilities			
Trade and other payables	17	1 096,197	973,291
Corporation tax		2 357	-
Lease liabilities	19.4	2,090	1,174
Contract liabilities	4.1	75,927	62,674
Accruals	23	25 631	12,905
Provisions	20	251	145
		1,202,453	**1,050,189**
Non-current liabilities			
Borrowings	21	650 172	431,115
Trade and other payables	17	903	302
Lease liabilities	19.4	8 256	8 612
Deferred tax	18	100,113	86 580
		759,444	**526,609**
Total liabilities		**1,961,897**	**1,576,798**
Net liabilities		**(212,235)**	**(86,716)**
Equity			
Called up share capital	24	9	9
Share premium	24	938	938
Accumulated losses		(214 720)	(88,726)
Equity attributable to equity holders of the parent		**(213,773)**	**(87,779)**
Non-controlling interests	33	1,538	1 063
Total equity		**(212,235)**	**(86,716)**

The consolidated financial statements on pages 24 to 51 of IRIS Debtco Limited (registered number 11368604) were approved by the Board of Directors and authorised for issue on 28 August 2020. They were signed on its behalf by

M Cox

Director

28th August 2020

Parent Company Balance Sheet
As at 30 April 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Investments	13	947	947
		947	947
Current assets			
Trade and other receivables	15	1,077 937	962 150
		1 077 937	962 150
Total assets		**1,078,884**	**963,097**
Current liabilities			
Trade and other payables	17	1 077 937	962 150
		1,077 937	962 150
Total liabilities		**1,077,937**	**962,150**
Net assets		**947**	**947**
Equity			
Called up share capital	24	9	9
Share premium	24	938	938
Retained earnings[1]	28	-	-
Total equity		**947**	**947**

Note
[1] The profit for the financial year dealt with in the financial statements of the Company is £nil (2019 £nil).

The financial statements on pages 24 to 51 of IRIS Debtco Limited (registered number 11368604) were approved by the Board of Directors and authorised for issue on 28 August 2020. They were signed on its behalf by

M Cox
Director

28th August 2020

Consolidated Cash Flow Statement
for the Year ended 30 April 2020

	Note	Year to 30 April 2020 £'000	For the period from 17 May 2018 to 30 April 2019 £'000
Operating activities			
Loss before tax		(123,467)	(97,759)
Adjustments to reconcile loss before tax to net cash flows			
Depreciation and loss on disposal of property, plant and equipment		2,863	1 219
Depreciation and loss on right of use assets		1 780	714
Amortisation of acquired intangibles	10	47,641	27 652
Amortisation and impairment of other intangible assets	10	2,337	7 286
Share based payments	27	2 483	2,565
Finance income	7	(189)	(203)
Finance costs	8	150 492	87 317
Working capital adjustments			
Decrease / (Increase) in stocks		38	(51)
Increase in trade and other receivables		(1,954)	(5,353)
Increase in accruals and deferred income		3,424	22 758
Increase in trade and other payables		1,064	1,265
Cash generated from underlying operations		**86,512**	**47,410**
Income tax paid		(1 924)	(2 429)
Net cash flows generated from operating activities		**84,588**	**44,981**
Investing activities			
Purchase of property, plant and equipment	11	(5 030)	(3 354)
Development expenditure	10	(6 023)	(2 250)
Capitalised enterprise application software	10	(5 132)	-
Acquisition of subsidiaries, net of cash acquired	25	(167 695)	(1 309 974)
Payment to Estera Trust (Jersey) Limited	2.27	(971)	(302)
Deferred consideration		(7,138)	(174)
Interest received		189	203
Net cash flows used in investing activities		**(191,800)**	**(1,315,851)**
Financing activities			
Issue of shares		-	947
Interest paid		(28,085)	(15 365)
Net proceeds from borrowings		217,595	430,311
Net proceeds from parent undertaking		-	892 600
Repayment of capital on lease liabilities		(1,111)	(773)
Net cash flows generated from financing activities		**188,399**	**1,307,720**
Net increase in cash and cash equivalents		**81,187**	**36,850**
Cash and cash equivalents at beginning of period	16	36,850	-
Cash and cash equivalents at end of period		**118,037**	**36,850**

Changes in liabilities arising from Financing activities

	At 1 May 2019 £'000	Cash flow £'000	Non cash flow £'000	At 30 April 2020 £'000
Bank loans	440 000	220,000	-	660,000
Borrowing costs	(8,885)	(2,405)	1,462	(9,828)
Interest accrual	686	(28 085)	30,778	3,379
Amounts owed to / due from Parent undertakings	962,150	-	115,786	1,077,936
Lease liabilities	9,786	(1 111)	1,671	10,346
	1,403,737	**188,399**	**152,405**	**1,744,541**

	At 17 May 2018 £'000	Cash flow £'000	Non cash flow £'000	At 1 May 2019 £'000
Bank loans	-	440,000	-	440 000
Borrowing costs	-	(9,689)	804	(8 885)
Interest accrual	-	(15,365)	16,051	686
Amounts owed to / due from Parent undertakings	-	892,600	69,550	962 150
Lease liabilities	-	(773)	10,559	9 786
	-	**1,306,773**	**96,964**	**1,403,737**

Non-cash flows relate to interest fair value and foreign exchange items, revaluation of derivative financial instruments, the impact of acquisitions and the recognition of lease liabilities.

Consolidated Statement of Changes in Equity
for the Year ended 30 April 2020

	Called up Share capital	*Share* Premium	*Accumulated* losses	Total Equity attributable to equity holders of the Company	Non-Controlling Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 17 May 2018	-	-	-	-	-	-
(Loss) / profit for the period	-	-	(91,305)	(91,305)	245	(91,060)
Other comprehensive income	-	-	14	14	11	25
Total comprehensive (expense)/income for the period	-	-	(91,291)	(91,291)	256	(91,035)
Transactions with owners in their capacity as owners:						
Issue of share capital	9	938	-	947	-	947
Acquisition of subsidiary	-	-	-	-	807	807
Share based payments	-	-	2,565	2,565	-	2,565
	9	938	2,565	3,512	807	4,319
At 30 April 2019	9	938	(88,726)	(87,779)	1,063	(86,716)
(Loss) / profit for the year	-	-	(128,291)	(128,291)	442	(127,849)
Other comprehensive (expense)/ income	-	-	(186)	(186)	33	(153)
Total comprehensive (expense)/income for the year	-	-	(128,477)	(128,477)	475	(128,002)
Transactions with owners in their capacity as owners:						
Acquisition of subsidiary	-	-	-	-	-	-
Share based payments	-	-	2,483	2,483	-	2,483
	-	-	2,483	2,483	-	2,483
At 30 April 2020	9	938	(214,720)	(213,773)	1,538	(212,235)

Parent Company Statement of Changes in Equity
for the Year ended 30 April 2020

	Called up share capital	Share Premium	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 17 May 2018	-	-	-	-
Result for the year	-	-	-	-
Total comprehensive (expense)/income for the period				
Transactions with owners in their capacity as owners:				
Issue of share capital	9	938	-	947
	9	938	-	947
At 30 April 2019	9	938	-	947
Result for the year	-	-	-	-
Total comprehensive (expense)/income for the year	-	-	-	-
Transactions with owners in their capacity as owners:				
Share based payments	-	-	-	-
	-	-	-	-
At 30 April 2020	9	938	-	947

Notes to the Financial Statements
for the Year ended 30 April 2020

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements of the Group have been prepared in accordance with European Union ("EU") adopted International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and The Companies Act 2006 as applicable to companies using IFRS

The consolidated financial statements for the year ended 30 April 2020 (including comparatives) were approved and authorised for issue by the Board of Directors on 28 August 2020 IRIS Midco Limited is the Group's Parent Company and Perennial Newco 2 Ltd is the Group's ultimate Parent Company The largest and smallest group of undertakings for which group financial statement are drawn up and of which the Company is a member is of Perennial Newco 2 Ltd and copies of these financial statements are available to the public at the Company's registered office set out below.

The Company is a private limited company limited by shares, incorporated and domiciled in the England and Wales.
The address of its registered office and its principal place of business is 4th Floor Heathrow Approach, 470 London Road Slough, Berkshire SL3 8QY.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied consistently to all periods presented unless otherwise stated in the preparation of these consolidated financial statements are summarised below.

2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except where adopted IFRS requires an alternative treatment. The principal variations from the historical cost convention relate to derivative financial instruments which are measured at fair value through profit and loss and fair value acquisition accounting.

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the period. The company reported a result for the year ended 30 April 2020 of £nil (2019 £nil).

An individual Company cash flow statement has not been prepared as there are no specific allocated cash flows.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each period. Control is achieved when the Company:

- has the power over the investee,
- is exposed or has rights. to variable return from its involvement with the investee and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The results of subsidiaries acquired during the period are included in the consolidated income statement from the date the Company gains control unless this date is within sufficient proximity to the period end to result in an immaterial impact to the financial statements.

Where necessary adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities equity income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests are initially measured at fair value Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. An applicable share of total comprehensive income is attributed to non-controlling interests.

2.3 Adoption of accounting standards

The following new accounting pronouncements, none of which were considered by the Group as significant on adoption were adopted by the Group on 1 May 2019 to comply with amendments to IFRS and have all been endorsed by the EU.

- Amendments to IAS 28 "Long-term interests in Associates and Joint Ventures"
- "Improvements to IFRS 2015-2017 cycle";
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement",
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation", and
- IFRIC 23 Uncertainty over Income Tax Treatments".

The following pronouncements, issued by the IASB, are effective for periods commencing on or after 1 January 2020 and have been endorsed by the EU. The Group's financial reporting will be presented in accordance with these new standards, which are not expected to have a material impact on the consolidated income statement, consolidated statement of financial position or consolidated cash flow statement from 1 May 2020.

- Amendments to IFRS 3 "Definition of a Business",
- Amendments to IAS 1 and IAS 8 "Definition of Material"; and
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

The IASB has issued Amendments to IAS 1 "Classification of Liabilities as Current or Non-current", effective for annual periods beginning on or after 1 January 2021 and IFRS 17 "Insurance Contracts", which is effective for annual periods beginning on or after 1 January 2023, the IASB has proposed deferring the adoption of these standards but no changes have yet been issued.

Although not yet endorsed by the EU or the new UK endorsement board the Group's financial reporting will be presented in accordance with the above new standards from 1 April 2021 and 1 April 2023 respectively. The Group's work to assess the impact of these accounting changes is continuing, however, the changes are not expected to have a material impact on the consolidated income statement, consolidated statement of financial position or consolidated cash flow statement.

The following narrow-scope amendments were issued by the IASB during May 2020 and are effective for annual periods beginning on or after 1 January 2022. they have not yet been endorsed by the EU or the new UK endorsement board.

- Annual Improvements to IFRS Standards 2018-2020.
- Amendment to IAS 16 "Property, Plant and Equipment Proceeds before Intended Use",
- Amendment to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract", and
- Amendment to IFRS 3 "Reference to the Conceptual Framework"

The Group is assessing the impact of these new standards and the Group's financial reporting will be presented in accordance with these standards from 1 April 2022

2.4 Going concern

At 30 April 2020, the Group had very strong liquidity with £118 million of cash and cash equivalents (note 16), no debt repayable until 2025 (note 19 and note 21) and a year end leverage ratio of 5.13x on the £585 million Senior loan facility versus a convenant leverage ratio of 9.6x (note 19). In addition. the Group has access to an additional Revolving Credit Facility of £40 million which remained unutilised at the year end (note 21)

In assessing going concern, management have considered the effects of the Covid-19 pandemic including the impact of recent trading results on the Group's budget for the year ended 30 April 2021 which includes lower growth assumptions that originally anticipated given the uncertainties in the current environment. The strong liquidity position coupled with the limited reduction of revenues caused by Covid-19 due to the recurring and highly cash generative nature of the business model, mean the Group is very stable from a profit perspective.

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly the consolidated financial statements have been prepared on the going concern basis and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree s identifiable net assets Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with changes in fair value recognised either in profit or loss or as a change to Other comprehensive income. If the contingent consideration is not within the scope of IFRS 9 it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group s cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units

The Group conducts annual impairment tests on the carrying value of goodwill the recoverable amount is determined from a combination of value-in-use calculations and observable relevant market transactions. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) which for the Group results in there being five cash generating units the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date) Practice Engine, Innervision, Star and FMP.

The key assumptions in the value-in-use calculations are the discount rate applied the long-term operating margin (EBITDA) and the long-term growth rate of net operating cash flows. In all cases, the approved budget for the following financial year formed the basis for the cash flow projections. The approved cash flow projections in the three financial years following the budget year reflected management's expectations of the medium-term operating performance of the business and growth prospects in the market. These assumptions have been further considered in light of the Covid-19 pandemic including detailed sensitivity analysis being perfomed to ensure there are no indicators of impairment.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained

2.6 Deferred consideration

Deferred consideration arises when settlement of all or part of the cost of a business combination falls due after the date the acquisition was completed.

Where the payment of deferred consideration is not contingent upon continuing employment of the vendors by the Group deferred consideration is stated at the fair value of the total consideration outstanding. In these cases all deferred consideration has been treated as part of the cost of investment. At each balance sheet date deferred consideration comprises the fair value of the remaining deferred consideration valued at acquisition.

Where the payment of deferred consideration is contingent upon the continuing employment of vendors by the Group, it is treated as a remuneration expense and accounted for as an employment benefit under IAS 19. A charge is made through the Consolidated Income Statement as a cost of employment The cost associated with each payment is accrued over the period it is earned. At each balance sheet date the contingent deferred consideration balance comprises the accrual for unsettled remuneration which has been expensed to the balance sheet date.

2.7 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current

Deferred tax assets and liabilities are classified as non-current assets and liabilities

2.8 Fair value measurement

The Group measures financial instruments, such as derivatives and non-financial assets such as investment properties, at fair value at each balance sheet date. Also fair values of financial instruments measured at amortised cost are disclosed in note 19.2.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.8 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per its accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable

The Group's review includes a discussion of the major assumptions used in the valuations For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.9 IFRS 9 Expected Credit Loss

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. We have assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss

2.10 IFRS 15 Revenue from Contracts with Customers

In recognising revenue under IFRS 15, Management have followed the five step model and considered identification of the contract with a customer; identification of performance obligations of each contract, transaction price allocation of transaction price to performance obligation and recognition of revenue at the point the performance obligation has been satisfied.

2.11 Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue represents invoiced software licence fee income, support and maintenance income and services income

Perpetual software licence fee income is recognised in full on delivery of the licence and the issue of authorisation codes to activate the software. Support and maintenance income is deferred at the date of invoicing and released to the profit and loss account over the duration of the maintenance contract. The balance of maintenance income not released to the profit and loss account is carried in the balance sheet within contract liabilities.

Services income is recognised in the month the services are performed.

Transactional and Payment revenue is recognised on fulfilment of the service.

Training and implementation revenue is recognised when delivered, or by reference to the stage of completion of the transaction at the end of the reporting period. This assessment is made by comparing the proportion of contract costs incurred to date to the total expected costs to completion.

Subscription and cloud based Software as a Service (SaaS) income is recognised in the month the service is provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

2.12 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2.12 Taxes (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.13 Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in Sterling, which is the functional currency of the parent company.

Transactions and balances

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency monetary items are translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in profit or loss for the period Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in Other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in Other comprehensive income.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at the average rates of exchange during the period. The exchange differences arising on translation for consolidation are recognised in Other comprehensive income. On disposal of a foreign operation, the component of Other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.14 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by (for final dividends) or paid to (for interim dividends) the Company's shareholders.

2.15 Intangible assets

Intangible assets arising on business combinations are stated at fair value less accumulated amortisation and impairment losses.
Amortisation is charged to the Income statement on a straight-line basis over their estimated useful lives as follows.

Enterprise application software	5 years
Brand	10 years
Development expenditure	5 years
Intellectual property rights	8 to 12 years
Customer relationships	7 to 21 years

Research & development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development, and
- The ability to use the intangible asset generated

Where the Directors are satisfied as to the technical, commercial and financial viability of individual projects, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. Amortisation relates to the period in which future cash flows are expected to arise which is expected to be five years.

2.16 Property, plant and equipment

Property, plant and equipment is stated at cost net of depreciation and any provision for impairment. Depreciation is provided on a straight line basis at the following annual rates in order to write off the cost less residual value of each category of asset over its estimated useful life as follows

Freehold land	Nil
Freehold buildings	2.7%
Leasehold improvements	the lower of 20% and the period of the leasehold
Computer equipment	10% to 33%
Fixtures and fittings	10% to 20%

2.17 The Group as lessee

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise
• fixed lease payments less any lease incentives,
• variable lease payments that depend on an index or rate initially measured using the index or rate at the commencement date
• payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever
• the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
• the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate in which case a revised discount rate is used).
• a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

2.18 Investments

Fixed asset investments are stated at cost less provision for impairment.

2.19 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) which for the Group results in there being five cash generating units the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date), Practice Engine, Innervision, Star and FMP.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For certain categories of financial asset such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group s past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Income Statement.

2.20 Inventories

Inventories are valued at the lower of cost and net realisable value after making allowances for slow moving or obsolete items.

Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost is calculated using the first-in-first-out method.

2.21 *Assets held for sale*

Assets held for sale, which represents a long leasehold property which is being marketed for immediate sale is presented separately as a current asset in the consolidated balance sheet and is measured at the lower of its carrying amount and fair value less costs to sell. Assets held for sale are not depreciated or amortised once classified as held for sale.

2.22 Financial instruments

Financial assets and liabilities are recognised in the Consolidated Balance Sheet when the Group becomes a party to the contractual provision of the instrument

Financial assets are unrecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred

A financial liability is unrecognised when it is extinguished discharged cancelled or expires.

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Trade receivables from contracts with customers

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional less provision for impairment.
Because of their short term nature the carrying amount of trade receivables approximates to their fair value.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. *We have assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.*

Cash and cash equivalents

For the purpose of preparation of the Consolidated Cash Flow Statement and the Consolidated Balance Sheet, cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of a subsidiary s cash management are included in cash and cash equivalents where they have a legal right of set-off and there is an intention to settle net, against positive cash balances, otherwise bank overdrafts are classified as borrowings.

Trade payables

Trade payables are unsecured and are usually paid within 30 days of recognition The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of borrowing on an effective interest basis.

Derivative financial instruments

All derivatives are initially recognised at fair value, and are subsequently remeasured at fair value, through the Income Statement The Group does not hold or issue derivative financial instruments for trading purposes.

Where deemed significant, fair values are adjusted to reflect the impact of our credit risk for the derivatives that are in a liability position and counterparty credit risk for the derivatives that are in an asset position

2.23 Borrowing costs

Where borrowing costs are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale they are capitalised as part of the cost of the asset All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.24 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions for dilapidations

Provisions for dilapidations in respect of property leases are recognised when the property lease contracts are entered into Initial recognition is based on the obligations within the contracts to return the properties to their original state on conclusion of the lease terms The initial estimate of dilapidation costs is revised annually.

2.25 Post-employment benefits

The Group operates a personal defined contribution pension scheme which is open to all employees. The assets of the scheme are held separately from those of the Group in independently administered funds. Contributions payable to the scheme in respect of the period are recognised as an operating cost in the income statement.

2.26 Exceptional items

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

2.27 Share based payments

During the year the group gave senior management the opportunity to acquire shares in the Company at market value. These shares which are administered by the Estera Trust (Jersey) Limited, cannot be traded and must be sold back to the Group when employment ceases. The shares are only redeemed on sale of the Group. The fair value of the shares is measured at the issue date and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period, and adjustments are recognised in profit or loss and the share-based payment reserve. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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

Critical judgements in applying the Group's accounting policies

Capitalisation of development cost

The Group capitalises internal costs of software development where the Directors are satisfied as to the technical commercial and financial viability of individual projects Judgement is required in determining whether a project is suitable for capitalisation and in determining the useful economic life (note 10).

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Assets relating to contracts with customers

Assets relating to contracts with customers represent commissions paid to employees which are deferred over a 5 year period. The 5 year period represents the expected length of time that the customer relationship will be retained and as such the cost is recognised over that time period. Where legislative updates are required to software in order to remain functional, the Group recognises Revenue from that software over the period of the license.

Critical Accounting Estimates and Assumptions

Acquisition accounting

Accounting for acquisitions requires a fair value exercise to assess the assets and liabilities acquired, including any separately identifiable intangible assets. The process of determining fair values may require management to make estimates which are subjective in nature. For each acquisition an appropriate discount & royalty rates were determined, along with detailed expected future cashflows to calculate the fair value of each identified intangible asset.

Impairment - goodwill and other intangibles

IFRS requires management to perform impairment tests to determine whether goodwill and other intangible assets are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable.

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's initial expectations of EBITDA, the long-term growth rate of net operating cash flows and an appropriate discount rates to reflect the risks involved. These assumptions have been further considered in light of the Covid-19 pandemic including the impact recent trading results on the Group's budget for the year ended 30 April 2021 as well as on longer term forecasts and growth rates given the uncertainties in the current environment.

Changing the assumptions selected by management, in particular growth rate assumptions used in the cash flow projections, could significantly affect the Group s impairment evaluation and hence reported assets and profits or losses. Further details including a sensitivity analysis, are included in note 10 'Intangible Assets".

Trade and other receivables

There is uncertainty regarding customers who may not be able to pay as their invoices fall due. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets, based on the payment profiles of sales and the corresponding historical credit losses experienced. In light of the Covid-19 pandemic, particular consideration was given by management to debt recovery and, given an increase in the number of customers requesting payment holidays, management increased their bad debt provision to reflect the higher risk to collectability and expected credit losses (see note 15).

Uncertain tax provisions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions could necessitate future adjustments to tax income and expense already recorded. The Group uses in-house tax experts when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits from the Group to settle the obligation Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that we operate either using management s estimate of the most likely outcome where the issues are binary, or the expected value approach where the issues have a range of possible outcomes. (note 18).

Contingent Consideration

Any deferred contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, are recognised either in the profit and loss account or in other comprehensive income, in accordance with IAS 39. Depending on the conditions of these future consideration payments, judgements are made as at the acquisition date and then subsequently updated at the balance sheet date. These include profit related consideration for which detailed forecasts are produced and the fair value of the likely payments are calculated using an appropriate discount rate.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities (primarily interest rate swaps) recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow model The inputs to these models are taken from observable markets where possible but where this is not feasible a degree of judgement is required in establishing fair values Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments (note 19).

4 REVENUE

Revenue reported for the year relates solely to revenue from contracts with customers, with customers typically paying in advance at start of the contract. When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer at that time a contract asset is recognised. If amounts received or receivable from a customer exceed revenue recognised for a contract for example if the Group receives an advance payment from a customer a contract liability is recognised.

Revenue and profit before taxation in respect of continuing operations arise from the principal activity of the Group This represents a single class of business the provision of software and services to accountants schools and businesses. The majority of continuing operations is undertaken in the United Kingdom

4.1 Assets and liabilities relating to contracts with customers

Assets relating to contracts with customers represent commissions paid to employees which are costed over a 5 year period. Contract assets increased during the year as the Group continued to pay commissions to employees the expansion of the Group's operations following acquisitions during the year and the cumulative impact of the 5 year deferral period following the incorporation of the Company on 17 May 2018.

	As at 30 April 2020 £'000	As at 30 April 2019 £'000
Non-current assets relating to contracts	4,844	2 230
Current assets relating to contracts	1,621	621
	6,465	2,851

Contract liabilities represent revenue received up front for contracts which are recognised over 12 months. Contract liabilities increased during the year as a result of the expansion of the Group's operations following acquisitions (see note 25) and an increase in overall contract activity. Materially all of the £62,674,000 recorded as current contract liabilities at 30 April 2019 was recognised as revenue during the year.

	As at 30 April 2020 £'000	As at 30 April 2019 £'000
Contract liabilities	75 927	62 674
	75,927	62,674

5 STAFF COSTS

Employee costs (including Directors) during the year were	Year to 30 April 2020 £'000	Period ended 30 April 2019 £'000
Wages and salaries	65,710	34,260
Social security costs	7,414	3,873
Other pension costs	2,068	847
	75,192	38 980

Employee numbers and costs have been included within the Group from 6 September 2018 from the point of acquisition of Perennial Newco Ltd.
Included in the amounts above are employee cost capitalised in respect of development of software assets in the year of £6 023,000 (2019 £2,250,000)
The Company had no employees (2019 none).
The average monthly number of employees (including Directors) of the Group during the period was as follows

	Year to 30 April 2020 Number	Period ended 30 April 2019 Number
Technical	1 042	607
Sales	306	180
Administration	293	137
	1,641	924

Average monthly number of employees for the period ended 30 April 2019 have been amended to include the Group's India subsidiary The average number of monthly employees in the prior period after the point of acquisition of Perennial Newco Ltd on 6 September 2018 was 1,329.

Directors' emoluments	Year to 30 April 2020 £'000	Period ended 30 April 2019 £'000
Aggregate emoluments	616	58
Pension contributions	23	-
	639	58
Number of Directors remunerated	3	3
Number of other Directors not remunerated but for which a management fee is payable (See note 32)	1	3

Three Directors accrued benefits under the Group s defined contribution pension scheme.
The highest paid Director in the year received total emoluments while serving as a director of £285 000 (2019· £29,000).

Key management remuneration	Year to 30 April 2020 £'000	Period ended 30 April 2019 £'000
Aggregate emoluments	1 236	2 142
Pension contributions	30	16
	1,266	2 158
Number of key management	3	2

Key management included the Executive Chairman Chief Executive Officer and her direct report for the year.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2020

6 OPERATING PROFIT / (LOSS)

	Total Group	
	Year to 30 April 2020 £'000	Period ended 30 April 2019 £'000
The operating profit / (loss) is stated after charging		
Staff costs	75,192	38,980
Amounts related to inventory included in cost of sales	1,082	147
Research and development expenditure	6,910	6 607
Amortisation of intangible assets	49 978	29 771
Other transaction related costs	8,223	12 829
Depreciation of property plant and equipment	2 756	1 219
Depreciation of right-of-use-assets	1,780	714
Deferred consideration	1,989	-
Share based payments	2,483	2,565

Fees payable to the Group's Auditors comprise the following:	Year to 30 April 2020 £'000	Period ended 30 April 2019 £'000
Tax services	71	55
Corporate finance services	1,333	1,130
Total non-audit fees	1,404	1,185
Audit fees - for the audit of parent Company and consolidated financial statements	200	199
Audit fees - for the audit of subsidiary companies	420	146
Total fees	2,024	1,530

7 FINANCE INCOME

	Year to 30 April 2020 £'000	Period ended 30 April 2019 £'000
Deposit account interest	189	203
Total finance income	189	203

8 FINANCE COSTS

	Year to 30 April 2020 £'000	Period ended 30 April 2019 £'000
Bank loan interest	28,562	14,964
Amortisation of loan issue costs	1,462	804
Unwinding of discount	213	67
Bank facility fees	1,514	1,368
Net loss on financial instruments at fair value through profit or loss (note 19.3)	2,406	302
Interest expense on lease liabilities	549	262
Interest payable on amounts due to parent undertakings	115,786	69,550
Total finance costs	150,492	87,317

The unwinding of discount is in relation to deferred consideration on the acquisition of subsidiary undertakings.

9 INCOME TAX CHARGE / (CREDIT)

The major components of income tax expense are	Year to 30 April 2020 £'000	Period ended 30 April 2019 £'000
Current income tax:		
UK income tax at 19% for the year (2019 19%)	3,675	1,578
Impact of overseas income tax	481	323
Prior year adjustments	253	-
	4 409	1 901
Deferred tax:		
Relating to origination and reversal of temporary differences	(9,336)	(8,600)
Relating to effect of change in tax rates	9,309	-
	(27)	(8,600)
Income tax charge / (credit) reported in the income statement	**4,382**	**(6,699)**

	Year to 30 April 2020 £'000	Period ended 30 April 2019 £'000
Loss before tax	(123,467)	(97 759)

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

	Year to 30 April 2020 £'000	Period ended 30 April 2019 £'000
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 19%).	(23 459)	(18,574)
Effects of		
Expenses non-deductible for tax purposes	19,926	11,875
Research and development tax credits	(1 339)	-
Effect of current year changes in statutory tax rates on deferred tax balances	9 309	-
Decrease in tax losses	(308)	-
Adjustments in respect of prior year tax liabilities	253	-
Total tax charge / (credit) reported in the income statement	**4,382**	**(6,699)**

10 INTANGIBLE ASSETS

	Enterprise *Application* Software £'000	Development *Expenditure* £'000	Brand £'000	Intellectual *Property* £'000	Customer *Relation-*ships £'000	Goodwill £'000	Total £'000
COST							
At 17 May 2018	-	-	-	-	-	-	-
Arising on acquisition	7 382	11,074	14,500	178 172	335,678	889,508	**1,436,314**
Additions	-	2 250	-	-	-	-	**2,250**
At 30 April 2019	7 382	13,324	14,500	178,172	335,678	889 508	**1,438,564**
Arising on acquisition	-	-	-	13,844	52 474	135,779	**202,097**
Additions	5,132	6 023	-	-	-	-	**11,155**
Disposals	(7 382)	-	-	-	-	-	**(7,382)**
At 30 April 2020	5 132	19 347	14 500	192,016	388,152	1,025 287	**1,644,434**
ACCUMULATED AMORTISATION / IMPAIRMENT							
At 17 May 2018	-	-	-	-	-	-	-
Arising on acquisitions	1,251	4,908	-	-	-	-	**6,159**
Amortisation for the period	964	1 155	942	10 409	16,301	-	**29,771**
Impairment for the period	5 167	-	-	-	-	-	**5,167**
At 30 April 2019	7,382	6 063	942	10,409	16,301	-	**41,097**
Amortisation for the year	-	2 337	1,450	17 444	28 747	-	**49,978**
Disposals	(7 382)	-	-	-	-	-	**(7,382)**
At 30 April 2020	-	*8,400*	*2 392*	*27 853*	*45 048*	-	**83,693**
NET BOOK VALUE							
At 30 April 2020	**5,132**	**10,947**	**12,108**	**164,163**	**343,104**	**1,025,287**	**1,560,741**
At 30 April 2019	**-**	**7,261**	**13,558**	**167,763**	**319,377**	**889,508**	**1,397,467**

The Group tests enterprise application software development expenditure brand intellectual property rights and customer relationships annually for impairment, or more frequently if there are indications that such intangible assets might be impaired During the period ended 30 April 2019 the Directors were of the opinion that the Enterprise Application Software should be fully impaired. As at 30 April 2020 the Directors are of the opinion that no further impairment is required

During the year ended 30 April 2020, the Group disposed of Enterprise Application Software with a net book value of £nil (cost £7 382 000 accumulated amortisation £7 382 000) that had been fully written off during the period ended 30 April 2019

All amortisation charges relating to continuing operations in the year have been charged through administrative expenses

Details of acquisitions in the year are shown in note 25 During the year goodwill was reviewed for impairment in accordance with IAS 36 "Impairment of Assets" and *includes the potential impact from the COVID-19 pandemic which was considered a triggering event under IAS 36 For the purposes of this impairment review goodwill* for continuing operations has been valued on the basis of discounted future cash flows

10 INTANGIBLE ASSETS (continued)

The Group is managed and marketed as one range of offerings with many customers using a number of products with acquisitions subsumed into the main Group over time. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) which for the Group results in there being five cash generating units the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date) Practice Engine Innervision, Star and FMP The carrying value of goodwill at the end of the year is shown below

	2020 £'000	2019 £'000
Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date)	876,748	876 748
Practice Engine	12 760	12 760
Innervision	13,850	-
Star PM	30 748	-
FMP	91 181	-
	1,025,287	889,508

The Group conducts annual impairment tests on the carrying value of goodwill, the recoverable amount is determined from a combination of value-in-use calculations and observable relevant market transactions. The key assumptions in the value-in-use calculations are the pre-tax adjusted discount rate applied EBITDA and the long-term growth rate of net operating cash flows In all cases, the approved budget for the following financial year formed the basis for the cash flow projections. The approved cash flow projections in the four financial years following the budget year reflected management's expectations of the medium-term operating performance of the business and growth prospects in the market. These assumptions have been further considered in light of the Covid-19 pandemic including detailed sensitivity analysis being performed to ensure there are no indicators of impairment.

Year ended 30 April 2020

The table below shows key assumptions used in the value in use calculations

	Key assumptions	
	Core IRIS businesses	FMP
Pre-tax adjusted discount rate	11 2%	11 2%
Five year CAGR in adjusted EBITDA to April 2025	12 1%	12 2%
Long-term growth rate of net operating cash flows	2 5%	2.5%

The discount rate applied represents a pre-tax rate that reflects the market assessment of the time value of money at the end of the year and the risks specific to the business.

The estimated recoverable amount of the Group s Core IRIS businesses and FMP exceed their carrying values by £208 million (16%) and £25 million (20%) respectively. If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation lead to an impairment loss being recognised for the year ended 30 April 2020.

	Change required for carrying value to equal recoverable amount	
	Core IRIS businesses	FMP
Pre-tax adjusted discount rate	+1.4%	+1 7%
Five year CAGR in adjusted EBITDA to April 2025	-3.6%	-5 2%
Long-term growth rate of net operating cash flows	-1.9%	n/a

Management considered the following reasonably possible changes in the key adjusted EBITDA and long-term growth rate assumptions, leaving all other assumptions unchanged. The sensitivity analysis presented below is prepared on the basis that the reasonably possible change in each key assumption would not have a consequential impact on other assumptions used in the impairment review.

Management believes that no reasonably possible or foreseeable change in any of the above key assumptions would cause the difference between the carrying value and recoverable amount for any cash-generating unit to be materially different to the base case disclosed below.

	Recoverable amount less carrying value	
	Core IRIS businesses £m	FMP £m
Base case at 30 April 2020	208	25
Change in five year CAGR in adjusted EBITDA to April 2025		
Decrease by 2pp	(116)	(14)
Increase by 2pp	110	14
Change in long-term growth rate of net operating cash flows		
Decrease by 1pp	(119)	(12)
Increase by 1pp	149	15
Change in pre-tax adjusted discount rate		
Increase by 1pp	(159)	(16)
Decrease by 1pp	200	20

Period ended 30 April 2019

The table below shows key assumptions used in the value in use calculations for those CGUs with significant goodwill allocated them.

	Key assumptions
Pre-tax adjusted discount rate	11.6%
Long-term adjusted EBITDA margin	45% to 46%
Long-term growth rate of net operating cash flows	2.5%

Management believed that no reasonably possible change in any of the above key assumptions would have caused the carrying value of any cash-generating unit to materially exceed its recoverable amount. The estimated recoverable amount of the Group's operations exceeded their carrying values by £109 million. The changes in the following table to assumptions used in the impairment review would, in isolation, have led to an impairment loss being recognised for the period ended 30 April 2019.

	Change required for carrying value to equal recoverable amount
Pre-tax adjusted discount rate	+0.9%
Growth forecast for the Group	-7.0%
Long-term growth rate of net operating cash flows	-2.5%

During the period ended 30 April 2019, the Group impaired the net book value of its Enterprise Application Software intangible asset of £5.2 million The asset was IP capitalised as a result of the work previously performed on a strategic programme to replace its legacy Customer Resource Management ("CRM") and Enterprise Resource Planning ("ERP") systems. This programme was abandoned prior to the end of the period and a new program launched in May 2019 following the functional management restructure in order to support future growth.

11 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings £'000	Leasehold Improve-ments £'000	Computer Equipment £'000	Fixtures and Fittings £'000	Total £'000
COST					
At 17 May 2018	-	-	-	-	-
Arising on acquisition	3 760	406	7,292	2 756	**14,214**
Additions	-	13	1,444	1,897	**3,354**
Reclassification as Assets held for sale	(2,619)	-	-	-	**(2,619)**
At 30 April 2019	1,141	419	8,736	4 653	**14,949**
Additions	-	1	2,924	2,105	**5,030**
Arising on acquisition	-	284	971	447	**1,702**
Disposals	-	(165)	(1 976)	(735)	**(2,876)**
At 30 April 2020	1,141	539	10 655	6 470	**18,805**
ACCUMULATED DEPRECIATION					
At 17 May 2018	-	-	-	-	-
Arising on acquisition	751	149	4 765	1,783	**7,448**
Charge for the period	35	17	885	282	**1,219**
Reclassification as Assets held for sale	(47)	-	-	-	**(47)**
At 30 April 2019	739	166	5,650	2,065	**8,620**
Charge for the year	35	25	2 073	623	**2,756**
Arising on acquisition	-	184	791	136	**1,113**
Disposals	-	(101)	(1,945)	(723)	**(2,769)**
At 30 April 2020	774	274	6,569	2,103	**9,720**
NET BOOK VALUE					
At 30 April 2020	**367**	**265**	**4,086**	**4,367**	**9,085**
At 30 April 2019	**402**	**253**	**3,086**	**2,588**	**6,329**

Freehold land at a cost of £100 000 is included within Land and buildings and is not depreciated.

Depreciation expenses from continuing operations of £2,756 000 (2019 £1 219 000) have been charged through administrative expenses (note 6).

12 RIGHT-OF-USE-ASSETS

GROUP	Property leases £'000	Total £'000
COST		
At 17 May 2018	-	-
Arising on acquisition	4,333	**4,333**
Additions	6,120	**6,120**
At 30 April 2019	10 453	**10,453**
Additions	586	**586**
Arising on acquisition	870	**870**
Disposals	(353)	**(353)**
At 30 April 2020	11,556	**11,556**
ACCUMULATED DEPRECIATION		
At 17 May 2018	-	-
Arising on acquisition	256	**256**
Charge for the period	714	**714**
At 30 April 2019	970	**970**
Charge for the year	1,780	**1,780**
Arising on acquisition	260	**260**
Disposals	(353)	**(353)**
At 30 April 2020	2,657	**2,657**
NET BOOK VALUE		
At 30 April 2020	**8,899**	**8,899**
At 30 April 2019	**9,483**	**9,483**

Right-of-use assets relate to property leases held by the Group The interest charge on right-of-use assets has been included in Finance Costs within Note 8 and the charge for amortisation included in the table above The amortisation charge in the year is included within Administrative Expenses.

13 INVESTMENTS

Investment in subsidiary undertakings

	Company	
	2020	2019
	£'000	£'000
COST AND NET BOOK VALUE		
At 1 May 2019/17 May 2018	947	-
Additions	-	947
At 30 April	947	947

Additions for the year ended 30 April 2020 represented a £nil (2019: £947,000) investment in IRIS Bidco Limited.

The Group's subsidiary undertakings are shown below.

Undertaking	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held At 30 April 2020 Group	At 30 April 2020 Company	At 30 April 2019 Group	At 30 April 2019 Company
123Comms Limited	England & Wales	Software development	100%	0%	100%	0%
Beaumont Solutions Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Biostore Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Blayhall Payroll Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
Blayhall Professional Limited	England & Wales	Software development	100%	0%	0%	0%
Cascade Human Resources Limited	England & Wales	Software development	100%	0%	100%	0%
Eurowage Limited[1]	England & Wales	Payroll services	100%	0%	0%	0%
Fastrak Limited[1]	England & Wales	Software development	100%	0%	100%	0%
FMP Global Bidco Limited[1]	England & Wales	Holding company	100%	0%	0%	0%
FMP Global Holdings Limited[1]	England & Wales	Holding company	100%	0%	0%	0%
FMP Global Midco Limited[1]	England & Wales	Holding company	100%	0%	0%	0%
FMP HR and Payroll Software Limited[1]	England & Wales	Software development	100%	0%	0%	0%
FMP Payroll Services Limited[1]	England & Wales	Payroll services	100%	0%	0%	0%
Galaxy Payroll Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Homecontact Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Hosted Accountants Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Indigo Marketing Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Innervision Management Limited[1]	England & Wales	Software development	100%	0%	0%	0%
Intex (Radiographic) Limited	England & Wales	Holding company	100%	0%	100%	0%
IRIS Bidco Limited[1]	England & Wales	Holding company	100%	100%	100%	100%
IRIS Business Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
IRIS Capital Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Group Limited[1]	England & Wales	Software development	100%	0%	100%	0%
IRIS Holdings Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS KPO Resourcing (India) Private Limited[2]	India	Outsourcing services	56%	0%	56%	0%
IRIS Payroll Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
IRIS Payroll Solutions Limited[1]	England & Wales	Software development	100%	0%	100%	0%
IRIS Resourcing Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Software Group Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Kashflow Software Limited	England & Wales	Software development	100%	0%	100%	0%
Keytime Objective Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
Malibu Bidco Limited[1]	England & Wales	Holding company	100%	0%	0%	0%
MCN Associates Limited[1]	England & Wales	Software development	100%	0%	0%	0%
MCN Holdings Limited[1]	England & Wales	Holding company	100%	0%	0%	0%
Perennial Newco Limited[3]	Guernsey	Holding company	100%	0%	100%	0%
Perennial BidCo A Limited[3]	Guernsey	Holding company	100%	0%	100%	0%
Phroot Limited[3]	Guernsey	Software development	100%	0%	100%	0%
Practice Engine Systems Inc.[4]	USA	Software development	100%	0%	100%	0%
PS Financials Limited[1]	England & Wales	Software development	100%	0%	100%	0%
PSI Payroll Services[5]	Canada	Payroll services	100%	0%	0%	0%
PTP Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Results Squared Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Software (Holdco 2) Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
Software (Holdco 4) Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
Star Americas Software Solutions LLC[6]	USA	Software development	100%	0%	0%	0%
Star Computer Group Limited[1]	England & Wales	Software development	100%	0%	0%	0%
Star Professional Software Solutions Limited[1]	England & Wales	Software development	100%	0%	0%	0%
Taxfiller Limited[1]	England & Wales	Software development	100%	0%	100%	0%
The Practice Engine Company Limited[1]	England & Wales	Software development	100%	0%	100%	0%
The Practice Engine Group Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Truancy Call Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Truancy Call Limited[7]	Republic of Ireland	Software development	100%	0%	100%	0%

[1] Subsidiary registered address 4th Floor, Heathrow Approach, 470 London Road, Slough, England SL3 8QY
[2] Subsidiary registered address Pottipati Plaza 77 Nungambakkam High Road, Chennai–600 034
[3] Subsidiary registered address PO Box 186, 1 Le Marchant Street, St Peter Port, Guernsey, GY1 4HP
[4] Subsidiary registered address 100 Colony Square, 1175 Peachtree Street NE, 10th Floor, Atlanta, GA 30361, USA
[5] Subsidiary registered address 4200 South Service Rd, #200, Burlington Ontario, L7L 4X5, Canada
[6] Subsidiary registered address O Hare Triangle Plaza, 8770 W Bryn Mawr, Suite 1300, Chicago, Illinois 60631, USA
[7] Subsidiary registered address 9 Trinity Street, Dublin 2, Republic of Ireland

14 ASSETS HELD FOR SALE

	2020 Group	2020 Company	2019 Group	2019 Company
	£'000	£'000	£'000	£'000
At 1 May 2019/17 May 2018	2,572	-	-	-
Reclassification of fixed asset freehold property	-	-	2,572	-
At 30 April	2,572	-	2,572	-

Assets held for sale represents a freehold property which is being actively marketed by the Group

15 TRADE AND OTHER RECEIVABLES

	2020 Group £'000	2020 Company £'000	2019 Group £'000	2019 Company £'000
Current				
Trade receivables from contracts with customers	38 354	-	29.583	-
Less provision for impairment of receivables	(1 717)	-	(594)	-
Trade receivables from contracts with customers - net	36 637	-	28.989	-
Other receivables	1,115	-	688	-
Prepayments	5,141	-	3,094	-
Amounts owed by Group undertakings	-	1 077,937	302	962 150
	42,893	1.077,937	33,073	962,150
	42,893	1,077,937	33 073	962 150

Trade receivables from contracts with customers are non-interest bearing and are generally on terms of 30 to 60 days.
As at 30 April 2020 trade receivables from contracts with customers of an initial value of £1,717 000 were impaired and fully provided for (2019 £594,000).
Movements on the Group provision for impairment of trade receivables from contracts with customers were as follows

	2020 £'000	2019 £'000
At 1 May 2019/17 May 2018	594	-
Acquired provision	327	627
Utilised	(794)	(274)
Charged to the Income Statement	1,590	241
At 30 April	**1,717**	**594**

In determining the recoverability of a trade receivable the Group considers the ageing of each receivable and any change in the circumstances of the individual receivables. The Directors believe that there is no further provision required in excess of the allowance for doubtful debts.

The creation and release of provision for impaired receivables have been included in administrative expenses in the income statement. Amounts charged to the allowance account are generally written-off when there is no expectation of recovering additional cash.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. We have assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.

The maximum exposure to credit risk at the end of the year is the fair value of each class of receivables mentioned above. The Group held no collateral as security The Directors estimate that the carrying value of trade receivables approximated to their fair value.

Interest is charged on balances with group undertakings at 12%.

16 CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Cash at banks and on hand	118.037	36 850
	118,037	36,850

The Company had no short term deposits during the current year. Cash at banks earns interest at floating rates based on daily bank deposit rates. The Group held no short-term deposits at the year end. The Group s credit risk on cash and cash equivalents is limited because the counterparties are well established banks with high credit ratings.

17 TRADE AND OTHER PAYABLES

	2020 Group £'000	2020 Company £'000	2019 Group £'000	2019 Company £'000
Current				
Trade payables	5,347	-	2.927	-
Amounts owed to parent undertakings	1 076,663	1,077,937	962 150	962.150
Social security and other taxes	4 205	-	1.500	-
VAT	8.026	-	5 941	-
Other creditors	151	-	773	-
Derivative financial liabilities (note 19.3)	1,805	-	-	-
	1 096,197	1,077,937	973,291	962,150
Non-current				
Derivative financial liabilities (note 19.3)	903	-	302	-
	903	-	302	-
	1,097 100	1,077 937	973 593	962 150

Trade payables are non-interest bearing and are normally settled on 30-day terms.

The fair values of trade and other payables are not materially different to those disclosed above. There is no material effect on pre-tax profit if the instruments are accounted for at fair value or amortised cost.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 20.

Balances with parent undertakings are unsecured and bear interest at 12%.

18 DEFERRED TAX

Deferred tax liability

	Acquired Intangible assets	Other Intangible assets	Depreciation in excess of capital allowances	Derivatives	Other timing differences	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 17 May 2018	-	-	-	-	-	-
Acquisition of subsidiaries	91,388	3 595	(156)	-	(188)	94,639
(Credited)/charged to the income statement	(5 269)	(3,134)	(145)	(58)	6	(8,600)
At 30 April 2019	**86,119**	**461**	**(301)**	**(58)**	**(182)**	**86,039**
Acquisition of subsidiaries	13 249	-	13	-	-	13,262
(Credited)/charged to the income statement	745	(461)	245	(457)	(99)	(27)
At 30 April 2020	**100,113**	**-**	**(43)**	**(515)**	**(281)**	**99,274**
At 30 April 2019						
Deferred Liability	86,119	461	-	-	-	86 580
Deferred Asset	-	-	(301)	(58)	(182)	(541)
	86,119	**461**	**(301)**	**(58)**	**(182)**	**86,039**
At 30 April 2020						
Deferred Liability	100 113	-	-	-	-	100,113
Deferred Asset	-	-	(43)	(515)	(281)	(839)
	100,113	**-**	**(43)**	**(515)**	**(281)**	**99,274**

The Finance (No 2) Act 2015, which provided for reductions in the main rate of corporation tax from 19% to 17% effective from 1 April 2020 and substantively enacted on 15 September 2016 were reversed in March 2020 and as such 19% has been reflected in the calculation of deferred tax at the balance sheet date.

The closing deferred tax liability as at 30 April 2020 has been calculated at 19% (2019 17.3%) reflecting the tax rate at which the deferred tax liability is expected to be reversed in future periods. Deferred tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has total tax losses of £1.8 million (2019 £3.0 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of £1.8 million (2019 £3.0 million) of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

At 30 April 2020, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group s subsidiaries or associate (2019 £Nil) The Group has determined that undistributed profits of its subsidiaries or associate will not be distributed in the foreseeable future. The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The company does not foresee such a consent being given at the reporting date.

19 FINANCIAL ASSETS AND LIABILITIES

19.1 Principal financial assets and liabilities

The principal financial instruments used by the Group from which financial instrument risk arises, are as follows
- Cash and short term deposits
- Trade and other receivables
- Trade and other payables
- Accruals
- Contract Assets and Liabilities
- Provisions
- Lease liabilities
- Loans and borrowings
- Derivative financial instruments

Financial assets and liabilities by category

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	2020	2019	2020	2019
	£000	£000	£000	£000
Cash and cash equivalents	-	-	118,037	36 850
Trade and other receivables	-	-	37,752	29,979
Total financial assets	**-**	**-**	**155,789**	**66,829**

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade and other payables	-	-	1,094,392	973,291
Accruals	-	-	12 143	9,253
Accrued interest	-	-	3,379	686
Deferred consideration	10 109	2,966	-	-
Provisions	-	-	251	145
Lease liabilities	-	-	10,346	9 786
Loans and borrowings	-	-	650 172	431 115
Derivative financial instruments	2,708	302	-	-
Total financial liabilities	**12,817**	**3,268**	**1,770,683**	**1,424,276**

The comparatives have been updated to include a full analysis of trade and other payables.

19.2 Financial assets and liabilities not measured at fair value

Financial assets and liabilities not measured at fair value includes cash and short term deposits, and contract liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates to their fair value.

Loans and borrowings are carried at amortised cost which approximates to their fair value.

19 FINANCIAL ASSETS AND LIABILITIES (continued)

19.3 Financial instruments at fair value

The table below analyses financial instruments carried at fair value by valuation method. Accounting standards require us to disclose them into different levels as follows

Level 1 - Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (from prices) or indirectly (derived from prices)

Level 3 - Fair values measured using inputs for the asset or liability that are not based on observable market data

	At 30 April 2020			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets measured at fair value				
Interest rate instruments	-	-	-	-
Total financial assets at fair value	-	-	-	-
Financial liabilities measured at fair value				
Interest rate instruments	-	2,708	-	2,708
Deferred consideration	-	-	10,109	10,109
Foreign exchange forward rate contracts	-	-	-	-
Total financial liabilities at fair value	-	2,708	10,109	12,817

	At 30 April 2019			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets measured at fair value				
Interest rate instruments	-	-	-	-
Total financial assets at fair value	-	-	-	-
Financial liabilities measured at fair value				
Interest rate instruments	-	302	-	302
Deferred consideration	-	-	2,966	2,966
Foreign exchange forward rate contracts	-	-	-	-
Total financial liabilities at fair value	-	302	2,966	3,268

There were no transfers between levels during the year For a reconciliation of movements in level 2 instruments (see note below).

Reconciliation - financial liabilities

A reconciliation of the financial liabilities is as follows

	Interest rate swaps		Deferred consideration		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
At 1 May 2019/17 May 2018	302	-	2,966	-	3,268	-
Arising from acquisitions	-	-	16,270	3,140	16,270	3,140
Paid during the year	-	-	(7,138)	(174)	(7,138)	(174)
Changes in fair value to profit or loss	2,406	302	(1,989)	-	417	302
At 30 April	2,708	302	10,109	2,966	12,817	3,268

Deferred consideration arises when settlement of all or part of the cost of a business combination falls due after the date the acquisition was completed usually through an earn-out based on post-acquisition performance, and is stated at the fair value of the total consideration outstanding. At 30 April 2020 the fair value of deferred consideration was assessed using actual performance to date against each acquisitions' earn-out targets together with an assessment of future financial performance based on the Group s approved budget. The sensitivity of deferred consideration payable to each acquisitions' future performance against earn-out targets could result in deferred consideration payable being in a range of between a minimum of £4.3 million to a maximum of £12.8 million.

Under interest rate swap contracts, the Group agreed to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date. The counterparties to the swaps are major global banks.

On 25 February 2019 the Group entered a series of fixed LIBOR interest rate swaps for a total notional amount of £220,000,000. The effective dates were 25 February 2019 and termination date are 23 November 2021 with monthly payment dates The fixed rates are 0.983%. These instruments were valued in total as a liability of £2,708,000 as at 30 April 2020 (2019 £302,000).

There has been no reclassification of financial instruments.

19.4 Financial risk management

The Group s principal financial liabilities, other than derivatives, comprise loans and borrowings provisions, lease liabilities and trade and other payables The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group enters into derivative transactions but its policy is that no trading in derivatives for speculative purposes may be undertaken

The Group has exposure to the following risks from its use of financial instruments

(i) credit risk
(ii) liquidity risk
(iii) interest rate risk
(iv) foreign currency risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group s risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group s activities. The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group

Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group s receivables from clients. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis No single customer represents more than 1% of revenue

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Balance Sheet.

19 FINANCIAL ASSETS AND LIABILITIES (continued)

19.4 Financial risk management (continued)

Trade receivables

The Group's credit risk on trade and other receivables is primarily attributable to trade receivables The Group considers the credit quality of trade and other receivables collectively and believes that the carrying value of the trade and other receivables that is disclosed in the financial statements gives a fair presentation of the credit quality of the assets. The Directors estimate that the carrying value of financial assets within trade and other receivables approximated to their fair value.

Customer credit risk is managed subject to the Group s established policy procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored for collectability. The Directors believe there is a low risk of default due to the high number of recurring customers and credit control policies, thus the carrying value is expected to be the final value received. The Group has no significant concentrations of credit risk since the risk is spread over a large number of unrelated counterparties.

Total trade receivables from contracts with customers (net of allowances) held by the Group at 30 April 2020 amounted to £36,637,000 (2019 £28,989,000).

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively using the expected credit loss model. The calculation is based on actual incurred historical data.

The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

Liquidity risk

The Group manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives through both short and long-term cash flow forecasts. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other borrowings. The Group's treasury function has a policy of optimising the level of cash in the businesses in order to minimise external borrowings

The maturity profile of the anticipated future cash flows including interest in relation to the Group's non-derivative financial liabilities on an undiscounted basis which therefore, differs from both the carrying value and fair value is as follows

At 30 April 2020	Lease liabilities £000	Provisions £000	Borrowings £000	Trade and other payables £000	Accruals £000	Total £000
In less than one year	2 225	251	-	1,094,392	25,744	1,122 612
In more than one year but not more than two years	2 168	-	-	-	-	2 168
In more than two years but not more than five years	4,336	-	-	-	-	4,336
In more than five years	3 378	-	660,000	-	-	663,378
Effect of discount/financing rates	(1 761)	-	(9,828)	-	(113)	(11,702)
	10,346	251	650,172	1,094,392	25,631	1,780,792

At 30 April 2019	Lease liabilities £000	Provisions £000	Borrowings £000	Trade and other payables £000	Accruals £000	Total £000
In less than one year	1,174	145	-	973 291	13,089	987 699
In more than one year but not more than two years	1,812	-	-	-	-	1,812
In more than two years but not more than five years	4,544	-	-	-	-	4 544
In more than five years	4,615	-	440,000	-	-	444 615
Effect of discount/financing rates	(2,359)	-	(8,885)	-	(184)	(11 428)
	9,786	145	431,115	973,291	12,905	1,427,242

The current Senior loan facility of £585 million (see note 21) include a leverage covenant which requires the leverage (the ratio of Consolidated Senior Secured Net Leverage to Consolidated Pro Forma EBITDA) does not exceed 9 6x At year end the leverage was substantially below this level at 5.13x, which has not increased materially year on year despite IRIS making significant acquisitions in the year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group has fixed a portion of this interest rate using a swap instrument mitigating the cash flow risk of interest rate movements.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries.

Sensitivity analysis

Financial instruments affected by interest rate and foreign currency risks include borrowings and derivative financial instruments.
The following analysis is intended to illustrate the sensitivity to changes in market variables, being sterling interest rates and sterling/Indian Rupee exchange rates.

The sensitivity analysis assumes reasonable movements in foreign exchange and interest rates before the effect of tax. The Group considers a reasonable interest rate movement in LIBOR to be 0.25%, based on interest rate history Similarly sensitivity to movements in sterling/Indian Rupee of 10% are shown reflecting changes of reasonable proportion in the context of movement in that currency pair over the last year.

Using the above assumptions the following table shows the illustrative effect on the Consolidated income statement and equity.

	2020		2019	
	Income (losses)/ gains £000	Equity (losses)/ gains £000	Income (losses)/ gains £000	Equity (losses)/ gains £000
0.25% increase in market interest rates	(826)	(826)	(688)	(688)
0.25% decrease in market interest rates	826	826	688	688
10% strengthening of sterling versus other currencies	(375)	(533)	(65)	(123)
10% weakening of sterling versus other currencies	458	652	80	150

Capital Management

The group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the Group's capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or amend its debt arrangements.
The Group s share capital is disclosed in note 24 and its debt structure is detailed in note 21.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2020

20 PROVISIONS

	Dilapidations	
	2020 £000	2019 £000
At 1 May 2019/17 May 2018	145	-
Arising on acquisitions	106	145
Charged to the profit and loss account	-	30
Utilised	-	(30)
At 30 April	**251**	**145**

The provision for dilapidations is in respect of property leases that contain requirements for the premises to be returned to their original state on the conclusion of the lease terms.

These provisions are estimates because the actual costs and timing of future cash flows are dependent on future events. The property leases have expiry dates within five years after the reporting date. Any difference between expectations and the actual future liability will be accounted for when such determination is made.

21 BORROWINGS

On 13 September 2019, the Group increased its Senior loan facility by £145 million to £585 million to finance the acquisition of FMP Global Holings Limited. The Acquisition Credit Facilities of £75 million was drawn down in full during the year to increase the liquidity of the Group in a period of significant global uncertainty and in advance of planned acquisitions in the coming year and the Revolving Credit Facility of £40 million was available and undrawn. At 30 April 2020, the facilities have a bullet repayment and remaining term of between 6 and 6.5 years. The Revolving Credit facility will assist the Group to achieve its growth ambitions both organically and by further acquisitions.

	2020 £'000	2019 £'000
Current		
Borrowings	-	-
Non-current		
Borrowings	650,172	431,115
	650,172	**431,115**

At 30 April 2020	**Effective interest rate**	**Maturity**	**Facility Utilised £'000**
Senior bank loan			
Facility B	LIBOR +4.00% to +4.50% margin	Sep 2025	585,000,000
Acquisition Facility	LIBOR +4.00% to +4.50% margin	Sep 2025	75,000,000
Revolving Credit Facility	LIBOR +3.00% to +4.00% margin	Mar 2025	-
			660,000,000

An analysis of the maturity of the loans is set out below

Borrowings		30 April 2020 Senior £'000	30 April 2020 Total £'000	30 April 2019 Senior £'000	30 April 2019 Total £'000
Amounts falling due between two and five years				-	-
Amounts falling due in more than five years	Senior	660,000	660,000	440,000	440,000
		660,000	660,000	440,000	440,000
Unamortised borrowing costs		(9,828)	(9,828)	(8,885)	(8,885)
Amounts falling due after more than one year		650,172	650,172	431,115	431,115
Amounts falling due within less than one year		-	-	-	-
		650,172	650,172	431,115	431,115

21 BORROWINGS (continued)

Security for the Senior and Second Lien Liabilities takes the form of debentures giving fixed and floating charges over the assets of certain Group undertakings which have acceded to a cross-guarantee structure All other loans are unsecured.

During the year the Group has incurred issue costs amounting to £2 405 000 (2019 £9 689 000) in respect of these facilities Interest is allocated against the balance outstanding and the costs plus interest are allocated to the income statement over the term of the facility using the straight line method

The Senior Facility Agreement also makes available to the Group an additional £75 000,000 on the Acquisition Facility which was fully drawn at the year end (2019 £Nil utilised) and £40 000,000 on the Revolving Credit Facility which was unutilised at 30 April 2020 (2019 £Nil utilised).

22 COMMITMENTS

22.1 Other capital commitments

The Group had no other capital commitments

23 ACCRUALS

	Group 2020 £'000	2019 £'000
Accruals	12 143	9,253
Accrued Interest	3,379	686
Deferred consideration (note 19.3)	10,109	2 966
	25 631	12 905

24 CALLED UP SHARE CAPITAL

Group and company:

Number	Class	Nominal value	2020 £'000	2019 £'000
947,213	Ordinary	£0.01	9	9
			9	9
Share premium			938	938
			947	947

On 17 May 2018, the company was incorporated with the issue of 1 ordinary £1 shares for £1.
On 6 September 2018, the company subdivided the 1 Ordinary share into 100 shares of £0.01 each and issued a further issued 947,112 Ordinary shares for £947 112.

25 ACQUISITIONS

25.1 Innervision Management Limited

On 29 August 2019 the Group acquired 100 per cent of the issued share capital of Innervision Management Limited. The fair value of the total consideration net of cash and borrowings acquired was £21 157 000 The acquisition was accounted for under the acquisition method. The first period of account covers the period from 29 August 2019 to 30 April 2020.

Innervision is a global provider of lease accounting software lease management consultancy and services with a software solution that provides full visibility of real-time lease data.

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair values to the Group

	Book value	Revaluation	Fair value to Group
Assets	**£'000**	**£'000**	**£'000**
Intangible assets	-	9,444	9 444
Property plant and equipment	109	-	109
Right of use assets	283	-	283
Trade receivables from contracts with customers	1,129	-	1 129
Contract assets	324	(324)	-
Other receivables	70	-	70
Total assets	**1,915**	**9,120**	**11,035**
Liabilities			
Trade payables	(293)	-	(293)
Accruals	(64)	-	(64)
Lease liabilities	(331)	-	(331)
Contract liabilities	(1 492)	328	(1,164)
Other creditors	(82)	-	(82)
Deferred tax	-	(1,794)	(1 794)
Total liabilities	**(2,262)**	**(1,466)**	**(3,728)**
Total identifiable net assets at fair value, net of cash acquired	**(347)**	**7,654**	**7,307**
Goodwill			13,850
Purchase consideration transferred			**21,157**
Satisfied by			
Cash consideration			11 720
Deferred consideration			10,733
Cash acquired			(1,296)
			21,157

The acquired business contributed revenues of £2,412,000 and net profit of £570 000 to the group for the period from 29 August 2019 to 30 April 2020.

25.2 FMP Global Holdings Limited

On 13 September 2019 the Group acquired 100 per cent of the issued share capital of FMP Global Holdings Limited and its subsidiaries. The fair value of the total consideration net of cash and borrowings acquired was £120 375,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 13 September 2019 to 30 April 2020.

FMP Global provides payroll and HR services to both international and the UK based small and medium sized enterprises. Specifically FMPG has operations in over 80 countries It It was formed in 2016 via a merger of three payroll HR software and services companies The acquisition was driven by the opportunity to invest in a global payroll and HR software supplier with a strong product/service offering & represents an opportunity to bolster Human Capital Management and payroll software revenue growth while expanding presence in international markets (US and Europe) and strengthening IRIS positions in the UK.

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair values to the Group

	Book value	Revaluation	Fair value to Group
Assets	**£'000**	**£'000**	**£'000**
Intangible assets	-	38,330	38 330
Property plant and equipment	409	-	409
Right of use assets	304	-	304
Trade receivables from contracts with customers	2 135	-	2,135
Contract assets	1 159	(1 159)	-
Other receivables	1 077	-	1,077
Total assets	**5,084**	**37,171**	**42,255**
Liabilities			
Trade payables	(293)	-	(293)
Accruals	(1,415)	-	(1 415)
Lease liabilities	(270)	-	(270)
Contract liabilities	(2,416)	751	(1 665)
Deferred consideration	(874)	-	(874)
Other creditors	(706)	-	(706)
Corporation tax	(555)	-	(555)
Deferred tax	-	(7 283)	(7 283)
Total liabilities	**(6,529)**	**(6,532)**	**(13,061)**
Total identifiable net assets at fair value, net of cash acquired	**(1,445)**	**30,639**	**29,194**
Goodwill			91 181
Purchase consideration transferred			**120,375**
Satisfied by			
Cash consideration			86 666
Deferred consideration			3 500
Borrowings settled			38 391
Cash acquired			(8 182)
			120,375

The acquired business contributed revenues of £14 916 000 and net profit of £1,953 000 to the group for the period from 13 September 2019 to 30 April 2020.

25 ACQUISITIONS (continued)

25.3 Blayhall Professional Limited

On 10 October 2019, the Group acquired 100 per cent of the issued share capital of Blayhall Professional Limited and its subsidiaries. The fair value of the total consideration net of cash and borrowings acquired was £41,559,000 The acquisition was accounted for under the acquisition method The first period of account covers the period from 10 October 2019 to 30 April 2020.

Blayhall is engaged through its subsidiaries in the development and supply of practice management software solutions to medium and large accountancy firms, with small number of customers in other sectors. The Transaction is a part of IRIS's strategic plan to fuel international expansion in English speaking countries predominantly the Unites States. Further, it provides an opportunity to service the needs of accounting firms requiring practice management with a functionally rich and technically advanced solution

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair values to the Group

	Book value	Revaluation	Fair value to Group
Assets	**£'000**	**£'000**	**£'000**
Intangible assets	-	18 544	18,544
Property plant and equipment	71	-	71
Right of use assets	22	-	22
Trade receivables from contracts with customers	1 777	-	1,777
Contract assets	772	(772)	-
Other receivables	449	-	449
Stock	30	-	30
Total assets	**3,121**	**17,772**	**20,893**
Liabilities			
Trade payables	(182)	-	(182)
Accruals	(409)	-	(409)
Lease liabilities	(4)	-	(4)
Contract liabilities	(6,060)	1 359	(4,701)
Other creditors	(507)	-	(507)
Corporation tax	(94)	-	(94)
Deferred tax	(13)	(4,172)	(4,185)
Total liabilities	**(7,269)**	**(2,813)**	**(10,082)**
Total identifiable net assets at fair value, net of cash acquired	**(4,148)**	**14,959**	**10,811**
Goodwill			30 748
Purchase consideration transferred			**41,559**
Satisfied by			
Cash consideration			56,933
Deferred consideration			1,163
Cash acquired			(16,537)
			41,559

Deferred consideration represents contingent consideration payable to the vendors by the Group that is not linked to each vendors continued employment. Where the payment of deferred consideration is contingent upon the continuing employment of vendors by the Group, it is treated as a remuneration expense and a charge is made through the Consolidated Income Statement as a cost of employment.

The acquired business contributed revenues of £4,689,000 and net profit of £1 268,000 to the group for the period from 10 October 2019 to 30 April 2020.

25.4 Pro-forma effect of acquisitions on revenue and profit

If the acquisition had occurred on 1 May 2019, consolidated pro-forma revenue and net loss for the year ended 30 April 2020 would have been £210 263 000 and £122 608 000 respectively. The figures include IFRS3 fair value adjustements which affect the post acquisition revenue and net loss.
These amounts have been calculated using the subsidiary's results prepared using account policies which are consistant with the Group's and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 May 2019, together with the consequential tax effects. No adjustment has been made for additional financing that was required to finance the acquisition.

26 EVENTS AFTER THE BALANCE SHEET DATE

There are no known adjusting or unadjusting events occurring between the balance sheet date and the date when the financial statements are authorised for issue.

27 SHARE BASED PAYMENTS

On 3 March 2020, the Company issued to management 42,796 C1 shares (2019 88,304 C1 shares and 6,667 C2 shares) which can be sold only on leaving the business, at cost, or on the sale of the business which is the date on the forecast maturity details of which are set out below.

These shares fall under the definition of share based payments and are reported under IFRS2.
The fair value of the shares were calculated using the Monte Carlo model that takes into account the exercise price, the term of the option the impact of dilution (where material) the share price at grant date (based on an assessment of enterprise value using a discounted cash flow approach) and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, and the correlations and volatilities of the peer group companies. The inputs to the model and fair value charge are

	2020 Grants	2019 Grants
Share price on issue	£5	£1
Price paid	£1	£1
Dividend yield	0%	0%
Risk-free interest rate	1.3%	1 3%
Forecast maturity	30/04/2023	30/04/2023
Volatility	35.1%	36.7%
Fair value of shares	£11,506,000	£23,080 000

	Number of shares	Number of shares
At 17 May 2018		-
Granted in the period		94,971
Forfeited in the period		(17,887)
Outstanding at 30 April 2019		**77,084**
Granted in the year	42,796	-
Forfeited in the year	-	(18,765)
Outstanding at 30 April 2020	**42,796**	**58,319**

The expected price volatility is based on a benchmark of observable similar companies.
The total share-based payment cost charged to the income statement for the year ended 30 April 2020 was £2,483,000 (2019 £2 565 000).

28 ***RESERVES***

COMPANY

	Retained earnings £'000
At 1 May 2018	-
Result for the period	-
At 30 April 2019	-
Result for the year	-
At 30 April 2020	-

29 ***CONTINGENT LIABILITIES***

There are no contingent liabilities (2019 none).

30 **PENSION COMMITMENTS**

The Group operates a defined contribution personal pension scheme which is open to all staff. The pension cost for the year represents contributions payable by the Group to the funds and amounted to £2 068 000 (2019 £847 000). Pension contributions unpaid at the year end were £437,000 (2019 £324,000).

31 **DIVIDENDS PER SHARE**

The Company did not declare or pay a dividend in the year (2019 £nil).

32 ***RELATED PARTY TRANSACTIONS***

The Group considers its material related parties to be its subsidiary undertakings and Executive Committee members. The Group has taken advantage of the exemption available under IAS 24. "Related Party Disclosures", not to disclose details of transactions with its subsidiary undertakings.
Compensation paid to key management by subsidiaries is disclosed in note 5. Share based payments issued to management by the Company is disclosed in note 27.

Supplier transactions occurred during the year between the Group HG Pooled Management Limited and ICG Limited. Transactions relate to providing the services of the Directors. During the year ended 30 April 2020 £616 000 (2019 £259,000) related to these transactions was charged through administrative expenses. There were outstanding amounts payable of £354 000 at 30 April 2020 (2019 £140,000).

During the year ended 30 April 2020. IRIS Debtco Limited charged interest on amounts owed by IRIS Bidco Limited totalling £115,786 000 (2019 £69 550 000) and there were outstanding amounts due of £1,077,937,000 at 30 April 2020 (2019 £962,150,000) as set out in note 15. In addition, during the year ended 30 April 2020 *IRIS Debtco Limited was charged interest on amounts owed to IRIS Midco Limited totalling £115 786 000 (2019 £69,550,000) and there were outstanding amounts* payable of £1,077,937,000 at 30 April 2020 (2019 £926,150 000) as set out in note 17.

33 **NON-CONTROLLING INTERESTS**

Non-controlling interests in equity in the Group balance sheet represent the share of net assets of subsidiary undertakings held outside the Group. The movement in the year comprises the profit attributable to such interests together with movements in respect of corporate transactions and related exchange differences.

	2020 £'000	2019 £'000
At 1 May 2019/17 May 2018	1,063	-
Non-controlling interest arising on business combination	-	807
Effect of movement in exchange rates	33	11
Non-controlling interest s share of profit for the year	442	245
At 30 April	1,538	1,063

34 **PRO-FORMA RESULTS FOR THE YEAR ENDED 30 APRIL 2019**

The Pro-forma results for the Group are provided here in order to report key financial performance indicators on an annual basis, as if the Group had owned the businesses it acquired on 6 September 2018 for both years

	2019 £'000
Management Revenue (see note 35)	162,197
Cost of sales	(11 873)
Management EBITDA (see note 35)	78 499
Gross profit margin %	93%
EBITDA margin %	48%
Management Operating Cash Flow (see note 35)	76 930

35 **RECONCILIATION OF MANAGEMENT REVENUE, EBITDA AND OPERATING CASH FLOW**

MANAGEMENT REVENUE

Management Revenue, which is a non-GAAP measure represents the basis on which Management review the performance of the Group and is defined as revenue excluding the impact of revenue deferrals arising on acquisitions and the deferring revenue on certain licence income streams. It may be reconciled as follows

	2020 £'000	2019 £'000
Revenue	**194,976**	**91,545**
Effect of fair value of contract liabilities on acquisition	4,498	16 496
Impact of deferring of revenue on certain licence income streams	(72)	(173)
Management Revenue	**199,402**	**107,868**

35 RECONCILIATION OF MANAGEMENT REVENUE, EBITDA AND OPERATING CASH FLOW (continued)

MANAGEMENT EBITDA

Management EBITDA represents the basis on which Management review the performance of the Group, taking account of non-trading and exceptional items. It may be reconciled as follows

	Note	2020 £'000	2019 £'000
Operating profit / (loss)		**26,836**	**(10,645)**
Management exceptionals		1,537	1,237
Transaction related costs	6	8,223	11,869
Effect of fair value of contract liabilities on acquisition		4,498	16 496
Depreciation & loss on disposal of fixed assets	11	2,756	1,219
Depreciation of right-of-use-assets	12	1,780	714
Amortisation of intangibles	10	49,978	29 771
Impairment of intangibles	10	-	5,167
Impact of recognising sales commissions as they fall due		(3,543)	(2 618)
Impact of recognising rents as they fall due		(2 392)	(910)
Impact of share based payments		2,483	2,565
Management EBITDA		**92,156**	**54,865**

Management EBITDA is a non GAAP measure used to monitor the performance of the business and is defined as operating profit before depreciation amortisation and management exceptional items. The impact of recognising sales commissions as they fall due of £3,533,000 (2019 £2 618 000) and the impact of recognising rents as they fall due of £612,000 (2019 £(10,000)) has also been removed as this impact was not included in the Management Accounts for the year ended 30 April 2020 and is consistent with our reporting to our shareholders and lenders.

Management exceptional items include costs of £1,455,000 (2019 £nil) in respect of post-acquisition integration costs £1,866,000 (2019 £nil) in respect of transformational projects resulting in the development of the Group infrastructure platforms such as IRIS Elements and Quantum £530,000 (2019 £807,000) relating to the Datchet office move to Heathrow Approach £nil (2019 £430,000) of other non-recurring costs, offset by a credit of £2,314,000 (2019 £nil) relating to revisions to deferred consideration in respect of prior year acquisitions.

MANAGEMENT OPERATING CASH FLOW

Management operating cash flow, which is a non-GAAP measure, represents the basis on which Management review the performance of the Group and is defined as net cash flows generated from operating activities after tax, capital expenditure and ongoing development expenditure and excludes management exceptionals and the impact of recognising rents as they fall due. It may be reconciled as follows

	2020 £'000	2019 £'000
Net cash flows generated from operating activities	**84,588**	**44,981**
Management exceptionals paid	2,474	1 237
Transaction related costs paid	8 223	11 606
Taxation paid	1,924	2 429
Purchase of tangible assets	(5,030)	(3 354)
Development expenditure	(3,500)	(2,250)
Impact of recognising rents as they fall due	(1,111)	(773)
Management operating cash flow	**87,568**	**53,876**

36 CONTROLLING PARTY

According to the register maintained by the Company, a number of limited partnerships which are managed by Hg Pooled Management Limited ("HgCapital") (holding through a nominee company) held a significant interest in the ordinary shares of the Group's utimate Parent Company, Perennial Newco 2 Ltd, at 30 April 2020 and subsequently to the date of approval of the financial statements. The Directors' deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by HgCapital has an ownership of more than 20% of the issued share capital of the Company.

37 AUDIT EXEMPTION UNDER SECTION 479A OF THE COMPANIES ACT 2006

The Directors consider that subsidiaries of the Group are entitled to exemption from the requirement to have an audit under the provision of section 479A of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

IRIS Debtco Ltd has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under section 479A of the Companies Act 2006 in respect of the year ended 30 April 2020.

	Registration number
123Comms Ltd	04336436
Beaumont Solutions Ltd	04388455
Cascade Human Resources Ltd	02683800
Homecontact Ltd	06986318
Truancy Call Ltd	04125665
Intex (Radiographic) Ltd	00841801
IRIS Holdings Ltd	04091087
IRIS Payroll Software Ltd	05915912
IRIS Payroll Solutions Ltd	01865495
IRIS Software Group Ltd	06295385
IRIS Software (Holdco 2) Ltd	06294985
IRIS Software (Holdco 4) Ltd	07851248
IRIS Resourcing Ltd	06229817
Kashflow Software Ltd	05674043
Keytime Objective Ltd	05285245
PTP Software Ltd	03166974
Results Squared Ltd	05897771
Blayhall Payroll Ltd	09315222
Galaxy Payroll Ltd	01553154
TaxFiler Ltd	08168004
Biostore Ltd	05532773
Fastrak Ltd	08724223
Hosted Accountants Ltd	06741443
Indigo Marketing Ltd	07794433

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.