

Achilles Subholdings Limited

Report and financial Statements

30 April 2020

Registered number 06551778

Achilles Subholdings Limited

Company information

Company registration number

06551778

Directors

J Katzen

N Luckock

Secretary

J O'Donnell

Auditor

KPMG LLP

2 Forbury Place

33 Forbury Road

Reading

RG1 3AD

Banker

Lloyds Bank Plc

City Office

Gillingham

Kent

ME8 0LS

Registered Office

30 Western Avenue

Milton Park

Abingdon

Oxfordshire

OX14 4SH

Achilles Subholdings Limited

Strategic report

The directors present their strategic report for the year ended 30 April 2020.

Principal activities and review of the business

The Company's principal activity during the year continues to be that of an intermediate Holding Company.

The Company is managed as part of the overall activities of the Achilles group of companies. The Group wide key performance indicators are reported within Achilles Group Holdings Limited's financial statements.

The Company issues loans and uses the funds borrowed to lend to other companies in the Achilles Group. During the year the Company issued £20m of new loan notes at interest rates of 10% and 20%. £10m was issued on existing terms of the previous loan notes issued and £10m of a new class of loan notes (Series C) issued attracting interest of 20% per annum.

All loans other than the Series C loan notes are listed on the International Stock Exchange.

The Company's loss for the year after taxation was £3,244,000 (30 April 2019 loss of £2,064,000). The main driver of the increase in loss was interest expenses. Interest income and expenses are accrued but have not been paid.

Principal risks and uncertainties

The directors have considered and reviewed business risks relating to Achilles Subholdings Limited. The principal risks and uncertainties facing the Company are the same as those facing the Achilles Group as a whole. Accordingly, the risks and their management are set out in the financial statements of Achilles Group Holdings Limited. The risk stated below is the main risk arising from this Company's financial instruments and its credit risk. The risk has remained unchanged from the prior year.

Funding risk

The listed loan notes attract interest at a fixed rate of 10% per annum. The interest charge is compounded on a half yearly basis. These amounts were repayable in full on a sale of Achilles Group Holdings Limited or, if earlier, July 2021. The unlisted loan notes attract interest at a fixed rate of 20% per annum and interest is compounded on an annual basis.

In June 2020 the maturity of all loan notes was extended to July 2022.

Credit risk

All potential areas of financial risk are regularly monitored and reviewed by the Director. Preventative or corrective measures are taken as necessary. The credit risk of this company is dependent on the recoverability of debts from the other Group Companies. The directors do not consider there to be a risk of default occurring.

Brexit risk

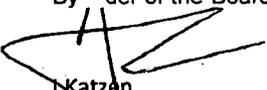
The Board has been monitoring the developments in the negotiations between the UK and the EU and does not consider the impending exit by the UK from the EU to present a significant risk to the Company. There may be an impact on the wider Achilles Group however it is not clear from recent developments in the negotiations how service based providers may be impacted. The Group continues to monitor developments to mitigate any issues that may arise following the completion of Brexit.

COVID-19 risk

The Company continues to monitor the impact on the business of the COVID-19 pandemic. Achilles has robust and effective business continuity plans that have been actioned, cash flow forecasts continue to be monitored on a regular basis and working capital requirements managed to ensure that the business can continue to operate. Management have taken significant measures to mitigate the impact of COVID-19 in the current year and do not foresee any issues that would affect the Company's ability to continue to operate as a going concern.

Future developments

The company's activities will remain unchanged from that of an intermediate holding Company.

By:  der of the Board

J. Katzen
Director

29 September 2020

Achilles Subholdings Limited

Directors' report

The directors present their report and financial statements for the year ended 30 April 2020.

Results and dividends

The loss for the year, after taxation, is £3,244,000 (2019: £2,064,000). No payment of a dividend to ordinary shareholders (2019: £nil) is proposed.

Principal activities and review of the business

Please see the Strategic Report for a review of the business and future development.

Financial Instruments

The Company finances its activities with a combination of listed loan notes, unlisted loan notes and intercompany borrowings. These liabilities are then loaned on to fellow Group Companies.

The main risk arising from the Company's financial instruments is credit risk as set in the Strategic Report.

Directors of the Company

The Directors who served during the period were:

J Katzen

M Brockman (resigned 17 January 2020)

N Luckock

C Rodgeron (appointed 17 January 2020)

Directors' liabilities

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the Directors' report.

Going concern

Please see the accounting policies (Note 2 to the financial statements) for a review of the Company's ability to continue as a going concern.

Disclosure of information to the Auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

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

By order of the Board



J Katzen
Director

29 September 2020

Registered Office
30 Western Avenue
Milton Park
Abingdon
Oxfordshire
OX144SH

Achilles Subholdings Limited

Statement of Directors' Responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

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

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

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

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

Independent auditor's report to the members of Achilles Subholdings Limited

We have audited the financial statements of Achilles Subholdings Limited ("the company") for the year ended 30 April 2020 which comprise the Profit and Loss Account Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

Strategic report and directors' report

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

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

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

Independent auditor's report to the members of Achilles Subholdings Limited (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



William Smith (Senior Statutory Auditor)

for and on behalf of

KPMG LLP, Statutory Auditor

2 Forbury Place

33 Forbury Road

Reading

RG1 3AD

1 October 2020

Achilles Subholdings Limited

Statement of comprehensive income for the year ended 30 April 2020

	Notes	2020 £'000	2019 £'000
Administration expenses		(718)	4
Investment Impairment		-	-
Operating Loss/Profit	3	(718)	4
Finance income	5	18,038	15,805
Finance expense	5	<u>(20,564)</u>	<u>(17,873)</u>
Loss before taxation		<u>(3,244)</u>	<u>(2,064)</u>
Taxation	6	-	-
Total comprehensive expense		<u>(3,244)</u>	<u>(2,064)</u>

All amounts relate to continuing operations.

The accompanying notes are an integral part of these financial statements.

Achilles Subholdings Limited

Statement of financial position at 30 April 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Trade and other receivables	8	187,860	171,471
Investments in subsidiaries	7	<u>1,813</u>	1,813
		189,673	173,284
Current assets			
Trade and other receivables	9	19,931	16
Current liabilities			
Trade and other payables	10	(165)	(927)
Loans and other borrowings	11	<u>(41,523)</u>	<u>(38,485)</u>
		(41,688)	(39,412)
Net current liabilities		(21,757)	(39,395)
Total assets less current liabilities		<u>167,916</u>	133,888
Non-current liabilities			
Loans and other borrowings	11	(196,976)	(159,704)
Net liabilities		<u>(29,060)</u>	<u>(25,816)</u>
Capital and reserves			
Called up share capital	13	906	906
Retained earnings		<u>(29,966)</u>	<u>(26,722)</u>
Total shareholders' deficit		<u>(29,060)</u>	<u>(25,816)</u>

The financial statements on pages 7 to 23 were authorised for issue by the Board of Directors on 29 September 2020 and were signed on its behalf by:


J. Katzen
Director

Company registered number 06551778

Achilles Subholdings Limited

Statement of changes in equity at 30 April 2020

	Called-up share capital £'000	Retained Earnings £'000	Total £'000
Balance as at 1 May 2018	906	(24,658)	(23,752)
Loss for the year	-	(2,064)	(2,064)
Total comprehensive expense	-	(2,064)	(2,064)
Balance as at 30 April 2019	<u>906</u>	<u>(26,722)</u>	<u>(25,816)</u>
Balance as at 1 May 2019	906	(26,722)	(25,816)
Loss for the year	-	(3,244)	(3,244)
Total comprehensive expense	-	(3,244)	(3,244)
Balance as at 30 April 2020	<u>906</u>	<u>(29,966)</u>	<u>(29,060)</u>

The accompanying notes are an integral part of these financial statements.

Achilles Subholdings Limited

Notes to the financial statements

at 30 April 2020

1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Achilles Subholdings Limited for the year ended 30 April 2020 were authorised for issue by the Board of Directors on 29 September 2020 and the statement of financial position was signed on the Boards' behalf by Jay Katzen. Achilles Subholdings Limited is a private company, incorporated domiciled and registered in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The results of Achilles Subholdings Limited are included in the consolidated financial statements of Achilles Group Holdings Limited a company incorporated in UK.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

2 Accounting policies

Achilles Subholdings Limited is incorporated and domiciled in England.

The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements and from the provision of further information of the activity of its investments as it is included in the consolidated financial statements of Achilles Group Holdings Limited. These financial statements present information about the Company as an individual undertaking and not about its group.

Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

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

The results of Achilles Subholdings Limited are included in the consolidated financial statements of Achilles Group Holdings Limited, a company incorporated in UK, and the Company's ultimate parent undertaking. The consolidated financial statements of Achilles Group Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from its registered office: 30 Western Avenue, Milton Park, Abingdon, OX14 4SH, United Kingdom.

The following IFRSs have been adopted by the Company and have had no material impact on these financial statements:

- IFRS 16 Leases (Note 16)

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

2 Accounting Policies (continued)

Basis of preparation (continued)

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The Company made a loss before tax of £3,244,000 in the year ended 30 April 2020 and as at the year-end has net current liabilities of £21,757,000 and net liabilities of £29,060,000. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is part of the Achilles Group ("The Group"). The Group meets its day to day working capital requirements through the use of cash on hand through term loans that are repayable in February 2022 and revolving credit facilities which have fixed repayment dates in July 2021 and February 2022. The directors have prepared projected cash flow information for a period of 18 months from the date of their approval of these financial statements and have considered sensitivities and the anticipated impact of COVID-19 on the operations and financial resources of the Group and Company. These forecasts assume that revenue will continue to be lower through to December 2020 before returning to usual levels from January 2021. This suggests that the Group will be able to continue to operate within its facilities, including having sufficient funding to continue the development of the new technology platform and repay the revolving credit facility in July 2021 and will be able to comply with its banking covenants.

In addition, the Directors have considered a severe plausible downside with the assumption of a slower recovery from COVID 19 suppressing revenues through FY20/21 with business returning to usual levels by May 2021. Taking into account this severe plausible downside, there is potential for a liquidity challenge in November 2021. If this were to be the case the Directors are able to defer the timing of capital expenditure and take additional cost mitigation actions which are in their control. Additionally, the Directors would look to extend the existing revolving credit facilities and the Group has access to additional facilities including unissued loan notes totalling £13m, subject to approval from the existing loan holders, which could be drawn down to give additional liquidity. These measures would provide sufficient liquidity headroom to meet the Group's cash flow requirements as and when required.

On the basis of this cash flow information and after discussions with the Group's owners, the directors consider that the Group will continue to operate within the facilities currently agreed and within the facilities that expire in July 2022, when the Group's owners are due to consider renewing the facility further. In addition, the Directors consider that the additional loan notes or alternative funding will be made available as and when required.

The Group's banking facilities carry covenants and these covenants are anticipated to be passed in the going concern period for both the base case and the severe plausible downside. However, should a covenant be breached and the debt fall due, the directors are confident that the amounts would not be called upon by the lenders and that should additional funding be required, this would be facilitated by the majority shareholder. As with any company which may be required to seek additional funding from its majority shareholder, the directors acknowledge that there can be no certainty that this support would be provided although, at the date of approval of these financial statements, they have no reason to believe that it would not be.

However, the Company has net current liabilities at the year end and the Company would require funding from the Group to settle these liabilities as they fall due. The ultimate parent company, Achilles Group Holdings Limited has indicated its intention to instruct its subsidiaries not to seek repayment of the amounts due at the balance sheet date for at least twelve months. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the above indications the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Dividend Income

Dividend Income is recognised when the right to receive payment is established.

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

2 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. The Company assesses at each reporting date whether there is an indication that investments may be impaired. If such an indication exists the Company makes an estimate of the investment's recoverable amount in order to determine the extent of the impairment loss.

Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

2 Accounting Policies (continued)

Financial instruments (continued)

(iii) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.]

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

2 Accounting Policies (continued)

Taxation

Income tax on the profit or loss for the year comprises current tax, group relief and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

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

Trade and other payables

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Interest bearing loans and 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 using the effective interest method, less any impairment losses.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprise interest receivable, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

2 Accounting Policies (continued)

Foreign currencies

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

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Critical Accounting Estimates and Judgements

None of the judgements made by management in applying the Company's accounting policies have a significant effect on the amounts recognised in the financial statements; nor do any of the estimates made by management have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

3 Operating Loss/Profit

The Company's fee for the audit of these financial statements of £14,920 (2019: £14,990) is borne by another Group Company, Achilles Information Limited.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Achilles Group Holdings Limited.

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

4 Employees and Directors

Employees

The Company had no employees during the period but used the services of personnel employed by its subsidiary Achilles Information Limited.

Directors

Directors remuneration includes remuneration which has been borne by other group entities and the disclosure below incorporates the time spent by the directors performing qualifying services for the Company.

The Directors' emoluments were as follows:

	2020 £'000	2019 £'000
Aggregate emoluments	22	16
Company contributions to money purchase pension schemes	-	-
	<u>22</u>	<u>16</u>

All Directors' remuneration is borne by a fellow Group Company and the amounts paid to these Directors are disclosed in the accounts of Achilles Group Holdings Limited. The disclosure of the highest paid Director is shown in the relevant Group Company's accounts.

5 Finance income and expense

Finance income

	2020 £'000	2019 £'000
Interest payable by Group undertakings	<u>18,038</u>	<u>15,805</u>

Finance expense

	2020 £'000	2019 £'000
Interest payable on loan notes	17,271	14,848
Interest payable to Group undertakings	<u>3,293</u>	<u>3,025</u>
	<u>20,564</u>	<u>17,873</u>

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

6. Income Tax

	2020 £'000	2019 £'000
Current tax:		
Group relief payable	-	-
Total current tax	-	-
Tax on (profit)/loss	-	-
	2020 £'000	2019 £'000
Loss on ordinary activities before tax	(3,244)	(2,064)
Loss multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	(616)	(392)
Effects of:		
Group relief claimed	(2,665)	(2,428)
Expenses not deductible for tax purposes	3,281	2,820
Total tax expense	-	-

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Unrecognised tax losses

The Company has potential tax losses relating to interest accrued and not paid that have not been recognised. As the interest accrued is payable to a partnership shareholder, under HMRC guidance a deduction for interest can only be taken on a paid basis.

Once paid, the interest will generate tax losses of up to £111,668,000 (2019: £94,396,000) that will become available indefinitely for offset against future taxable profits. A deferred tax asset has not been recognised as the Directors are of the opinion that there will not be sufficient taxable profits generated in the foreseeable future to utilise the interest relief or any tax losses it generates.

The Directors are of the opinion that the interest will not be paid in the foreseeable future.

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

7 Investments in subsidiaries

Investments in subsidiaries
£'000

Cost and net book value at beginning and end of year

1,813

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Company name	Country of registration	Registered office	Principal activity	Holding
Achilles Midco Limited	England & Wales	30 Western Ave, Milton Park, Abingdon, Oxfordshire, OX14 4SH	Holding company	100%
Achilles Holdco Limited	England & Wales	30 Western Ave, Milton Park, Abingdon, Oxfordshire, OX14 4SH	Holding company	100%
Achilles Group Limited (1)	England & Wales	30 Western Ave, Milton Park, Abingdon, Oxfordshire, OX14 4SH	Holding company	100%
Achilles Group Investments Limited (2)	England & Wales	30 Western Ave, Milton Park, Abingdon, Oxfordshire, OX14 4SH	Holding company	100%
Achilles Information AS (3)	Norway	Vikaveien 31, Arendal, N 4817, Norway	Service provider	100%
Achilles Information AB (3)	Sweden	Vretenvägen 13, 171 54 Solna, Sweden	Service provider	100%
Achilles Procurement Services Limited (3)	Ireland	1 Harmsworth, Greenmount Office Park, Harold's Cross, Dublin 6W	Service provider	100%
Achilles South Europe S.L. (3)	Spain	Edificio Sollube, Plaza Carlos Trias Bertrán, 7 planta cero, 28020, Madrid, Spain	Service provider	100%
Aquiles Sistemas de Informacao do Brasil Limitada (4)	Brazil	Achilles Brasil, Av. das Américas n° 3500, Sala 405 Bloco 4, Edifício Toronto 3000, Condomínio Le Monde, CEP 22640-102	Service provider	100%

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

7 Investments in subsidiaries (continued)

Aquiles Chile SpA (3)	Chile	Achilles Chile Av.El Bosque Norte 0110, 5to piso, Las Condes, Santiago, Chile	Service provider	100%
Aquiles Colombia Limitada (4)	Colombia	Achilles Colombia, Carrera 13 No 96-67, Edificio Akori Of. 402, Bogotá D.C., Colombia	Service provider	100%
Aquiles Peru S.A.C. (4)	Peru	Achilles Perú: Cal. Andrés Reyes nro. 437 Int. 301 Urb. Jardín, San Isidro, Lima, Perú	Service provider	100%
Aquiles Sistemas de Informacion s.r.l. (2)	Argentina	Av. Carlos Pellegrini 885/887, Piso 5° - CABA	Service provider	100%
Achilles Information Limited (2)	Scotland	7 Burnbank Business Centre, Souterhead Road, Altens, Aberdeen, AB12 3LF	Service provider	100%
Achilles Information GmbH (2)	Germany	Niederkasseler Lohweg 191, 40547 Düsseldorf, Germany	Service provider	100%
Achilles Information Slovakia S.R.O. (5)	Slovakia	Michalská 9, Bratislava, 811 01	Service provider	100%
Achilles Information (Hong Kong) Limited (2)	Hong Kong	Unit 509 – 11 , Silvercord Tower 2 30 Canton Road , Tsim Sha Tsui Kowloon , Hong Kong	Service provider	100%
Achilles Information (Australia) Pty Limited (2)	Australia	Level 1, 38 Redland Bay Road, Capalaba, Queensland, 4157	Service provider	100%
Achilles Information Incorporated (2)	United States	11777 Katy Freeway #395 Houston, TX 77079-1721	Service provider	100%
Achilles Information Denmark APS (6)	Denmark	Universitetsparken 7, DK-4000 Roskilde, Copenhagen	Service provider	100%
Achilles Information (India) Private Limited (2)	India	Unit 405/406, B Wing, Everest Grande, Mahakali Caves Road, Andheri East, Mumbai - 400093	Service provider	100%
Achilles Information Limited (2)	Nigeria	18 Ibikunle Street, Off Herbert Macaulay Street, Yaba, Lagos	Dormant	51%

(1) By virtue of shares held in Achilles Holdco Limited

(2) By virtue of shares held in Achilles Group Limited

(3) By virtue of shares held in Achilles Group Investments Limited

(4) By virtue of shares held in Achilles South Europe S.L. and Aquiles Sistemas de Informacion s.r.l.

(5) By virtue of shares held in Achilles Information GmbH

(6) By virtue of shares held in Achilles Information AS

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

8 Trade and other receivables: amounts falling due after more than one year

	2020 £'000	2019 £'000
Amounts owed by Group undertakings	<u>187,860</u>	<u>171,471</u>

Intragroup loans carry interest at rates of 10% and LIBOR + 2.5%, have no fixed repayment date and are repayable on demand.

9 Trade and other receivables: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed by Group undertakings	19,918	-
Other debtors	<u>13</u>	<u>16</u>
	<u>19,931</u>	<u>16</u>

10 Trade and other payables

	2020 £'000	2019 £'000
Amounts owed to Group undertakings	-	927
Accruals	<u>165</u>	<u>-</u>
	<u>165</u>	<u>927</u>

11 Financial liabilities

	2020 £'000	2019 £'000
Amounts falling due in less than one year		
Amounts owed to Group undertakings	41,523	38,485
Listed loan notes (including accrued interest) (Note 12)	-	-
Unlisted loan notes (including accrued interest) (Note 12)	<u>-</u>	<u>-</u>
	<u>41,523</u>	<u>38,485</u>

	2020 £'000	2019 £'000
Amounts falling due after more than one year but not more than five years		
Amounts owed to Group undertakings	-	-
Listed loan notes (including accrued interest) (Note 12)	186,412	144,249
Unlisted loan notes (including accrued interest) (Note 12)	<u>10,564</u>	<u>15,455</u>
	<u>196,976</u>	<u>159,704</u>

Intragroup loans carry interest at rates of 10% and LIBOR + 2.5%, have no fixed repayment date and are repayable on demand.

In July 2020, the redemption date on the listed and unlisted loan notes and associated accrued interest and was extended from July 2021 to July 2022. These amounts are repayable in full on a sale of Achilles Group Holdings Limited or, if earlier, July 2022.

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

12 Loans and other borrowings

	2020 £'000	2019 £'000
10% listed loan notes	186,412	159,704
20% unlisted loan notes	<u>10,564</u>	<u>-</u>
	<u>196,976</u>	<u>159,704</u>

In 2008 the Company issued listed (Series A) and unlisted (Series B) PIK loan notes attracting interest at a fixed rate of 10% per annum with interest compounded on a half yearly basis. The funds were passed on to other Group Companies under terms that match those of the loan notes.

In December 2009 unlisted loan notes plus accrued interest totalling £5,685,000 were redeemed and replaced by an issue of preference shares by the Group parent undertaking. An equivalent issue was made by the Company to the parent undertaking.

In October 2015, the Company issued listed PIK loan notes in an aggregate principal amount of £18,318,000. The loan notes attract interest at a fixed rate of 10% per annum which are passed on to other Group Companies under terms which match those of the PIK notes. The interest charge is compounded on a half yearly basis.

In September 2018 all unlisted loan notes issued at that time (£10,581,794) were listed on The International Stock Exchange.

In January 2020, the Company issued listed (Series A) PIK loan notes in an aggregate principal amount of £10,000,000 and a new unlisted (Series C) PIK loan notes in an aggregate principal amount of £10,000,000. The listed PIK loan were issued on same terms as the 2008 and 2015 issue. The unlisted PIK loan notes attract interest at 20% per annum that compounds on an annual basis. The funds were passed on to other Group Companies under terms that match those of the loan notes.

In July 2020, the redemption date on the listed and unlisted loan notes and associated accrued interest and was extended from July 2021 to July 2022. These amounts are repayable in full on a sale of Achilles Group Holdings Limited or, if earlier, July 2022.

The listed loan notes are issued via the International Stock Exchange. Series A listing of principal amount of £59,673,108 and Series B listing of principal amount £10,581,794.

All financial instruments are denominated in sterling.

13 Allotted and issued share capital

	2020 £'000	2019 £'000
Authorised share capital		
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and called-up		
906,464 Ordinary shares of £1 each	<u>906</u>	<u>906</u>

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

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

14 Related party transactions

Argonaut Holdings Limited has issued loans totalling £31.7 million at interest of 10% per annum to the Company. The Company also has a loan balance due from Argonaut Holdings Limited of £0.4 million which accrues interest of LIBOR + 2.5% per annum. See note 15 for the relationship to the Company.

The value of the loan notes and the associated accrued interest (Note 12) held by Hg Capital (see note 15 for relationship to the Company) at the end of the year was £138.6 million (2019: £125.7 million).

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with wholly owned subsidiaries.

15 Controlling parties

The Company's immediate parent is Argonaut Holdings Limited. Argonaut Holdings Limited is a private limited company incorporated in Jersey (registered number 119817) on 26 October 2015.

The Directors regarded Achilles Group Holdings Limited as the ultimate parent and controlling company.

According to the Register maintained by the Company, a number of limited partnerships that are funds managed by Hg Pooled Management Limited (holding through a nominee Company) together held a controlling interest in the ordinary shares of Achilles Group Holdings Limited at 30 April 2017. None of the individual limited partners investing through these limited partnerships have an ownership of more than 20% of the ordinary shares of the Company. The Directors are of the view that neither the general partner of the funds, nor the investment manager of the funds controls the Company.

Achilles Group Holdings Limited is the largest and smallest Group undertaking for which Group accounts are prepared and made publicly available at its registered office: 30 Western Avenue, Milton Park, Abingdon, OX14 4SH, United Kingdom.

16 IFRS 16 Leases

The Company has applied IFRS 16 using the modified retrospective with cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 May 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. Additionally, the disclosure requirements in IFRS 16 have not been generally applied to comparative information. The details of the significant changes and quantitative impact of the changes are set out below.

(a) Definition of a lease

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 1. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 May 2019.

(b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

After a comprehensive review of its financial assets and liabilities, the Company has determined that there is no impact to the valuation of their balance sheet as at 1 May 2019 or 30 April 2020.

Achilles Subholdings Limited

Notes to the financial statements (continued)

At 30 April 2020

17 Events after the end of the reporting period

In June 2020, the redemption date on the listed and unlisted loan notes and associated accrued interest and was extended from July 2021 to July 2022. These amounts are repayable in full on a sale of Achilles Group Holdings Limited or, if earlier, July 2022.