

**Northgate UK Holdings 4 Limited**

Annual Report and Accounts 2016/2017

*For the period 3 February 2016 to 30 April 2017*

Registered Number: 09984456



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# Northgate UK Holdings 4 Limited

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## CEO Letter

To our Stakeholders:

NGA's 2016/17 Financial Year<sup>1</sup> has been a year of continued transformation and evolution, marked by significant contract signings, new customer acquisitions, high-paced innovation across our product and services portfolio, and continuous improvements in productivity. 2016/17 was also the final year of the acquired legacy Convergys contract attrition, which has been the main headwind we have been working through over the last 5 years. The combination of all these factors leads us to a clear inflection point in overall business performance.

In 2016/17 our UK Large and Mid Market business underpinned by our market leading ResourceLink software platform and our UK SMB business (Moorepay), demonstrated growth in revenues and profit. Our Enterprise business made significant progress in sales and productivity improvements. Sales performance was strong across all businesses resulting in a stable orderbook (contractually committed future business), which now stands at just under £1bn.

In 2016/17 we continued to execute and refine our strategy, building on the 3 key elements which differentiate us in the market place: deep experience and insight in HR and payroll, a wide range of advanced HR technology platforms, and unparalleled global delivery capabilities. These 3 differentiators come together in the NGA Advantage and together mark the foundation of our strategy, our relentless customer focus, and our unique capability to help build HR's next-generation operating model.

### Strategy

The last decade has been marked by rapid technology evolution challenging established business models. This trend has impacted the world of work and resulted in employers moving their HR and payroll technology into the cloud and adopting an 'as-a-Service' mindset. Consequently, our strategy and solution portfolio has been positioned to capture changing market dynamics, focused on helping our clients building their next-generation HR operating models.

In our target market segments, we have grown into a distinct cloud technology leader through our SaaS (Software as a Service) and BPaaS (Business Process as a Service) offerings, and through partnerships with cloud HCM leaders. Market dynamics remain strongly in favour of cloud and as-a-Service models, with market growth rates for the HR software and payroll outsourcing solutions across all segments exceeding 7%, driven by adoption of cloud technology and a continued trend towards outsourcing.

Following the sale of our ANZ business early 2017, our go-to-market strategy remains structured around three clearly defined market segments: UK Large and Mid-market, UK SMB and global Enterprise segment. Each segment is focused on a dedicated portfolio of market-leading HR technology and services and strong client relationships.

In our UK businesses, our primary focus is on providing an integrated portfolio of market-leading HR and payroll software solutions, through which we demonstrate deep local legislative knowledge and HR process expertise in the UK & Ireland, providing an end-to-end solution for employers of any size regarding all aspects of an organisation's HR administration and payroll.

In the past year, our UK Large and Mid-market business focus has been to generate growth in our ResourceLink SaaS and BPaaS services. This resulted in 3% overall revenue growth and 10% in adjusted EBITDA growth.

Our strategy for the UK SMB business (Moorepay) has been continued investment in our products and a strong focus on customer service. These combined deliver significant improvements in sales penetration and customer retention. This resulted in the business returning to growth with payroll generating 7% growth and overall revenue growth of 1%. Adjusted EBITDA grew by 24%.

Our Enterprise business's strategy has been to expand core HR cloud services focused on payroll and HR administration into adjacent, *people-centric* service offerings. This strategy allows us to grow share of wallet, deepen client relationships and provide a more comprehensive and integrated range of HR services to our customers. We made good progress with new offerings in digital HR, time and attendance management, analytics, and an expanded range of payroll options with unparalleled delivery capability in 188 countries around the world.

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<sup>1</sup> These financial statements for the 15 month period ended 30 April 2017 comprise the first financial statements of Northgate UK Holdings 4 Limited, a company formed to acquire Northgate Information Solutions Limited on 23 March 2016. As a new company, comparative performance data is not presented in these financial statements, but the commentary in the CEO letter makes comparisons of underlying trading of the operating results for the acquired group, NGA Human Resources (NGA).

# Northgate UK Holdings 4 Limited

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## CEO Letter continued

We introduced a range of new and innovative digital HR services, and we pursued significant automation and standardisation initiatives across our delivery landscape – such as the application of artificial intelligence and machine learning – resulting in higher quality operations, better productivity and increasing client satisfaction.

### **Business Performance**

In the period since incorporation to 30 April 2017, revenues were £467.8m and adjusted EBITDA amounted to £74.8m. Revenues from continuing operations were £449.8m and adjusted EBITDA was £71.5m. As a new company, comparative performance data is not presented in these financial statements, but the commentary below makes comparisons of underlying trading of the operating results for continuing businesses for the two financial years ending 30 April 2017. Contract signings in the year to 30 April 2017 amounted to £472m.

In constant currency<sup>1</sup>, underlying revenue from continuing businesses of £380.1m was 3.6% below last year. We saw solid execution in terms of demand generation and pipeline buildup resulting in an order book of £946m, in line with a year ago.

NGA closed the year with adjusted EBITDA<sup>2</sup> of continuing businesses of £61.1m in constant currency, 15% growth vs last year adjusted for legacy Convergys attrition, and 5% below last year without adjustment for legacy Convergys at. Overall adjusted EBITDA increased in our UK businesses in 2016/17, but declined in the Enterprise business.

### **UK Mid-Market**

In our UK Mid-Market business, we further strengthened our market leadership. Revenues in constant currency increased by 3% to £115.9m and adjusted EBITDA in constant currency saw a strong increase of 10% to £45m, driven by expanding share of wallet in our existing client base, new client acquisitions, contract renewals, and service delivery automation initiatives in operations.

Our ResourceLink platform now underpins 80% of UK Mid-Market revenues, serving 3.7 million UK workers, an increase of 10% compared to last year. SaaS revenue was 26% of the business in the year and BPaaS revenue 43% of the business. Overall ResourceLink revenue was 62% of the total, growing 9% year on year and ResourceLink SaaS represented 21% of the total revenue in the year. ResourceLink SaaS revenue grew by 6% compared to last year.

ResourceLink saw 3 major innovation releases in the past year and was awarded two prestigious awards from the Certified Institute of Payroll Professionals, being named the payroll product and payroll service provider of the year in the UK.

**UK SMB (Moorepay)** Our Moorepay (UK SMB) business continued its turnaround following a number of challenging years and 2016/17 saw a return to growth. Overall revenues for the year grew by 1% to £20.5m and adjusted EBITDA grew by 24% to £3.9m. Growth was generated in the payroll business through higher customer retention and improved sales performance, although this growth was offset by declining revenues in the HR Services business.

### **Enterprise**

In the Enterprise segment, the combined headwinds of the legacy Convergys contract erosion and the transformation of our HR consulting business to Digital HR are behind us. In 2016/17, we continued to expand our demand generation activities, through various marketing and sales initiatives, and we developed a wide range of digital HR, global payroll and BPaaS innovations and new offering introductions.

These initiatives resulted in new business sales growth of 11%. Our Digital HR activities saw strong growth in application management solutions for cloud HR platforms, and add-on solutions to SAP SuccessFactors, while in BPO/BPaaS we continued to win sizeable global payroll contracts. Overall, the Enterprise business added over 40 new names to its client list, including QuintilesIMS, P&G, 3M, Lonza, Umicore, Fujitsu, Neustar and Médecins Sans Frontières, and saw Total Contract Value (TCV) increase by over 60% YoY<sup>3</sup>.

Underlying revenues in constant currency (excluding legacy acquired Convergys contracts) declined by 6.6% to £243.7m and underlying adjusted EBITDA in constant currency increased by 20% to £13.3m at constant exchange rates. Revenue declines in constant currency were impacted by the transformation of our consulting business to digital HR practice and low

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<sup>1</sup> Constant currency FX rates include: £:Euro 1.33; £:US\$ 1.55; £: INR 92.42

<sup>2</sup> Adjusted EBITDA is defined as operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, depreciation of fixed assets, profit on disposal of Public Services business and gain on conversion of debt to equity

<sup>3</sup> Excluding renewals

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## CEO Letter continued

new signings one year ago. At actual FX rates, underlying revenues increased 8% to £278.3m and underlying adjusted EBITDA increased 110% to £17.8m.

The various transformation initiatives across our Enterprise business have started to bear fruit and are now contributing to a clear inflection point in terms of business performance.

### HR's next-generation operating model

Irrespective of company size and geography, our clients know where they want to go. Employers big and small want and need to increase revenues, grow productivity, become more agile, and provide great experiences for their clients and employees. HR is front and central across all of these objectives, and the rapid pace of HR technology innovation offers new levers to achieve these. Considering that, employers around the world are looking at options not just to leverage technology to reinforce their business models, but also to reinvent their HR operating models.

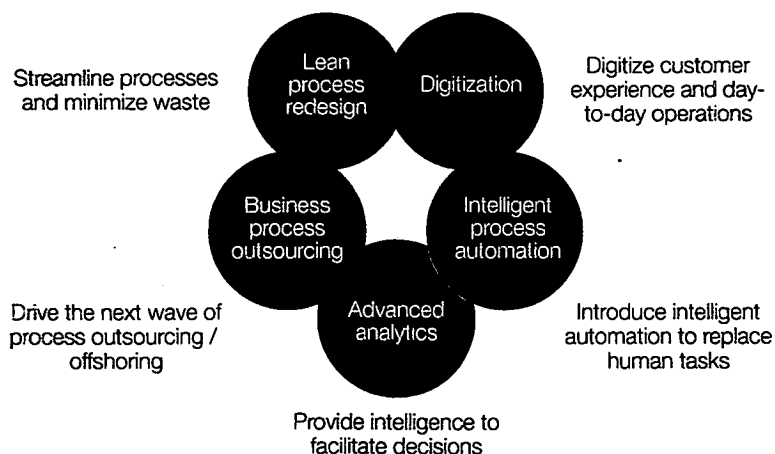
The impact of technology on Human Resources is no longer restricted to single applications or processes – it stretches across the entire employee lifecycle, requiring an end-to-end process perspective. The perspective of the 'employee experience' as a collection of individual touch points between employer and employee culminating into a broader experience is a good example of such an integrated process view. In view of that, HR transformation initiatives can no longer be restricted to one-off, short-term initiatives in separate units that don't have an enterprise-wide impact: for employers to build value and provide compelling employee experiences at lower cost, they need to commit to a next-generation HR operating model.

At the heart of the next-generation operating model for HR is the employee experience. As we laid out in last year's letter: "the days of a limited user experience – simply providing an inviting user interface to the same old HR systems and processes – are over." "Systems of record" are quickly being replaced by "systems of engagement," offering end-to-end, compelling employee experiences that connect people to their employers and each other more closely than ever – enabling far more effective outcomes.

This next-generation operating model is a new way of providing HR services to the organisation combining digital technologies and 'as-a-Service' operations capabilities in an integrated, well-sequenced way to achieve step-change improvements in employee experience, quality, and cost.

Instead of working on separate initiatives inside organisational units, employers should think holistically about how their HR operations can contribute to delivering a distinctive and frictionless employee experience. The best way to do this is to focus on employee journeys and their underpinning process steps. Transitioning to the next-generation operating model starts with classifying and mapping key employee journeys. Rather than simply trying to improve existing HR processes, employers should focus on reimagining the end-to-end employee experience, which can reveal opportunities to simplify and streamline journeys and processes that unlock significant human capital value.

### Five approaches and capabilities to drive the next-generation operating model



## CEO Letter continued

At NGA, we distinguish 5 key enablers to give way to the next-generation operating model for HR: lean HR process standards, digital HR, HR-as-a-service, advanced analytics, and intelligent process automation.

- **Lean HR & payroll process standards** help companies streamline end-to-end HR processes, eliminate waste, and foster a culture of continuous improvement. Process standards provide a foundational basis for employers to design their employee experiences around, allowing them to break away from legacy processes and individual configurations, which stand in the way of uniform and company-wide aligned business outcomes. HR process standards can help enable industry best-practices and ensure compliance, while still allowing for regional or industry-specific configuration options.
- **Digital HR** involves the deployment and integration of technology apps, tools and platforms to streamline employee journeys. Digital HR has the capacity to transform the end-to-end employee experience in powerful ways, by enabling self-service, cognitive agents ('bots') and artificial intelligence, and integrating multiple employee touch points into a digital core. Digital HR can also reshape time-consuming transactional and manual HR tasks that apply to daily employee routines, while ensuring a higher degree of compliance (in view of the General Data Protection Regulation (GDPR)), convenience and security.
- **HR-as-a-Service** (also known as business process services) allows employers to tap into specialist providers to complete partial or end-to-end employee journeys. HR processes which are highly transactional, bound by legislation and subject to compliance controls are good candidates for HR-as-a-Service. Employers are turning to "As-a-Service" capabilities that can provide an integrated employee experience, sourced from providers who combine functional and technical depth, with regional and compliance expertise. HR-as-a-Service introduces utility-thinking into HR, with flexible pricing models (per employee per month), scalable services (per region), and bundled expert services (per technology or HR process).
- **Advanced HR analytics** is the autonomous processing of data using sophisticated tools to discover insights and make recommendations for decisions, leveraging data at the crossroads of core HR, payroll and service delivery data. Advanced HR analytics can provide intelligence to improve decision making at various organisational levels and provide a data-focused perspective in an area which traditionally relied heavily on judgement-based processes and personal assessments.
- **Intelligent automation** is the combination of various technologies enabling process redesign, workflows, natural language processing, machine learning, cognitive agents (such as chatbots), deep learning and artificial intelligence. Intelligent automation often reduces or replaces human intervention in processes that require data aggregation from multiple sources or transfer of information from analogue sources to digital inputs. As such, intelligent automation is strongly rooted in standardised digital HR processes and a critical enabler of advanced analytics. Intelligent automation is considered the key engine of the next-generation HR operating model, giving rise to a virtual workforce and associated productivity increases.

## Innovation

Innovation is deeply rooted into the DNA of our organisation, not just in our engineering teams, but across our operations, compliance, delivery and commercial teams, with the objective of advancing the success of the clients we support. Our innovation and next-generation services roadmaps continue to deliver industry-leading and highly regarded HR technology solutions and services in Digital HR and Business Process Services/Outsourcing (BPO/BPaaS).

Over the course of 2016/17 we have continued to transform our portfolio to enable the next-generation HR operating model, centred around the employee experience and in sync with upcoming compliance and privacy regulations including GDPR. In addition to end-to-end *design, build, and operate* options for the next-generation HR operating model, we have also extended our market-leading platforms – ResourceLink, MoorepayHR and Payroll Exchange, to connect and integrate with other HR solutions, providing intelligent integration and enabling the frictionless flow of HR data between systems.

Reinforcing the importance of HR process standardisation, the launches of ResourceLink Express and cleaHRsky in October 2016 demonstrate our capability to bring lean, best-practice based HR services to mid-market buyers, both in the UK large and mid-market and internationally.

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## CEO Letter continued

Our digital HR practice strengthened its capability in complex time and attendance management through a partnership with Kronos, the introduction of a joint offering with SAP branded SAP SuccessFactors Managed Payroll and the launch of a range of SAP Cloud Platform apps and extensions (branded XtendHR). In addition, Moorepay and ResourceLink introduced new, adaptive user experiences enabling advanced self-service capabilities across any device.

In order to strengthen our analytics and reporting capabilities, we created a new business unit – NGA Analytics – to act as a company-wide centre of expertise providing advanced analytics solutions across our 3 segments. FY18 will see the launch of a range of new, innovative solutions in analytics enabling employers to get deep insights at the crossroads of HR, payroll and service delivery data.

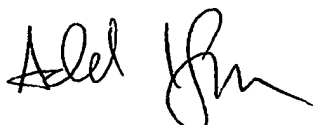
Across our entire service delivery landscape, we saw a wide range of intelligent process automation initiatives deployed, including chatbots for swift employee interaction, artificial intelligence and machine learning algorithms for ticket categorisation, and advanced integration technologies such as Workday's VPS and PECL standards and SuccessFactors' enablement of SAP Cloud Platform.

Greater efficiencies also came from our HR shared service centres across the globe. Our integrated global delivery footprint with 7 strategic delivery centres drives continuous improvement in operational efficiency for our customers. An example of service delivery innovation is the introduction of a Lean Visual Management System to enable the consistent daily deployment and monitoring of lean management practices across our centres and teams. This in turn strengthens our delivery quality, partnership and future opportunities with clients. Our rightshoring model on various continents continues to improve in terms of service delivery quality and proves a scalable model for continued growth.

### In Summary

NGA Human Resources is at an inflection point. The headwinds from the past – legacy contract erosion and transformation of our OnPremise consulting activities to digital HR practice – are now behind us. We are seeing the validity of our strategy reinforced - through the return to growth in our SMB business, the continued performance in our UK large and mid-market business, the strong TCV achievement in our Enterprise business and the advancements in our digital HR business. Our portfolio has seen significant acceleration in terms of new innovations and offerings, strengthening our market leadership, and helping our clients enable the next-generation operation models for HR.

Our 7,500 colleagues in 35 locations today support more than 7 million employees in over 180 countries. We are all firmly united in our objective to help our clients become better employers and as such maintain and grow our position as the leading provider of global HR and payroll services.



**Adel Al-Saleh**  
CEO  
NGA Human Resources

## Corporate Social Responsibility

### Corporate Responsibility

As a global business with offices in 35 countries, NGA Human Resources (NGA) is very aware of the distance that can stand between our own lives and those of the many people living in the communities our business calls home. At NGA, we are steadfast to contributing to and supporting these communities, minimising our impact on the environment and respecting the needs of employees, clients and other stakeholders. NGA is committed to the UN Global Compact, implementing and incorporating the 10 principles of the UNGC throughout our organisation.

### Governance

NGA's corporate responsibility agenda is included in the overall framework laid out by the Corporate Responsibility Group (CRG). The CRG sets our Corporate Responsibility policy and strategy, and sets the mandate for best practice across the Group.

NGA's corporate responsibility programme is managed to ensure corporate responsibility is embedded into day-to-day business and operations practice. Adel Al-Saleh, our Group Chief Executive, is Executive Sponsor of the CRG.

### Sustainable Services

NGA's HR and payroll services have an impact on people across the world. The overall objective of our services and solutions is to make HR work better for organisations so they can be more efficient, productive and mobile, reducing costs and reducing their environmental impact.

Improving organisational performance is at the core of what we do – as a business partner, but also as an employer. Globally, we understand the business of HR and the role it plays within an organisation. A happy workforce is an efficient, collaborative workforce. We help our clients become better employers through smarter, more streamlined business processes - to save money, manage employee life cycles and support globally-connected, agile organisations.

We help introduce mobility into workplaces, ensuring people can work well and happily wherever they are, from any location in the world. We rationalise the need for capital IT investments, sharing our own infrastructure by offering outsourced process delivery and software and HR As-a-Service solutions. The combination of NGA's deep HR experience and insight, the best technology partnerships, and our own R&D excellence means we have the most far reaching global portfolio of flexible HR and payroll service delivery options available.

At NGA, working under the "One Team" value, combined we make a measurable difference to our clients. We help people to build a workplace that will underpin operational success - beyond the fourth industrial revolution. If required, this includes delivering the change management needed to successfully move employees to remote and flexible working.

As a business, we continue to extend our Software as a Service delivery model to make HR and payroll services highly available to our clients, wherever they are in the world. Providing services as a "utility" hugely reduces the environmental production cost of building, delivering, deploying and disposing of IT hardware.

This workplace "always available" evolution not only reduces environmental impacts, it improves work life balance. Evidence indicates that a happy, engaged and loyal workforce can increase overall business performance. These 'on demand' technologies also save the time and cost of business travel. These technologies introduce conference calling and online collaboration, even from mobile devices, all contributing to a reduction in air and road miles travelled.

Environmental sustainability is also at the core of our service delivery methodology. We minimise the number of assets required and favour energy efficient consumption models. Where assets can be reused, they are. Where they can't, they are recycled in accordance with the Waste Electrical and Electronic Equipment Directive (WEEE).

In our own business operations, NGA has introduced several initiatives designed to reduce carbon emissions while improving the efficiency and effectiveness of our own systems. These include online pay slips, recycled pay slips, self-service HR and the development of a carbon emissions calculator that enables employees to calculate their CO2 emissions for business travel.

Microsoft Office 365 has transformed the way that we work with single-point global collaboration. Documents are stored centrally in the cloud and meetings conducted on Skype. The need for business travels has dramatically fallen to the degree that we now operate an "essential travel only" policy.



# Northgate UK Holdings 4 Limited

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## Corporate Social Responsibility

This change in the way that we work at NGA, enabled by investing in a digital workplace, means that many employees no longer must commit regularly to national and international travel. Many more now have contracts that support flexible working. This ensures we can employ and retain a workforce that crosses five demographic age ranges, from Millennials through to Baby Boomers, which is invaluable to the success of our growing business.

### Sustainable Procurement

NGA is committed to purchasing only products and services that are sustainable. As such, we have integrated a Corporate Social Responsibility (CSR) criteria into our group-wide procurement activities, ensuring that our supply chain – new and existing - adheres to the same principles that we do.

Together with our Legal, Finance and Compliance departments, NGA HR Procurement has developed standards to ensure our commitment to the UN Global Compact principles. We continuously evaluate suppliers, and address those that do not meet these principles, with the objective of bringing our entire supplier base to the same global standard.

### Our People

NGA continues to invest in our core asset, our people. We are a software and services business. We design and build industry leading HR and payroll platforms and apps. We employee and deploy to clients the best HR business and technology consultants there are.

For nearly 50 years we have led from the front because we partner with the best complementary technologies and skills from the wider industry. Our employees have access to online training tools. They follow industry accreditation programs, and they pass their own skills on. We have very high retention ratios. We retain our assets.

We also ensure we always have the next generation of ideas and customer applications joining our business. We run apprenticeships, graduate trainee schemes, work experience, careers visits, and partnership with charities and youth schemes.

In the UK, Spain and Poland, for example, we have highly proactive associations with local universities. Each year, students from top institutions join our business in all departments, bringing with them the latest insights into technology, culture, and employee expectations. These are not only essential in maintaining an optimum workplace, but in our product and services development programs.

This approach to recruitment and people investment enables NGA to avoid the skills shortages impacting so many organisations and to maintain a good balance in the age and gender of our colleagues, creating a skilled future workforce that will benefit the growth of the global workforce and workplace of today, tomorrow and the future.

Following the #OneTeam ethos, every NGA HR employee is encouraged to make a difference, however small, to help deliver value and build sustainable and healthy communities, to embrace sustainability, community involvement and engagement inside our business and in the communities in which we work.

Around the world, we are currently running our own initiatives and supporting charities that range from equipping schools in India, building homes in Manila and raising funds for Alzheimer's research in the UK.

Key highlights and measurements for this year:

- **New employees:** Mandatory on-boarding process including the completion of the NGA Business Fundamentals Program. This program introduces each new starter to our business, its objectives and the values under which we work and service our clients. This includes a module on CSR, explaining our commitment to the UN Compact and how we aim to achieve the ten principles, and the expectations on them to ensure their contribution.
- **Commitment to diversity:** NGA is an equal opportunities employer. We have a workplace mobility policy that provides employees from each of our 35 offices around the world to apply for positions in any of our other offices. We do not discriminate on any level and ensure that we have a workforce that is truly representative of the outside world. Our Equality, Diversity and Dignity Policy is published on our intranet and available to all employees so they are aware of our expectations on acceptable conduct.

# Northgate UK Holdings 4 Limited

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## Corporate Social Responsibility

- **Mandatory Annual Compliance Training:** It is expected that every year in June, all NGA employees, irrespective of country, office or work-from-home location complete this training. Last year's completion rate was 95%. Those who did not complete this training were on long-term absences – e.g. Maternity leave and long-term sick leave.
- **Annual performance review:** All employees have open access to their manager and HR business partner to ensure learning objectives can be met and achieved on an ongoing basis. As an annual catchall, all employees have a yearly performance review where objectives are reviewed and set. We aim for 100% completion for this programme.

### Donations / CSR Activities

Throughout all regions, NGA HR supports employees to find ways to give back to their communities, including mentoring, volunteering and donations to their preferred charities.

### Environment

At NGA Human Resources, we continuously investigate ways to lower our emissions and improve energy efficiency including energy efficient lighting and advanced recycling schemes.

In the UK, we completed our submission to the UK Government under the UK Energy Savings Opportunities Scheme. The report was compiled by an External Assessor who, as a condition of the scheme, made recommendations for further opportunities for additional energy saving initiatives. The scope of the review included buildings and business travel. Some of these recommendations, like LED lighting and essential business travel only are being adopted. Other are being evaluated.

As the result of the Report, NGA is in the middle of a two-year program of works to replace the lighting in our largest office, Peterborough, with energy efficient LED lighting. A similar program has commenced at our office in Manila in the Philippines

Last year we relocated our Bristol office from a building with an Energy Performance Certificate of C to an EPC rating of A, which has dramatically reduced our emissions from the site. We relocated our offices in Paris, France; Fleet, Hampshire, and in Jacksonville, Florida, to buildings with a significantly higher energy rating reducing our emissions. We are in the process of relocating our Cape Town (South Africa), Katowice (Poland) and St. John's (Canada) offices to more energy efficient locations.

We have reduced our footprint of offices by 40% in the last five years, significantly reducing our emissions.

Through our maintenance and capital investment programs, we continue to upgrade air conditioning plant and equipment to more modern energy efficient units, examples of this investment in 2016 include our server room environment in Peterborough and in 2017 in Fleet.

# Northgate UK Holdings 4 Limited

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## Directors' Report

The Directors present their report and financial statements for the 15 months ended 30 April 2017.

### Directors

The Board of Directors consists of the following members who possess the necessary range of backgrounds, qualities and experience to lead and maintain effective control over the activities of the Northgate UK Holdings 4 Limited Group ("NGA Human Resources", "NGA HR" or the "Group").

Adel Al-Saleh - Group Chief Executive  
Sam Alexander Agnew  
Emilie Railhac  
James Reynolds  
Michael Christopher Small

### Risk Assessment

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 shareholders 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, which themselves include the security and controls around customer and internal data. The Board has established on-going processes for identifying, evaluating and managing the significant risks faced by the Group which accord with the Internal Control Guidance for Directors in the Combined Code (which only applies to UK listed companies but is used for best practice). Further independent assurance is provided by an internal audit function, operating across the Group, and the Group's auditors. All employees are accountable for operating within these policies.

### Internal Control

Whilst the Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues, it has delegated to executive management the implementation of the systems of internal control within an established framework.

The Board has put in place an organisational structure which formally defines lines of responsibility and delegation of authority. There are also established procedures for planning, capital expenditure, information and reporting systems and for monitoring the Group's businesses and their performances.

### Assurance

The Board examines the effectiveness of the Group's:

- assessment of risk by reviewing evidence of risk assessment activity and a report from internal audit on the risk assessment process; and
- systems of internal control primarily through agreeing the scope of the internal audit programme and reviewing its findings, reviews of the annual financial statements and a review of the nature and scope of the external audit.

Any significant findings or identified risks are closely examined so that appropriate action can be taken. The work of the internal audit department is focused on areas of priority as identified by the risk analysis and in accordance with the annual audit plan approved by the the Board. External auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal financial control and the data contained in the financial statements to the extent necessary to express their audit opinion. They discuss with management the reporting of operational results and the financial position of the Group and present their findings to the Board.

### Auditors

KPMG LLP was appointed by the Board as auditors of the Group during the period. KPMG LLP has confirmed its willingness to continue in office as auditors of Northgate UK Holdings 4 Limited and in accordance with Section 485 of the Companies Act 2006, a resolution to re-appoint it will be proposed at a future meeting of the Board.

### Dividend Policy

The Board reviews the dividend policy in conjunction with a policy of retaining significant funds for future growth. No dividends were declared during the period under review.

### Employees

We actively promote an internal recruitment process encouraging internal succession planning and career development. All UK employees have the opportunity to elect members to an Employee Consultation Group (ECG). The ECG meets formally with NGA HR's management on a quarterly basis to discuss issues of importance. The Group also has a number of works councils and employee groups in place across the globe to ensure effective communication takes place with all employees.

# Northgate UK Holdings 4 Limited

## Directors' Report continued

### Equal Opportunities and Diversity

NGA Human Resources aims to be an employer of choice for people from different backgrounds and through our policy and mandatory diversity training (completed annually) we promote respect for the individual and equality of opportunity for employment, development and promotion. Opportunities also exist for employees of the Group who become disabled to continue their employment or to be trained for other positions in the Group.

### Health and Safety

NGA HR has an established health and safety management system that focuses on the ability to measure performance and to pursue continual improvement in managing health and safety. A key driver of our health & safety management system is effective risk management which allows NGA HR to identify and mitigate risks to our global workforce.

### Financial

NGA HR has access to sources of capital that are sufficient to develop the business. Its funds are provided by a syndicate of leading banks and under the current agreements the Group can call on up to £31.2m of unused facilities at 30 April 2017. These arrangements and the recurring nature of much of NGA HR's businesses give confidence over the Group's financial strength, and provide the basis on which future investment decisions can be taken. The Board continually reviews the performance of its divisions and regularly reviews its divestment versus investment strategy in each case.

### Donations

During the period, the Group made no political donations. Charitable donations and activities are presented in the Corporate Social Responsibility report on page 7.

### Relationships with key stakeholders

NGA HR manages its relationships with its key stakeholder groups as follows:

- **Customers**

NGA HR appoints one or more individuals through which all customer contact with each customer is managed. Larger customers have dedicated account managers, or teams that focus directly on customer needs. A number of active user groups are in place where customers can provide feedback on product performance, future requirements and issues of strategic significance.

- **Suppliers and partners**

NGA HR performs reviews of its key suppliers and partners on a regular basis to ensure that maximum performance and value are being obtained, and that risk and reward are equitably shared. NGA HR negotiates agreements within which the Group and its suppliers operate.

### Significant events during the period

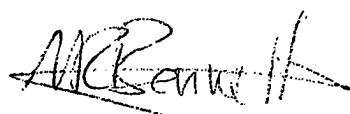
The Company was incorporated on 3<sup>rd</sup> February 2016 and on 23<sup>rd</sup> March 2016, acquired 100% of the share capital of Northgate Information Solutions Limited in exchange for £10,000 new share capital issued at a premium for a total consideration of £232,000,000. The purpose of the acquisition was as an investment.

During the period, NGA Human Resources disposed of the Group's interests in Northgate Information Solutions Australia Pty Limited (and its subsidiaries) and Northgate Information Solutions New Zealand Limited. This was the Group's Australia and New Zealand mid-market business, which included the Preceda platform. This sale was completed on 31 January 2017.

### Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This Directors' Report was approved by the Board and signed on its behalf by:



**Malcolm Bennett**  
Group Company Secretary  
Northgate UK Holdings 4 Limited

## Strategic Report

### Principal Activities

The principal activity of the company is to provide technology solutions and services for human resources management, founded on advanced technology platforms and applications, and a global portfolio of flexible service delivery options.

### Business Performance

NGA HR closed the period with revenues of £467.8m and adjusted EBITDA<sup>1</sup> of £74.8m, reflecting 13 months of the NGA HR group and only 10 months of the Australia and New Zealand business. After one-off restructuring and property costs of £12.7m, depreciation, amortisation and loss on disposal of fixed assets, the Group recorded an operating loss of £4.5m. Net financing costs were £37.9m, delivering loss on ordinary activities before tax of £42.3m.

NGA HR continues to focus on certain key performance indicators, specifically on revenue growth, earnings before interest, tax, depreciation and amortisation (EBITDA), gross margin % and order book total contract value.

### Business Model and Strategy

Over the course of FY17, NGA HR continued a market-segment based business model, focused on its core markets and segments. This market-segment approach is defined through three strategic product-market combinations: Australia and New Zealand business (which was sold during the period), UK business from small to large organisations; and global enterprise business. These segments are now the foundation for our growth strategy and for our overall go-to-market approach.

This market segment-based structure also allows us to combine our focus on local and regional customer requirements with an integrated sales and delivery organisation. Each segment has started to deliver on the growth plans through the integrated sales and delivery organisation structures and client-centric solution portfolios.

Customer satisfaction has been a particular focus area in FY17. Improved Service Level Agreement (SLA) performance continued to reflect increased levels of client satisfaction and we continued to see company-wide delivery improvements, both in terms of quality and efficiency.

We will continue to build on our client-centric and segment-focused foundations to deliver growth in revenue, profit and cash flow.

### Principal Risks and Uncertainties

#### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

#### **Interest rate risk**

Interest rate risk is the risk of increased net financing costs due to increases in market interest rates. The Group finances its operations through a mixture of retained profits, bank borrowings and equity; the Group's main interest rate risk therefore comes from its bank borrowings, which the Group borrows principally in Sterling and Euros.

The Group policy is to undertake interest rate hedging to protect itself against adverse movements in interest rates. Any surplus cash is invested in short-term bank deposits at the prevailing rates of interest in order to achieve the market rate of return.

#### **Foreign exchange risk**

The Group operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations into sterling. The currencies giving rise to this risk are primarily US dollars and Euros. The Group has both cash inflows and outflows in these currencies that create a natural hedge.

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<sup>1</sup> Adjusted EBITDA is defined as operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, depreciation of fixed assets, profit on disposal of subsidiaries and gain on conversion of debt to equity

## Strategic Report continued

In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's cash inflows and outflows in a foreign currency. The Group also hedges any material foreign currency transaction exposure. Over the longer term permanent changes in foreign exchange could have an impact on consolidation of foreign subsidiaries earnings

### **Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due.

The Group's objective is to ensure that adequate facilities are available through use of bank loans and finance leases. The Group manages liquidity risk through regular cash flow forecasting and monitoring of cash flows, management review and regular review of working capital and costs. The Group regularly monitors its available headroom under its borrowing facilities.

### **Business Risks**

Risks to the business include the buoyancy of the world economy and levels of employment around the globe impacting income in our HR services business. In addition, despite all the security systems and disaster recovery, business continuity and crisis management plans and procedures in place to protect our infrastructure and business, a cyber attack or other unforeseen events such as natural disasters may cause an interruption to our services and operations. As regards the risk from loss of key personnel, the company has succession plans in place and continually monitors the situation. Price pressures in the market are mitigated by improving the operational efficiency of our services. The Board are very conscious of these matters and that we ensure we continually flex costs in the Group to meet client demand.

### **Employees**

NGA HR continues to enhance employability in our communities through Apprenticeships, Graduate Trainee Schemes, Work Experience and partnership with companies. By doing this, NGA HR is addressing shortages of skilled staff, gender issues and supply chain issues, creating a skilled future workforce which will benefit IT sector growth.

NGA HR promotes respect for the individual and equality of opportunity for employment through our policy and mandatory diversity training and actively encourages succession planning and career development. The Group also provides employees with a Flexible Benefits scheme in the UK, which enables them to choose benefits that best support their lifestyle. Opportunities also exist for employees of the Group who become disabled to continue their employment or to be trained for other positions in the Group. An Equality Survey is conducted regularly.

The Directors recognise the importance of good communications with NGA HR's employees and of informing and consulting with them on a regular basis. This is mainly achieved through regular meetings, personal appraisals, e-mail communications and the Your Say employee survey.

### **Health and Safety**

NGA HR has an established health and safety policy that focuses on the ability to measure performance and to pursue continuous improvement in managing health and safety. The policy is reviewed regularly by the Health and Safety Manager.

### **Environmental Performance**

Combating climate change remains integral to developing sustainable services for NGA HR's clients in all sectors. Our businesses continue to place a strong focus on improving our clients' environmental performance by enabling them to access modern 'on demand' technologies which enable working practices that reduce environmental footprint and generate considerable savings.

Environmental sustainability is fully embedded into service delivery methodology. We focus both on reducing the number of assets required as well as favouring energy-efficient energy consumption models. Assets are reused wherever possible and where they are beyond economical repair, they are recycled in accordance with the Waste Electrical and Electronic Equipment Directive (WEEE). Further reductions are gained by equipping our employees with the tools and technology to enable flexible and mobile working.



**Malcolm Bennett**  
Group Company Secretary

# Northgate UK Holdings 4 Limited

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## Financial Section

### 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 group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent Auditor's Report to the Members of Northgate UK Holdings 4 Limited**

We have audited the financial statements of Northgate UK Holdings 4 Limited for the period ended 30 April 2017 set out on pages 16 to 63. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*. 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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion:

- 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 2017 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period is consistent with the financial statements.

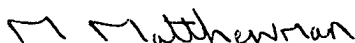
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**Mark Matthewman** (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

5 September 2017



# Northgate UK Holdings 4 Limited

## Financial Section

Group income statement for the 15-month period ended 30 April 2017

Period ended 30 April 2017				
	Notes	Continuing Operations £m	Discontinued Operations (note 2) £m	Total £m
Revenue	3	449.8	18.0	467.8
Operating costs	4	(456.0)	(16.3)	(472.3)
<b>Group operating profit/(loss)</b>	6	<b>(6.2)</b>	<b>1.7</b>	<b>(4.5)</b>
<b>Operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, depreciation of fixed assets and profit on disposal of subsidiary</b>				
		71.5	3.3	74.8
Amortisation of other intangible fixed assets	10	(29.0)	-	(29.0)
Depreciation of tangible fixed assets	11	(9.2)	(0.2)	(9.4)
Loss on disposal of fixed assets	4	(0.1)	-	(0.1)
Significant restructuring, one-off items and property provisions	4	(12.7)	-	(12.7)
Profit on disposal of subsidiaries	2	-	-	-
Amortisation of acquired intangibles	10	(26.7)	(1.4)	(28.1)
<b>Group operating loss</b>		<b>(6.2)</b>	<b>1.7</b>	<b>(4.5)</b>
Financial income	7	6.4	-	6.4
Financial expenses	7	(44.3)	-	(44.3)
<b>Net financing costs</b>	7	<b>(37.9)</b>	<b>-</b>	<b>(37.9)</b>
Share of profit of affiliate		0.1	-	0.1
<b>Profit/(loss) before tax</b>		<b>(44.0)</b>	<b>1.7</b>	<b>(42.3)</b>
Tax credit (charge)	9	(6.5)	0.2	(6.3)
<b>Profit/(loss) for the period from continuing/ discontinuing operations</b>		<b>(50.5)</b>	<b>1.9</b>	<b>(48.6)</b>
<b>Profit for the period from discontinued operations</b>		<b>1.9</b>		
<b>Attributable to:</b>				
<b>Equity holders of the parent</b>		<b>(48.6)</b>		

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Group statement of comprehensive income for the 15-month period ended 30 April 2017

	<i>Notes</i>	<i>Period ended 30 April 2017 £m</i>
<b>Profit/(loss) for the period</b>		<b>(48.6)</b>
<b>Items that will never be reclassified to profit or loss</b>		
Remeasurements of defined benefit pension schemes	17	(20.1)
IFRIC 14 movement in pension deficit	17	3.8
Deferred tax on remeasurements of defined benefit pension schemes	9	3.6
Deferred tax on IFRIC 14 movement in pension deficit	9	(0.8)
		<b>(13.5)</b>
<b>Items that are or may be reclassified to profit or loss</b>		
Foreign exchange translation differences		(1.7)
<b>Total other comprehensive income</b>		<b>(15.2)</b>
<b>Comprehensive income for the period</b>		<b>(63.8)</b>
<b>Attributable to:</b>		
<b>Equity holders of the parent</b>		<b>(63.8)</b>

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Group statement of financial position as at 30 April 2017

	Notes	2017 £m
<b>Non-current assets</b>		
Goodwill	10	304.3
Acquired and other intangible assets	10	276.3
<b>Total intangible assets</b>		<b>580.6</b>
Property, plant and equipment	11	29.4
Investments in equity accounted investee	12	2.5
Deferred tax assets	14	22.1
Other receivables	13	1.9
<b>Total non-current assets</b>		<b>636.5</b>
<b>Current assets</b>		
Trade and other receivables	13	132.9
Cash and cash equivalents	15	21.4
<b>Total current assets</b>		<b>154.3</b>
<b>Total assets</b>		<b>790.8</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	16	340.5
Employee benefits	17	56.0
Provisions	18	0.8
Deferred tax liabilities	14	49.3
<b>Total non-current liabilities</b>		<b>446.6</b>
<b>Current liabilities</b>		
Interest-bearing loans and borrowings	16	10.7
Provisions	18	4.4
Taxation		5.6
Trade and other payables	19	152.7
Other financial liabilities	22(f)	2.6
<b>Total current liabilities</b>		<b>176.0</b>
<b>Total liabilities</b>		<b>622.6</b>
<b>Net assets</b>		<b>168.2</b>
Issued share capital	20	-
Other reserves		232.0
Retained earnings		(63.8)
<b>Shareholders' funds</b>		<b>168.2</b>

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on 5 September 2017 and signed on its behalf by:



Adel Al-Saleh  
Group Chief Executive  
5 September 2017

# Northgate UK Holdings 4 Limited

## Financial Section continued

### Group statement of changes in equity as at 30 April 2017

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Equity shareholders' Funds £m
Balance at 3 February 2016	-	-	-	-	-
Issue of share capital	-	232.0	-	-	232.0
Capital reduction	-	(232.0)	232.0	-	-
Profit/ (loss) for the period	-	-	-	(48.6)	(48.6)
<i>Other comprehensive income for the period:</i>					
Remeasurements of defined benefit pension schemes	-	-	-	(20.1)	(20.1)
IFRIC 14 movement in pension deficit	-	-	-	3.8	3.8
Deferred tax on remeasurements of defined benefit pension schemes	-	-	-	3.6	3.6
Deferred tax on IFRIC 14 movement in pension deficit	-	-	-	(0.8)	(0.8)
Foreign exchange translation differences	-	-	-	(1.7)	(1.7)
<b>Balance at 30 April 2017</b>	<b>-</b>	<b>-</b>	<b>232.0</b>	<b>(63.8)</b>	<b>168.2</b>

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# Northgate UK Holdings 4 Limited

## Financial Section continued

### Group statement of cash flows for the period ended 30 April 2017

	Notes	Period ended 30 April 2017 £m
<b>Cash flows from operating activities</b>		
Profit/(loss) for the period		(48.6)
Adjustments for:		
Amortisation of acquired intangibles	10	28.1
Amortisation of other intangibles	10	29.0
Depreciation	11	9.4
Loss on disposal of fixed assets	4	0.1
Profit on disposal of business	2	-
Net financing costs	7	37.9
Share of profit of joint venture		(0.1)
Tax charge / (credit)	9	6.3
<b>Net cash from operating activities before changes in working capital and provisions</b>		<b>62.1</b>
Foreign exchange movements		1.1
Change in trade and other receivables		(3.1)
Change in trade and other payables		(25.9)
Change in provisions and employee benefits		14.8
<b>Net cash from operating activities before taxes paid</b>		<b>49.0</b>
<b>Cash flows from investing activities</b>		
Net cash inflow on acquisition of subsidiary		19.7
Disposal of discontinued operations net of cash disposed	2	39.5
Impact of change to equity accounting for affiliate		(2.5)
Disposal of property, plant and equipment		-
Acquisition of intangible assets		(24.3)
Acquisition of property, plant and equipment		(12.8)
<b>Net cash used in investing activities</b>		<b>19.6</b>
<b>Net cash from operations after investing activities</b>		<b>68.6</b>
Taxes paid		(0.2)
<b>Net cash from operations after investing activities and before financing activities</b>		<b>68.4</b>
<b>Cash flows from financing activities</b>		
Interest received		-
Interest paid		(21.9)
New loans drawn down		20.8
Repayment of borrowings		(35.1)
Increase in finance lease liabilities		-
Payment of finance lease liabilities		(10.8)
<b>Net cash from financing activities</b>		<b>(47.0)</b>
Cash and cash equivalents at 3 February		-
Net (decrease)/increase in cash and cash equivalents excluding effect of foreign exchange rate movements on cash held		21.4
Effect of foreign exchange rate movements on cash held		-
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>21.4</b>
<b>Cash and cash equivalents at 30 April</b>	<b>15</b>	<b>21.4</b>

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017

### 1. ACCOUNTING POLICIES

Northgate UK Holdings 4 Limited (the 'Company') is a company incorporated and domiciled in the United Kingdom. The Company was incorporated on 3 February 2016. The consolidated accounts of the Company for the 15 months ended 30 April 2017 comprise the Company and its subsidiaries (together referred to as the 'Group').

The financial statements were approved by the Directors and authorised for issue on 5 September 2017.

#### Statement of Compliance

The Group accounts have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("adopted IFRSs"). The Company has elected to prepare its parent company accounts in accordance with UK GAAP and these are presented on pages 57 to 64. The parent company financial statements present information about the Company as a separate entity and not about its Group.

#### Basis of Preparation

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report set out on pages 10 to 13. Note 22 to the financial statements includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

Details of how the Group is funded are set out in Note 16.

Notwithstanding the Group has net current liabilities, the Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future as set out in the Strategic Report on page 12. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The accounts are presented in pounds sterling, rounded to the nearest 0.1 million and have been prepared under the historic cost convention except for the following assets and liabilities that are stated at fair value: derivative financial instruments and defined benefit pension schemes. Accounting policies have been applied consistently in the period.

These financial statements are for the period from the date of incorporation to 30 April 2017. Therefore, no comparative information is included in these financial statements.

#### Non-GAAP Performance Measures

The board has presented 'Operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, depreciation of fixed assets and profit on disposal of the Australia New Zealand business as an adjusted profit measure. The Board believes that this measure provides additional useful information for the shareholders on the underlying performance of the business. These measures are consistent with how business performance is monitored internally. The adjusted operating profit is not a recognised profit measure under adopted IFRS and may not be directly comparable with 'adjusted' profit measures used by other companies. The adjustments made to operating profit have the effect of excluding exceptional income and charges, which are predominantly one-off in nature and therefore create volatility in reported earnings.

#### Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each period. The Group had one joint venture at the period end.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

# Northgate UK Holdings 4 Limited

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## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Basis of Preparation (continued)

##### *Joint ventures*

Entities where the Group jointly shares control with other parties are joint ventures and are accounted for by applying the equity method. The Group's share of net assets and share of net profit are separately disclosed from the rest of the Group.

##### *Acquisitions*

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

##### *Change in subsidiary ownership and loss of control*

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the group loses control of a subsidiary, the assets and liabilities are derecognised along with any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### *Transactions eliminated on consolidation*

Inter-company transactions and balances are eliminated on consolidation.

# Northgate UK Holdings 4 Limited

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## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Use of Estimates and Judgements (see note 26)

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of adopted IFRSs that have significant effect on the accounts and estimates with a significant risk of material adjustment in the next period are disclosed in note 26.

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

Note 2 – Acquisition and disposal of subsidiaries

Note 10 – Intangible fixed assets

Note 14 – Deferred tax

Note 17 – Employee benefits

Note 18 – Provisions

Note 22 – Financial instruments

Note 26 – Accounting estimates and judgements

Revenue recognition and goodwill are discussed in the relevant sections of the accounting policies note.

#### Intangible Assets

##### *Goodwill*

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

##### *Other intangible assets excluding goodwill*

Acquired intangibles and purchased software are stated at the cost less accumulated amortisation and impairment losses.

New intangibles recognised under IFRS 3 relating to customer contracts and relationships, order backlog, technology based assets and trade names are amortised straight-line over a useful economic life of 3-10 years.

Amounts capitalised under purchased software are amortised straight-line over periods between 3-5 years.



# Northgate UK Holdings 4 Limited

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## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Intangible Assets (continued)

##### *Research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Group's software development is recognised only if all the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will be technically and commercially feasible;
- the Group has sufficient resources to complete development;
- the asset will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over a useful economic life of 3-5 years, commencing from the date the asset is first ready for use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill and brands, is recognised in the income statement when incurred.

#### **Impairment excluding Inventory and Deferred Tax Assets**

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

# Northgate UK Holdings 4 Limited

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## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Revenue

Revenue on the outright sale of equipment and standard software, where no significant vendor obligations exist, is recognised on despatch. Revenue on non-standard software or where significant vendor obligations exist is recognised on customer acceptance. All revenue is reported exclusive of value added tax and other sales tax.

The Group's approach to revenue recognition is that revenue is only recognised when:

1. persuasive evidence of an arrangement exists;
2. the price to the customer is fixed or determinable;
3. any services deliverable under the supply arrangement are clearly separable from the software supply;
4. physical delivery has occurred or services have been rendered;
5. contract milestones have been achieved; and
6. collectability is reasonably assured and there are no material outstanding conditions or contingencies attaching to the receipt of monies due.

Revenue from the sale of perpetual software product licences is recognised at the time the software licence is granted in accordance with agreed contractual triggers, typically the supply of the software product to the customer. Revenue from the sale of term software product licences is recognised over the term of the license. Revenues from the attendant installation, maintenance and support services are recognised proportionately over the period that the services are provided with due regard for future anticipated costs. Payments received in advance of services are recorded in the balance sheet as deferred income.

Revenue from professional services (project management, implementation and training) is recognised as the services are performed. Revenue from software support and hardware maintenance agreements is recognised rateably over the term of the agreement.

On contracts involving a combination of products and services, revenue is recognised separately on each deliverable in accordance with the above policy, unless all deliverables are considered to be interdependent when revenue is recognised on final acceptance.

On major contracts extending over more than one accounting period, revenue is taken based on the stage of completion when the outcome of the contract can be foreseen with reasonable certainty and after allowing for costs to completion.

When equipment and software licences are sold on deferred payment terms that include a financing element the present value of the amounts receivable, after calculating a deduction for maintenance, is recognised in revenue. Interest income arising, which represents the turnover from this financing operation, is included in revenue and recognised over the term of the lease.

When equipment is an equipment lease or interest in a software licence, revenue is taken on the sales value after deferral of income for future maintenance, where applicable.

Revenue for maintenance on equipment or software licences as described above is released to revenue over the period of the contract. The related interest is credited to profit over the same period and represents a constant proportion of the balance outstanding.

#### Segments

Information for the Group's reportable segments is determined with reference to information used by the Executive Leadership Team, which is the chief operating decision maker that is used to assess the performance of the segments and allocate resources. Operating segments are reported in a manner that is consistent with management information and reconciled to the statutory revenue and operating profit.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are taken to the income statement except for differences arising on retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, which are recognised directly in equity. 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.

On consolidation, results of overseas subsidiaries are translated using the average exchange rate for the period, unless exchange rates fluctuate significantly. The balance sheets of overseas subsidiaries, including goodwill and fair value adjustments arising on consolidation are translated to the Group's presentational currency, Sterling, using the closing period-end rate. Exchange differences arising, if any, are taken to a translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

#### Financial Instruments

##### Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, investments, equity and cash and cash equivalents, bank borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Routine purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

##### Trade receivables

Trade receivables (other than lease-book receivables) do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Lease-book receivables are stated net of unearned interest receivable, at their present value.

##### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the Group's assets after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

##### Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value which is the proceeds received, net of direct issue costs. Subsequent to initial recognition, interest-bearing bank loans and overdrafts are stated net of issue costs, which are amortised over the period of the debt.

Finance charges are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Financial Instruments (continued)

##### *Trade and other payables*

Trade and other payables are not interest-bearing and are stated at their nominal value.

##### *Derivative financial instruments and hedge accounting*

Derivative financial instruments are recognised on the Group's balance sheet at fair value. The Group has not applied hedge accounting except as described below and changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

Derivative instruments utilised by the Group are interest rate collars and foreign currency swaps. The Group does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors which provide written principles on the use of financial derivatives. The largest net investment held in a foreign currency is ARINSO International NV held in Euros, and borrowings in the same currency, which relate to this acquisition, have been hedged against the fair value of the Euro net investment (€360 million). This hedge is regularly monitored for effectiveness.

##### *Interest Rate Hedges*

The fair value of interest rate hedges and collars are determined by valuations provided by the issuing financial institution of those instruments.

#### Share Capital

##### *Ordinary shares*

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity.

#### Property, Plant and Equipment

Property, plant and equipment are stated at cost less any applicable discounts less accumulated depreciation and impairment losses. Depreciation is provided at rates calculated to write down the cost of property, plant and equipment over their estimated useful life on a straight-line basis.

The annual rates of depreciation, by category of fixed asset, are as follows:

• Freehold land	None
• Freehold property	50 years
• Short leasehold improvements	Life of the lease
• Fixtures and fittings	2 – 10 years
• Plant and office equipment	2 – 10 years
• Motor vehicles	4 years

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment. Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

# Northgate UK Holdings 4 Limited

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## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are included in the balance sheet at fair value or, if lower, at the present value of the minimum lease payments, each determined at inception of the lease less depreciation and impairment losses. These assets are depreciated in accordance with the Group's normal accounting policy for the class of asset concerned or over the period of the lease if shorter. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the income statement over the period of the lease in proportion to the balance of capital repayments outstanding. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

#### Net Financing Costs

Net financing costs comprise interest payable, interest on the defined benefit pension plan obligations and expected return on pension scheme assets (together referred to as net pension finance expense), amortisation of issue costs on borrowings, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period using rates enacted or substantially enacted at the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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 and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity.

#### Retirement Benefit Costs

The Group operates various defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amounts charged to the income statement represent the contributions payable to the schemes in respect of the accounting period.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Retirement Benefit Costs (continued)

The Group also operates two defined benefit pension schemes. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of the economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to the defined benefit plans are recognised in the profit and loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### Provisions

Provisions arise from legal or constructive obligations resulting from a past event where expected costs can be assessed with reasonable certainty and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, the provision is determined by discounting the expected future cash flows.

#### Property provisions

A property provision is recognised when the expected benefits to be derived from the property are lower than the unavoidable cost of meeting the contractual obligations on that property.

#### Restructuring provisions

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

#### Adopted IFRSs and Interpretations not yet applied

During the period, the IASB and the International Financial Reporting Committee (IFRIC) have issued the following standards and interpretations with an effective date after the date of these accounts:

IAS 16 and IAS 3	Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27	Amendments relating to Equity Method in Separate Financial Statements
IFRS 10 and IAS 28	Amendments relating to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 11	Amendments relating to Acquisitions of Interests in Joint Operations
IFRS 15	Revenue from Contracts with Customers
IFRS 9	Financial Instruments
IFRS 16	Leases

The Directors are in the process of determining the impact of the adoption of these standards and interpretations on the consolidated accounts in the period of initial application. IFRS 15 Revenue Recognition and IFRS 16 Leases may have a material impact on the accounts in future. The other changes are not expected to have any material impact on the accounts going forwards.

#### Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the accounts.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 2. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Period ended 30 April 2017

#### Acquisition of Northgate Information Solutions Limited

On 23 March 2016, the Company acquired 100% of the share capital of Northgate Information Solutions Limited in exchange for £10,000 new share capital issued at a premium for a total consideration of £232,000,000. The purpose of the acquisition was as an investment.

	Book value on acquisition	New intangible assets	Final fair value
	£m	£m	£m
Acquired intangible fixed assets	77.0	186.2	263.2
Development costs and purchased software	58.6	-	58.6
Property, plant and equipment	27.2	-	27.2
Trade and other receivables	127.7	-	127.1
Taxation recoverable	4.6	-	4.6
Cash and cash equivalents	19.7	-	19.7
Interest-bearing loans and borrowings	(335.3)	-	(335.3)
Trade and other payables	(176.8)	-	(176.8)
Net deferred tax assets	(29.9)	-	(29.9)
Taxation payable	(4.6)	-	(4.6)
Provisions	(3.6)	-	(3.6)
Employee benefits	(42.8)	-	(42.8)
Net identifiable assets and liabilities			(92.6)
Goodwill on acquisition			324.6
Consideration in cash			
Consideration in new shares			232.0
Total consideration			232.0
Less:			
Cash acquired			(19.7)
			212.3

New intangible assets are the identifiable intangibles relating to the value of customer contracts and relationships, order backlog, technology based assets and trade names.

Goodwill represents future economic benefits arising from assets for which the recognition of a discrete intangible asset is not permitted or that cannot be identified individually and recognised separately and therefore is measured as a residual. Management consider that a significant value remains in the value of employees and technical knowledge.

In the year ended 30 April 2016, Northgate Information Solutions Limited had revenue of £436.6m, Adjusted EBITDA\* of £69.8m and net profit of £60.9m, which included a gain on conversion of debt to equity of £157.4m.

\* Adjusted EBITDA is a non-GAAP measure defined as Operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, depreciation of fixed assets, profit on disposal of subsidiary and gain on conversion of debt to equity.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### **Disposal of the Australia New Zealand business**

On 31 January 2017, the Group disposed of the Northgate Information Solutions Australia Pty Limited and its subsidiaries, and Northgate Information Solutions New Zealand Limited ("ANZ Mid Market") for a cash consideration of AUD 71.2m (£41.4m) and recognised a profit on disposal of nil.

	Notes	<i>Profit on disposal</i> <b>£m</b>
Consideration		<b>41.4</b>
Payment for intercompany liabilities		<b>(18.9)</b>
Fees		<b>(3.2)</b>
Disposal of acquired intangible assets	10	<b>(15.0)</b>
Disposal of deferred tax on acquired intangibles		<b>2.5</b>
Disposal of goodwill		<b>(20.3)</b>
Disposal of net liabilities		<b>13.5</b>
Profit on disposal		<b>-</b>

As part of the disposal, £0.5m of cash was disposed and £15.0m of acquired intangibles were also disposed of, being: Customer-related (£7.7m); Technology-related (£6.8m) and Marketing-related (£0.5m) assets.

The profit for the period from discontinued operations is shown on the Group Income Statement on page 16.

## 3. SEGMENTAL INFORMATION

For management purposes, the Group is organised into operating segments determined by type of customer, and by the geographical reach of the customer's operations. UK SMB (small & medium businesses) and UK MM (mid market) have been combined into one reportable segment below. ANZ (Australia New Zealand mid market) is not part of Continuing Operations, hence is not included below.

Performance is monitored at the level of Revenue and Adjusted EBITDA (a non-GAAP measure). Net assets and other income statement items are monitored at a Group level.



# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 3. SEGMENTAL INFORMATION (continued)

<i>Period ended 30 April 2017, continuing operations</i>	<i>Enterprise £m</i>	<i>UK MM and SMB £m</i>	<i>Central / unallocated £m</i>	<i>Total Group £m</i>
Revenue	299.8	150.0	-	449.8
EBITDA before exceptional items*	28.1	57.1	(13.7)	71.5

\* Non-GAAP measure

#### Reconciliation of EBITDA to loss for the period from continuing operations

EBITDA before exceptional items	28.1	57.1	(13.7)	71.5
Significant restructuring, one-off items and property provisions	(8.2)	(0.4)	(4.1)	(12.7)
Loss on disposal of fixed assets	-	-	(0.1)	(0.1)
Depreciation of tangible fixed assets	-	-	(9.2)	(9.2)
Amortisation of other intangible fixed assets	-	-	(29.0)	(29.0)
Amortisation of acquired intangibles	(7.4)	(19.3)	-	(26.7)
Group operating loss from continuing operations				(6.2)
Net financing costs				(37.9)
Share of profit of affiliate				0.1
Loss before tax				(44.0)
Tax charge				(6.5)
Loss for the period from continuing operations				(50.5)

#### Other segment information

<i>Period ended 30 April 2017</i>	<i>Enterprise £m</i>	<i>UK MM and SMB £m</i>	<i>Central / unallocated £m</i>	<i>Total Group £m</i>
Capital expenditure – purchases	13.6	1.3	5.5	20.4
Capital expenditure – capitalised research and development	7.4	8.0	1.3	16.7
				37.1
Of which on property, plant and equipment				12.8
Of which on intangible assets				24.3
Property, plant and equipment	10.8	3.0	15.6	29.4
Acquired and other intangible assets	82.8	178.6	14.9	276.3

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 4. OPERATING PROFIT

	<i>Period ended 30 April 2017 £m</i>
Other external operating charges	72.7
Staff costs	
- wages and salaries	276.8
- social security costs	35.3
- other pension costs defined contribution	6.4
- other pension costs defined benefit – current period service cost	1.8
Depreciation of owned assets	4.3
Depreciation of assets held under finance leases	5.1
Amortisation of development costs and purchased software	29.0
Amortisation of acquired intangibles	28.1
Loss on disposal of fixed assets	0.1
Profit on sale of subsidiary (note 2)	-
	459.6
Severance and restructuring	12.3
Contract termination costs	0.5
Property provisions	(0.1)
Significant restructuring and property provisions	12.7
Total operating costs	472.3

The significant restructuring and property provision costs relate to the group's well progressed cost reduction programme for back office support, efficiency transformation programme for operations and the impact of product strategy review and include:

- £12.3m of severance costs in Group restructuring programmes;
- £0.5m in costs of negotiating a contract termination;
- £0.1m credit of property exceptional costs made up of vacant space provisions and dilapidation costs.

### 5. DIRECTORS' EMOLUMENTS

	<i>Period ended 30 April 2017 £m</i>
Directors' emoluments	1.1

The aggregate emoluments of the highest paid director were £1,120,264 with nil paid into pension plans. At 30 April 2017, no directors had benefits accruing under a defined benefit pension scheme or money purchase pension plan.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 6. GROUP OPERATING LOSS

Group operating loss is stated after charging/(crediting):

	<i>Period ended 30 April 2017</i> <i>£m</i>
Research and development – expenditure not capitalised	5.7
Amortisation of development costs and purchased software	29.0
Operating lease rentals - property rentals	11.1
Operating lease rentals - property, planty and equipment	4.0
Profit on disposal of subsidiary	-

Within operating costs are the fees paid to the Auditor and their associates which are categorised as follows:

<i>Auditor's remuneration</i>	<i>Period ended 30 April 2017</i> <i>£m</i>
Audit of these financial statements	0.1
Audit of financial statements of subsidiaries	0.3
Taxation compliance services	0.6
Tax advisory services	0.5
Other assurance services	1.1
All other services	-
	2.6

Amounts paid to the Company's Auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information required is instead disclosed on a consolidated basis.

### 7. NET FINANCING COSTS

	<i>Period ended 30 April 2017</i> <i>£m</i>
Net foreign exchange gain	6.4
Financial income	6.4
Interest expense - bank loans and overdrafts - cash spend	20.4
Interest expense - bank loans and overdrafts - accrued	11.1
Non-cash bank loan interest – added to loan	4.1
Amortisation of loan arrangement fees	5.7
Finance charges payable under finance leases	1.6
Net pension finance expense (note 17)	1.4
Financial expenses	44.3
Net financing costs	37.9

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 8. STAFF NUMBERS

The average number of persons employed by the Group, including Executive Directors, during the period was as follows:

	<i>Period ended 30 April 2017 Number</i>
Sales	260
Operations	5,378
Product Support	481
HR Consulting	351
Support Functions	917
	<b>7,387</b>

### 9. TAX EXPENSE

The credit for the period comprises:

	<i>Period ended 30 April 2017 £m</i>
<b>Current tax expense</b>	
Overseas tax	2.3
<b>Total current tax expense</b>	<b>2.3</b>
<b>Deferred tax expense (see note 13)</b>	
Deferred tax - current	4.0
<b>Total deferred tax expense</b>	<b>4.0</b>
<b>Total tax expense in income statement</b>	<b>6.3</b>

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 9. TAX EXPENSE (continued)

#### Reconciliation of effective tax rate

	<i>Period ended 30 April 2017 £m</i>
Profit/(loss) before tax	(42.3)
Tax on profit/loss at UK corporation tax rate of 20%	(8.5)
Permanent differences	6.7
Effect of different rates for overseas tax	0.3
Deferred tax not recognised	3.8
Group relief	3.0
Other	1.0
<b>Total tax expense</b>	<b>6.3</b>

#### Deferred tax recognised directly in equity

	<i>Period ended 30 April 2017 £m</i>
Remeasurements of defined benefit pension schemes	(2.8)

Reductions in the UK corporation tax rate from 20% (effective from 1 April 2015) to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. The deferred tax asset at 30 April 2017 has been calculated based on these rates.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 10. INTANGIBLE FIXED ASSETS

	<i>Acquired Intangibles</i>			
	<i>Goodwill</i>	<i>Acquired intangibles</i>	<i>Development costs and purchased software</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Cost:</b>				
At 3 February 2016	-	-	-	-
Acquisitions	324.6	263.2	163.2	751.0
Exchange differences	-	-	6.4	6.4
Reclassifications	-	-	(0.2)	(0.2)
Additions	-	-	24.3	24.3
Disposals	(20.3)	(16.3)	(16.2)	(52.8)
<b>At 30 April 2017</b>	<b>304.3</b>	<b>246.9</b>	<b>177.5</b>	<b>728.7</b>
<b>Amortisation and impairment losses:</b>				
At 3 February 2016	-	-	-	-
Acquisitions	-	-	104.5	104.5
Exchange differences	-	-	4.0	4.0
Amortisation charge for the period	-	28.1	29.0	57.1
Transfers to tangible fixed assets	-	-	-	-
Disposals	-	(1.3)	(16.2)	(17.5)
<b>At 30 April 2016</b>	<b>-</b>	<b>26.8</b>	<b>121.3</b>	<b>148.1</b>
<b>Net book value:</b>				
<b>At 30 April 2017</b>	<b>304.3</b>	<b>220.1</b>	<b>56.2</b>	<b>580.6</b>

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 10. INTANGIBLE FIXED ASSETS (continued)

#### Impairment tests for cash-generating units containing goodwill

Cash-generating units containing goodwill are subject to annual impairment reviews.

Goodwill, customer relationships, technology based assets and marketing related assets have been allocated to the appropriate cash generating units (CGUs) identified. Amounts recognised at the balance sheet date are shown in the table below:

	Goodwill £m	Customer relationships £m	Technology based assets £m	Trade Names and other marketing related assets £m	Total £m
UK	216.8	95.6	47.7	15.8	375.8
Enterprise	87.5	10.4	35.7	14.9	148.6
<b>At 30 April 2016</b>	<b>304.3</b>	<b>106.0</b>	<b>83.4</b>	<b>30.7</b>	<b>524.4</b>

The recoverable amounts of the CGUs are determined from value-in-use calculations which use discounted pre-tax cash flows from approved budgets and three year forecasts and extrapolated cash flows for the periods beyond these using estimated long term growth rates. The key assumptions are:

- **Long term average growth rates** are used to extrapolate cash flows. Growth rates are determined with reference to internal approved budgets and forecasts.
- **Discount rates** are calculated separately for each CGU and reflect the individual nature and specific risks relating to the market in which it operates.
- **Gross margins** are based on past performance and management's expectations of market development. No improvements to margins beyond periods covered by approved budgets and forecasts have been assumed.

After a review by management, including a consideration of the level of information presented to key decision makers, it was concluded that the Group has two CGUs:

**UK** Providing HR and Payroll software and services to UK & Ireland based companies

**Enterprise** Providing large scale HR solutions to international companies with 3 or more geographies

The Directors are required to review the goodwill at least annually for impairment of the carrying value as compared to the recoverable value. The pre-tax discount rates used are 11.7% for Enterprise and 11.3% for UK.

The surplus headroom above the carrying value of goodwill at 30 April 2017 was satisfactory for both CGUs. No impairment arises from: an increase in the discount rate to 12.0%; a 30% relative decrease in the growth rate used to extrapolate the cash flows (from 2.5% to 1.9% growth); or a reduction of 3% in the cash flow generated in the terminal year for any CGU.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 11. PROPERTY, PLANT AND EQUIPMENT

	<i>Leasehold improvements £m</i>	<i>Fixtures, fittings, equipment and motor vehicles £m</i>	<i>Total £m</i>
<b>Cost:</b>			
At 3 February 2016	-	-	-
Acquisitions	4.3	56.2	60.5
Exchange adjustments	0.3	4.5	4.8
Additions	0.3	12.5	12.8
Reclassifications	(0.4)	0.6	0.2
Disposals	(0.3)	(5.4)	(5.7)
<b>At 30 April 2017</b>	<b>4.2</b>	<b>68.4</b>	<b>72.6</b>
<b>Depreciation and impairment losses:</b>			
At 3 February 2016	-	-	-
Acquisitions	2.0	31.4	33.4
Exchange adjustments	0.1	2.6	2.7
Depreciation charge for the period	0.4	9.0	9.4
Disposals	(0.3)	(2.0)	(2.3)
<b>At 30 April 2017</b>	<b>2.2</b>	<b>41.0</b>	<b>43.2</b>
<b>Net book value:</b>			
<b>At 30 April 2017</b>	<b>2.0</b>	<b>27.4</b>	<b>29.4</b>

The net book value of property, plant and equipment is not materially different from the fair value.



# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 12. INVESTMENT IN ASSOCIATES

	2017 £m
Carrying amount of equity investees in these financial statements	2.5

The Group's 50% holding in NGA Africa (Proprietary) Limited was acquired with the Northgate Information Solutions Limited group on 23<sup>rd</sup> March 2016.

### 13. TRADE AND OTHER RECEIVABLES

	2017 £m
<b>Non-current assets</b>	
Other receivables (long-term trade debtors)	1.9
<b>Current assets</b>	
Trade receivables	62.6
Tax recoverable	3.5
Other receivables and prepayments	66.8
	132.9

Included in trade receivables and other receivables are assets of £2.4m secured by liabilities of £1.6m due under a year and £0.8m due over a year (see note 22(f)).

### 14. DEFERRED TAX

The Group's deferred tax is attributable to the following:

	<b>Assets</b> 2017 £m	<b>Liabilities</b> 2017 £m	<b>Net</b> 2017 £m
Intangible assets	-	(49.3)	(49.3)
Property, plant and equipment	9.2	-	9.2
Trading losses	2.3	-	2.3
Employee benefits	9.5	-	9.5
Provisions and other timing differences	0.7	-	0.7
Financial liabilities	0.4	-	0.4
Net tax assets/(liabilities)	22.1	(49.3)	(27.2)

Deferred tax assets and liabilities are presented separately on the balance sheet.

The Group has gross unutilised trading losses carried forward of £94.3m, predominately non-UK and gross unutilised non-trading losses and excess management expenses carried forward of approximately £392m. A deferred tax asset of £2.3m was recognised in respect to tax losses where it is probable that future taxable profits will be available against which the Group can utilise these benefits.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 14. DEFERRED TAX (continued)

#### Future tax law developments that will impact the Group's tax position

The enacted corporate tax rate for the UK is 19 percent from 1 April 2017; then falls to 17% from 1 April 2020. The relevant deferred tax assets recognised in the balance sheet reflect these new UK corporate tax rates.

From 1 April 2017, a new UK loss relief regime came into effect. The new regime will widen the ability to utilise losses against different income streams but restrict the amount of losses that can be used in a period. This is projected to have negative current tax effect in the future periods due to restricted amount of tax losses available to be offset in a current period.

Effective 1 April 2017, new UK entities' interest tax relief restrictions came into effect. The impact is not material for the current period. It has not yet been possible to quantify the full anticipated effect of these rules to the Group as at this date.

#### Movement in temporary differences during the period ended

	<i>Disposals</i>	<i>Acquisitions</i>	<i>Recognised</i>	<i>Recognised in</i>	<i>Balance</i>
	<i>£m</i>	<i>£m</i>	<i>in income</i>	<i>equity</i>	<i>at 30</i>
			<i>£m</i>	<i>£m</i>	<i>April 17</i>
					<i>£m</i>
Intangible assets	2.5	(52.2)	0.4	-	(49.3)
Property, plant and equipment	-	11.8	(2.6)	-	9.2
Trading losses	-	0.5	1.8	-	2.3
Employee benefits	-	7.9	(1.2)	2.8	9.5
Provisions and other timing differences	-	2.4	(1.7)	-	0.7
Financial liabilities	-	1.3	(0.9)	-	0.4
	3.9	(29.9)	(4.0)	2.8	(27.2)

### 15. CASH AND CASH EQUIVALENTS

	<i>2017</i>
	<i>£m</i>
Cash at bank and in hand	21.4
Cash and cash equivalents in the cash flow statement	21.4

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 16. INTEREST-BEARING LOANS AND BORROWINGS

	2017 £m
<b>Non-current liabilities</b>	
Secured bank loans	332.5
Finance lease liabilities	8.0
	340.5
<b>Current liabilities</b>	
Secured bank loans	1.0
Finance lease liabilities	7.3
Other financial liabilities	2.4
	10.7

The Group's net bank loans are secured by a cross guarantee and a fixed and floating charge over the assets of the Company and its material subsidiaries. Cash interest on the loans is payable on the loans at LIBOR or EURIBOR plus margins between 5% and 8.5%, depending on the tranche. The facility provides a mechanism that allows cash interest due on one tranche of loans to be converted to payment in kind (PIK) interest if cash generation is below a set level. The cash interest rate applicable to the Sterling denominated bank loans is LIBOR plus a margin which varies between 5% and 8.5%, depending on the tranche. The cash interest rate applicable to the Euro denominated bank loans is EURIBOR plus a margin of 5.5%. All bank loans at the period end are due in Sterling or Euros. Details of the repayment profile are shown in note 22(d). The Group's loan notes are secured by a bank guarantee.

Group bank loans are stated net of unamortised issue costs of £24.4m. Issue costs, together with the interest expenses, are allocated to the income statement at a constant rate on the carrying amount. Group bank loans are subject to the following covenant restriction:

- Ratio of consolidated net borrowings to consolidated EBITDA

All covenants are based on International Financial Reporting Standards ("IFRS"). Failure to meet the covenant restrictions results in all amounts outstanding, becoming immediately due and payable. There have been no breaches in covenants in the period or since the inception of the loans.

The £332.5m of non-current secured bank loans are held by its subsidiaries.

#### Finance lease liabilities

Finance lease liabilities are payable:

	<i>Minimum lease payments</i> 2017 £m	<i>Interest</i> 2017 £m	<i>Principal</i> 2017 £m
Less than one year	7.5	0.2	7.3
Between one and five years	9.0	1.0	8.0
	16.5	1.2	15.3

Under the terms of the lease arrangements, no contingent rents are payable.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 17. EMPLOYEE BENEFITS

	<b>2017 £m</b>
Total employee benefit liabilities – net defined benefit liability	<b>56.0</b>

For details on the related employee benefit expenses see note 4

The Group contributes to the following post-employment defined benefit plans: Northgate HR Pension Scheme ('the Northgate Scheme') and the Rebus Group Pension Scheme ('the Rebus Scheme'). The schemes are closed to new employees, who are instead eligible to join another defined contribution scheme.

Benefits are related to salary close to retirement or leaving service (if earlier) and also to years of pensionable service. Assets are held in separate, trustee administered funds. Employer contributions to the schemes are determined on the basis of regular valuations undertaken by independent, qualified actuaries. As the schemes are closed to new entrants for pension accrual, under the method used to calculate pension costs in accordance with IAS19, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

#### **Funding**

Both plans are funded by the Group's subsidiaries. Over the next year, the Group will pay estimated contributions of £4.8m to the defined benefit schemes. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. This includes the additional contributions aimed at removing the deficit of the Schemes. Contributions to the defined contribution schemes are in addition to the contributions to the UK defined benefit schemes.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 17. EMPLOYEE BENEFITS (continued)

#### Movements in the net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit and its components.

	<i>Defined benefit obligation £m</i>	<i>Fair value of plan assets £m</i>	<i>Net defined benefit liability £m</i>
Transferred on acquisition	230.9	(188.1)	42.8
<b>Included in income statement</b>			
Current service cost	1.0	-	1.0
Curtailment/settlement	-	-	-
Interest cost	7.8	(6.5)	1.3
Running costs	-	0.5	0.5
	8.8	(6.0)	2.8
<b>Included in statement of comprehensive income</b>			
Remeasurement loss (gain):			
Actuarial loss (gain) arising from:			
Financial assumptions	56.5	-	56.5
Demographic assumptions	(8.0)	-	(8.0)
Experience Adjustment	1.0	-	1.0
Impact of asset ceiling	(3.8)	-	(3.8)
Return on plan assets excluding interest income	-	(29.3)	(29.3)
	45.7	(29.3)	16.4
<b>Other</b>			
Contributions paid by the employer	-	(6.0)	(6.0)
Benefits paid	(6.6)	6.6	-
	(6.6)	0.6	(6.0)
<b>At 30 April 2017</b>	<b>278.8</b>	<b>(222.8)</b>	<b>56.0</b>

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 17. EMPLOYEE BENEFITS (continued)

#### Fair value of plan assets

The plan assets are all in investment funds which do not have quoted prices, although the majority of assets held within those funds will have quoted prices. The assets with the funds are split as follows:

	2017 £m
Equities	39.0
LDI Funds	55.8
Multi-asset credit	14.6
Property	20.0
Emerging market multi asset	20.3
Diversified growth funds	61.5
Cash	11.6
At 30 April	222.8

The expected rate of return on pension plan assets is determined as the Company's best estimate of the long term return of the major asset classes - equities, bonds, LDI, and diversified growth funds - weighted by the current strategic allocation at the measurement date less expenses.

#### Defined benefit obligation

##### Actuarial assumptions

The principal actuarial assumptions at the balance sheet date were:

	2017
Discount rate	2.5%
Future salary increases	1.0%
Retail price inflation	3.3%
Consumer price inflation (CPI)	2.2%
Future pension increases (2.5% LPI)	1.8%-2.1%
Future pension increases (5.0% LPI)	2.2%-3.1%

The weighted average durations of the expected benefit payments is between 18-20 years across the schemes. The current longevity underlying the values in the defined benefit obligation at the reporting date were as follows:

	2017 Years
Longevity at age 65 for current pensioners	
Males	22.3
Females	24.2
Longevity at age 65 for current members aged 45	
Males	23.7
Females	25.7

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 17. EMPLOYEE BENEFITS (continued)

#### Defined benefit obligation

##### Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding the other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

30 April 2017

	2017 £m Increase
Discount rate (0.1% movement)	(5,369)
Inflation and related future pension growth (0.1% movement)	2,391
CPI (deferred revaluation increases)	923
Future salary growth (0.1% movement)	0
Future pension growth (0.1% movement)	1,479
Life expectancy (1 year movement)	10,359

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

#### Defined contribution arrangements

The Group also operates various defined contribution arrangements for its UK and overseas employees. The contributions paid to defined contribution schemes amounted to £6.3m. The amount recognised as an expense was £5.6m. The amount paid into pension schemes for overseas employees was £2.1m. Amounts payable in respect of defined contribution arrangements at 30 April 2017 were £0.9m.

### 18. PROVISIONS

	Contract losses £m	Property provisions £m	Restructuring and other provisions £m	Total £m
At 3 February 2016	-	-	-	-
Acquisitions	-	2.3	1.3	3.6
Foreign exchange differences	-	0.2	-	0.2
Recognised in the income statement	3.4	-	-	3.4
Disposals	-	(0.1)	-	(0.1)
Utilised in the period	-	(1.3)	(0.6)	(1.9)
<b>At 30 April 2017</b>	<b>3.4</b>	<b>1.1</b>	<b>0.7</b>	<b>5.2</b>
Current	3.4	0.3	0.7	4.4
Non-current	-	0.8	-	0.8
<b>At 30 April 2017</b>	<b>3.4</b>	<b>1.1</b>	<b>0.7</b>	<b>5.2</b>

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 18. PROVISIONS (continued)

#### *Contract loss provisions*

The Group has a small number of specific contracts signed in previous years that are expected to make net losses over their lives. A provision has been made for management's estimate of future losses, which will amortise over the duration of the contracts.

#### *Property provisions*

The provision relates to Group properties that have either been sublet or are vacant. It consists of the discounted value of the differential between future liabilities on the property less any expected future sublet receipts extrapolated to the earliest break point in the contract. In addition, there is a dilapidations provision to make the property good at the end of the lease. This is made for all leased properties expiring within the next three years.

#### *Restructuring and other provisions*

The Group has provided in full for the anticipated costs of restructuring certain divisions and is management's best estimate of this cost. The provisions are expected to be used within the next 1 to 2 years.

### 19. TRADE AND OTHER PAYABLES

	2017 £m
<b>Current liabilities</b>	
Trade payables	18.7
Accruals	71.5
Deferred income	36.5
Social security and other taxation	17.9
Other payables	8.1
	152.7

### 20. SHARE CAPITAL

The share capital of the Company is as follows:

	2017 £m
Called up and fully paid:	
10,001 ordinary shares of £1.00 each	-

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

On 28<sup>th</sup> July 2016, the Company resolved to reduce the share premium account from £231,990,000 to nil, with the proceeds to be treated as the creation of a distributable reserve. See Group statement of changes in equity on page 19.

### 21. NET DEBT

Net debt includes cash and cash equivalents, secured bank loans and loan notes and finance lease liabilities.

	Notes	2017 £m
Cash and cash equivalents	15	21.4
Secured bank loans and loan notes – current	16	(1.0)
– non-current	16	(332.5)
Finance lease liabilities – current	16	(7.3)
– non-current	16	(8.0)
Other financial liabilities – current	22(f)	(2.4)
– non-current	22(f)	-
		(329.8)



# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 21. NET DEBT (continued)

Set out below is a reconciliation in cash and cash equivalents to the increase in net borrowings at 30 April 2017.

	2017 £m
Net decrease/(increase) in cash and cash equivalents	21.4
Effect of foreign exchange rate movements on cash held	-
Cash and cash equivalents net inflow from increase in debt and debt financing	(24.3)
Movement in net borrowings resulting from cash flows	(2.9)
Debt and debt financing on acquisition	(335.3)
Amortisation of loan arrangement fees	4.8
Capitalised finance costs	4.1
Currency translation differences	(0.5)
Movement in net debt in the period	329.8
Net debt at 3 February	-
Net debt at 30 April	329.8

### 22. FINANCIAL INSTRUMENTS

The Group's financial assets and liabilities mainly comprise bank borrowings, cash, liquid resources and various items, such as trade and other receivables and trade and other payables that arise directly from operations.

The main financial market risks arising from the Group's operations are credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The main purpose of the financial instruments is to provide a hedge against the interest rate risk for the Group's financial liabilities.

#### (a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

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, principally trade and other receivables. The Group provides credit to customers in the normal course of business and the amount that appears in the balance sheet is net of a provision for impairment of £0.8m. The provision for impairment is calculated in accordance with the Group's policy based on the age of the financial asset at each period end and specific doubtful debts. Past experience suggests that no provision for impairment is required for trade and other receivables not past due.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 22. FINANCIAL INSTRUMENTS (continued)

#### (a) Credit risk (continued)

The ageing of trade receivables at the period end was:

	2017 £m
Not past due	53.4
Past due 0-30 days	4.1
Past due 31-60 days	1.6
Past due 61-90 days	0.6
Past due 90 days and above	2.9
	62.6

In addition to the above at 30 April 2017 there were also other receivables (long term debtors) of £1.9m. An allowance for impairment of £0.8m has been added back to debtors past due 90 days and above in arriving at these figures. Included in debtors past due 90 days and above are £1.2m of assets with related amounts already within current liabilities, hence no further allowance has been made for bad debts.

The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows:

	2017 £m
On 3 February 2016	-
Acquired	1.1
Additional / (release of) bad debt provision	(0.2)
Utilised in the period	(0.1)
Disposed in the period	-
	0.8

#### (b) Interest rate risk

Interest rate risk is the risk of increased net financing costs due to increases in market interest rates. The Group finances its operations and acquisitions through a mixture of retained profits, bank borrowings and equity; the Group's main interest rate risk therefore comes from its bank borrowings, which the Group borrows principally in Sterling and Euros.

The Group policy is to undertake interest rate hedging to protect itself against adverse movements in interest rates (see note 22(g)). Any surplus cash is invested in short-term bank deposits at the prevailing rates of interest in order to achieve the market rate of return.

At 30 April 2017, the Group had interest rate caps in place to reduce its exposure to changes in interest rates. Hedging contracts are in place fixing 66% of the Group's interest rate exposure for the next financial year. The need for further interest rate hedges is reviewed by the Board of Directors annually. This is set out in detail in note 22(g).

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 22. FINANCIAL INSTRUMENTS (continued)

#### (b) Interest rate risk (continued)

At the period end the interest rate profile of the Group's interest-bearing financial instruments was:

<b>Variable rate instruments</b>	<b>2017 £m</b>
Secured bank loans	333.5

As noted above, interest rate hedges are in place to manage the risk from changing interest rates affecting the cost of these bank loans.

<b>Fixed rate instruments</b>	<b>2017 £m</b>
Finance lease liabilities	15.3

#### (c) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations into sterling. The currencies giving rise to this risk are primarily US dollars and Euros. The Group has both cash inflows and outflows in these currencies that create a natural hedge.

In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's cash inflows and outflows in a foreign currency. The Group also hedges any material foreign currency transaction exposure.

Over the longer term permanent changes in foreign exchange could have an impact on consolidation of foreign subsidiaries earnings. It is estimated that a general increase of one percentage point in the value of sterling against other currencies would have increased the Group's loss before tax by approximately £0.1m.

#### (d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due.

The Group's objective is to ensure that adequate facilities are available through use of bank loans and finance leases. The Group manages liquidity risk through regular cash flow forecasting and monitoring of cash flows, management review and regular review of working capital and costs.

The Group regularly monitors its available headroom under its borrowing facilities. At 30 April 2017, £31.2m of undrawn facilities and £21.4m cash were available (see note 22(e)).

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 22. FINANCIAL INSTRUMENTS (continued)

#### (d) Liquidity Risk (continued)

In respect of the Group's financial liabilities including estimated interest where applicable, the table below includes details (at the balance sheet date) of the periods in which they mature.

30 April 2017	Notes	Book value £m	Future cash flows £m	Less than 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	>5 years £m
Secured bank loans	16	333.5	469.3	26.6	26.4	26.4	26.2	26.2	337.5
Finance lease liabilities *	16	15.3	16.6	7.5	4.7	2.8	1.5	0.1	-
Trade payables	19	18.7	18.7	18.7	-	-	-	-	-

\*These liabilities bear interest at a fixed rate

All term loan drawings under facilities entered into in March 2016 are repayable at maturity.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 22. FINANCIAL INSTRUMENTS (continued)

#### (e) Borrowing facilities

The Group has syndicated Senior and Subordinated facility agreements with a number of banks and investment companies providing £180 million and €275 million of available funding. In addition, the Group has a facility secured on UK and US trade receivables, providing up to £17.5m of additional liquidity. Of these facilities, the Group has the following available committed floating rate borrowing facilities and cash at 30 April 2017 in respect of which all conditions precedent had been met at that date:

	2017 £m
Expiring between 2 and 10 years	52.6

#### (f) Fair values of financial assets and financial liabilities

- The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

			Carrying amount	Fair value
	Notes	Level	2017 £m	2017 £m
Trade receivables	13	3	62.6	62.6
Other receivables (long-term trade debtors)	13	3	1.9	1.9
Cash and cash equivalents	15	1	21.4	21.4
Secured bank loans	16	3	(333.5)	(333.5)
Finance lease liabilities	16	3	(15.3)	(15.3)
<b>Other financial liabilities – current</b>				
Other financial liabilities		3	(2.4)	(2.4)
<b>Other financial liabilities – non-current</b>				
Other financial liabilities		3	-	-
Interest rate hedging		1	(2.6)	(2.6)
			(267.9)	(267.9)

Included in trade and other receivables are assets of £2.4m secured by other financial liabilities of £1.6m due under a year and £0.8m due over a year (see note 13).

#### Estimation of fair values

The fair values of financial instruments reflect the market value at the balance sheet date. The market value of interest rate collars is determined from valuations provided by the issuing financial institution adjusted for credit risk. All other financial instruments are stated at their carrying values which are not materially different to the market value.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 22. FINANCIAL INSTRUMENTS (continued)

#### (g) Hedging

In respect of our overall borrowings this covers approximately 66% of our interest exposure on senior term loans in 2017/18. The rate of interest cap over the period is 1% for Euros and for Sterling. The effect of the arrangement is to limit any detrimental interest rate moves over the period to the amount of debt not covered by these instruments. These positions are reviewed annually by the Board.

The Group also hedges any material foreign currency transaction exposure. Transaction exposures are reviewed periodically and hedged.

The Group undertakes interest rate hedging to protect itself against adverse movements in interest rates. Hedging is put in place when significant amounts of borrowing are incurred. A summary of the Group's interest rate hedging position (including interest rate hedges taken on as part of the "acquired group") is given in note 22(d). The figures quoted represent total interest costs including funding margin.

Note 22(d) gives details of the carrying value and expected future cash flows associated with the interest rate hedges. The Group has not applied hedge accounting to the interest rate hedges. The fair value of the interest rate hedges is determined by valuations provided by the issuing financial institution of those instruments and is taken through the income statement.

#### (h) Capital Management

The Group's objectives when managing capital (retained profits and bank borrowings) are to safeguard the Group's ability to continue as a going concern support the growth of the business and to maintain an optimal capital structure to reduce the cost of borrowing. The Group finances its operations through a combination of retained profits, equity and bank borrowings (see note 15).

### 23. FINANCIAL COMMITMENTS

Group capital commitments at 30 April 2017 amounted to £7.5m (2016: £2.9m).

At 30 April 2017, the Group's non-cancellable operating lease rentals are payable as follows:

	2017	
	<i>Land and buildings £m</i>	<i>Other £m</i>
Leases expiring:		
Within one year	6.9	2.3
Within two to five years	5.4	3.5
Thereafter	13.5	-
	<b>25.8</b>	<b>5.8</b>

A number of the Group's leased properties have been sublet by the Group. Based upon the existing sublease contracts, committed sublease payments of £0.2m are expected to be received by the Group over the terms of the underlying subleases.

### 24. CONTINGENT LIABILITY

There are no significant contingent liabilities in the Group other than bank guarantees entered into in the normal course of business.

# Northgate UK Holdings 4 Limited

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## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 25. RELATED PARTY TRANSACTIONS

#### *Identity of related parties*

The immediate parent company is Northgate UK Holdings 3 Limited, a company registered in England and Wales, and the ultimate parent company is Northgate Luxembourg Holdings GP S.à.r.l, a company registered in Luxembourg. Consolidated accounts are prepared by Northgate Luxembourg Holdings GP S.à.r.l and are available from our registered office (see page 64). The Group is ultimately owned by The Goldman Sachs Group, Inc.

As part of the disposal of its ANZ business in January 2017, Goldman Sachs advised the Group for an arm's length fee of AUD 3.0m. The balance outstanding at 30 April 2017 was AUD 3m

The Group, in its normal course of business, transacts with other entities controlled or significantly influenced by Goldman Sachs. All transactions are carried out on an arm's length basis.

The remuneration of key management (main board directors and Executive Leadership team) for the period was £4.8m short-term employee benefits, £0.2m post-termination benefits and £0.3m contributions to defined contribution pension schemes. This includes directors' emoluments disclosed in note 5 to these accounts.

A full list of subsidiary and associated undertakings and joint ventures is included in note 4 to the Company accounts on pages 61 to 63.

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 26. ACCOUNTING ESTIMATES AND JUDGEMENTS

The following sets out the key assumptions concerning the future and key sources of estimation and uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

#### *Revenue recognition*

The revenue and profit of fixed price contracts is recognised on a percentage completion basis when the outcome of a contract can be estimated reliably. Management exercises judgement in determining whether a contract's outcome can be estimated reliably. Management also make some estimates in the calculation of future contract costs, which are used in determining the value of amounts recoverable on contracts. Estimates are continually revised based on changes in the facts relating to each contract.

#### *Pensions*

Details of the principal actuarial assumptions used in calculating the recognised liability for the defined benefit plans are given in note 17. Changes to the discount rate, mortality rates and actual return on plan assets may necessitate material adjustments to this liability in the future.

#### *Provisions*

Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events which can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Note 18 to the accounts contain information about the assumptions made concerning the Group's provisions.

#### *Fair value measurement on a business combination*

The measurement of fair values on a business combination requires the recognition and measurement of the identifiable assets, liabilities and contingent liabilities. The key judgements involved are the identification and valuation of intangible assets which require the estimation of future cash flows and the selection of a suitable discount rate.

#### *Impairment of intangible assets, including goodwill*

Following the acquisition of Northgate Information Solutions Limited in 2016/17, the Group has significant carrying values of goodwill and intangible assets, such as customer relationships, technology based assets and trade names and other marketing related assets. Goodwill and other intangible assets are tested annually for impairment. The impairment tests involve estimation of future cash flows and the selection of a suitable discount rate. These require an estimation of the value-in-use of the cash generating units to which the intangible assets are allocated (note 10).

#### *Recognition of internally generated intangible assets from development*

Under IFRS, internally generated intangible assets from the development phase are recognised if certain conditions are met. These conditions include the technical feasibility, intention to complete, the ability to use or sell the asset under development and the demonstration how the asset will generate probable future economic benefits. The cost of a recognised internally generated intangible asset comprises all directly attributable cost necessary to make the asset capable of being used as intended by management. In contrast, all expenditures arising from the research phase are expensed as incurred.

We believe that the determination whether internally generated intangible assets from development are to be recognised as intangible assets requires significant judgement, particularly in the following areas:

- The determination whether activities should be considered research activities or development activities;
- The determination whether the conditions for recognising an intangible asset are met requires assumptions about future market conditions, customer demand and other developments;
- The term 'technical feasibility' is not defined in IFRS, and therefore the determination whether completing an asset is technically feasible requires a company-specific and necessary judgemental approach;
- The determination of the future ability to use or sell the intangible asset arising from the development and the determination of probability of future benefits from sale or use, and
- The determination whether a cost is directly or indirectly attributable to an intangible asset and whether a cost is necessary for completing a development.



# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the consolidated accounts for the period ended 30 April 2017 (continued)

### 26. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### *Taxation*

The Group is subject to corporate taxes in numerous jurisdictions. Management is required to exercise significant judgement in determining the worldwide provision for corporate taxes. Certain transactions require the use of estimates and judgements to determine the financial effect where the ultimate tax determination is uncertain. When the final outcome of such matters is different, from previous estimates, such differences will impact on the corporate tax in the period in which the determination is made.

### 27. GROUP STATEMENT OF CASH FLOWS

	<b>2017</b>
	<b>£m</b>
<b>Continuing activities</b>	
Net cash from operating activities	43.6
Net cash used in investing activities	5.8
Taxes paid	(0.2)
Net cash from financing activities	(47.3)
<b>Discontinued activities</b>	
Net cash from operating activities	0.7
Net cash used in investing activities	(1.2)
Net cash from financing activities	-
Net (decrease)/increase in cash and cash equivalents	21.4

### 28. SUBSEQUENT EVENTS

There have been no events after the balance sheet date that would have a material effect on the results and/or net assets of the Group.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Company Statement of Financial Position as at 30 April 2017

	<i>Notes</i>	<b>2017 £m</b>
<b>Non-current assets</b>		
Investments	4	232.0
<b>Total non-current assets</b>		<b>232.0</b>
<b>Net assets</b>		<b>232.0</b>
<b>Capital and reserves</b>		
Issued share capital	5	-
Other distributable reserves	5	232.0
<b>Shareholders' funds</b>		<b>232.0</b>

Approved by the Board of Directors on 5 September 2017 and signed on its behalf by:



**Adel Al-Saleh**  
**Group Chief Executive**  
5 September 2017

# Northgate UK Holdings 4 Limited

## Financial Section continued

Company Statement of Changes in Equity as at 30 April 2017

	<i>Share capital £m</i>	<i>Share premium £m</i>	<i>Other reserves £m</i>	<i>Retained earnings £m</i>	<i>Equity shareholders' Funds £m</i>
Balance at 3 February 2016	-	-	-	-	-
Issue of share capital	-	232.0	-	-	232.0
Capital reduction	-	(232.0)	232.0	-	-
Profit for the period	-	-	-	-	-
Balance at 30 April 2017	-	-	232.0	-	232.0

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the company accounts for the period ended 30 April 2017

### 1. ACCOUNTING POLICIES

The accounting policies have been applied consistently in dealing with items which are considered material in relation to the accounts.

#### ***Basis of Preparation***

Northgate UK Holdings 4 Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with 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.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

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.

#### ***Foreign currency***

Transactions in foreign currencies are translated into Sterling 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.

#### ***Financial Instruments***

##### ***Non-derivative financial instruments***

Non-derivative financial instruments comprise of investments and equity.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Routine purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

# Northgate UK Holdings 4 Limited

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## Financial Section continued

Notes to the company accounts for the period ended 30 April 2017

### *Investments*

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the Directors, there has been impairment to their value in which case they are immediately written down to their estimated recoverable amount.

### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the Group's assets after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

## **2. STAFF NUMBERS**

The Company had no employees during the period.

## **3. RESULT FOR THE PERIOD**

The Company made a profit of nil in the period.

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the company accounts for the period ended 30 April 2017

### 4. INVESTMENTS

Subsidiary  
undertakings  
£m

#### Cost:

#### Investment in Northgate Information Solutions Limited

At 3 February 2016	-
Additions	232.0
At 30 April 2017	232.0

#### Impairment losses:

At 3 February 2016 and 30 April 2017	-
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#### Net book value:

At 30 April 2017	232.0
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The subsidiary undertakings at 30 April 2017, the nature of whose business is the sale of computer solutions and services, were:

Company Name	Shareholding	Registered Office address
Northgate Information Solutions Limited*	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
ARINSO Africa	100%	219 Boulevard Mohammed Zerkouni, Angle Boulevard, Brahim Roudani, Casablanca 20100, El Maarif, Morocco
ARINSO Argentina S.A.	100%	Citicentre Building, Prilidiano Pueyrredon 2989 Piso 2 Fase II, 1640 Martinez, Pcia de Buenos Aires, Argentina
ARINSO Australia Pty Ltd	100%	Ground Floor, 164 Fullarton Road, Dulwich SA 5065, Australia
ARINSO France SAS	100%	Rue de l'egalite 2, 92748 Nanterre, Cedex, France
ARINSO Iberica S.A.U.	100%	Edificio America II, C/Procion 7:, Puerta 3; Planta 1a:, 28023, Madrid, Spain
ARINSO International Philippines Inc	100%	4/F Building 1, ETON Cyberpod, Corinthian Ortigas Avenue, cor EDSA, Quezon City 1110, Philippines
ARINSO Luxembourg SA	100%	32-36, Boulevard D'Avranches, L-1160 Luxembourg, Luxembourg
ARINSO Mexico SA de CV	100%	Belisario Dominguez No 64, Col Miguel Hidalgo, Delegacion Tiaipan C.P. 14260, Mexico
ARINSO People Services Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
ARINSO Portugal – Sistemas, Software e Servicos SA	100%	Rua Rodrigo Sampaio, 21 5D, 1150 - 278, Lisboa, Portugal
ARINSO Singapore Pte Ltd	100%	20 McCallum Street, 16-01 Tokio Marine Centre, 069046, Singapore
ARINSO UK Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Boundary Way One Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Boundary Way Two Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Business Information Management Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Cara Information Technology Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Cegi-Tymshare Nederland B.V.	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Engage Technologies Limited	100%	Suites D3/D4, The Cubes Offices, Beacon South Quarter, Sandyford, DUBLIN 18, Ireland
Engage Technologies Support Limited	100%	Suites D3/D4, The Cubes Offices, Beacon South Quarter, Sandyford, DUBLIN 18, Ireland
FBS Cell 34	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Harvest Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
HR Link Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Human & Legal Resources Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Jamy Investments Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Lansdowne Creative Marketing Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Leo Computer Company Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Link Group Consultants Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
LiquidHR Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Marketwide Systems Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Mills Associates Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Moorepay Compliance Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Moorepay Group Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Moorepay Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the company accounts for the period ended 30 April 2017

### 4. INVESTMENTS (continued)

<i>Company Name</i>	<i>Shareholding</i>	<i>Registered Office address</i>
NGA Africa (Proprietary) Limited	50%	789 16th, Business Connexion Park, Block D, Midrand, 1685, South Africa
NGA Benefits Singapore Pte Ltd	100%	20 McCallum Street, 16-01 Tokio Marine Centre, 069046, Singapore
NGA HR India Pvt Ltd	100%	3rd Floor, Madhu Industrial Estate, Pandurang Budhkar Marg Worli, Mumbai, India
NGA Human Resources Denmark A/S	100%	Høffdingsvej 34, 1 floor, 2500 Valby, Denmark
NGA Human Resources Oy	100%	Italahdenkatu 22A, 00210, Helsinki, Finland
NGA Human Resources Sweden AB	100%	NorthgateArinso Sweden AB, Gustavslundsvägen 135, 5 tr, 167 51 Bromma, Sweden
NGA Japan KK (NGA Japan Kabushiki Kaisha)	100%	Ebisu Prime Square, 9F No 1-39 Hiroo 1 -chome, Shibuya-ku, Tokyo, 150-0012, Japan
NGA Outsourcing Canada Inc	100%	The Standard Life Building, 121 King Street West, Suite 2220, Toronto ON M5H 3T9, Canada
NGA Outsourcing Malaysia Sdn Bhd	100%	3-9 3rd Floor Block B, Megan Avenue II, H12 Jalan Yap Kwan Seng 50450 Kuala Lumpur, Malaysia
NGA Outsourcing Singapore Pte Ltd	100%	20 McCallum Street, 16-01 Tokio Marine Centre, 069046, Singapore
NIS Acquisitions Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
NIS Holdings BV	100%	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands
NIS Payroll Solutions (India) Private Limited	100%	A-41 shubham, Co Operative Housing Society Ltd, Akurli Road (Kandivali (East)), Mumbai, 400101, India
NIS Receivables No. 2 Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
NIS Receivables No.1 Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate Arinso Hungary Korlatolt Felelossegu Tarsasag	100%	1146 Budapest, Hermina út 17., floor no 8?, Budapest, Hungary
Northgate Computer Services Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate HR Pensions Holdings Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate HR Pensions Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate Information Solutions China Ltd	100%	7th Floor, Ruttonjee House, 11 Duddell Street, Central, Hong Kong, Hong Kong
Northgate Information Solutions Company	100%	Suites D3/D4, The Cubes Offices, Beacon South Quarter, Sandyford, DUBLIN 18, Ireland
Northgate Information Solutions Holdings Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate PWA Empower Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate Recruitment Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Northgate UK Company	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
NorthgateArinso Austria AG	100%	Mariahilfer Straße, 123/3, 1060, Wien, Austria
NorthgateArinso Belgium SA/NV	100%	Floor 1, The Crescent, Route de Lennik 451, Lennikse Bann, Lennikse Bann 1070 Brussels, Belgium
NorthgateArinso Brazil Informatica Ltda	100%	Alameda Madeira Numero 53, 5 andar, conjunto 52, Alphaville, municio de Barueri, Sao Paulo, Brazil
NorthgateArinso Canada Inc	100%	340 Albert Street, Suite 1400, Ottawa ON K1R 0A5, Canada
NorthgateArinso Deutschland GmbH	100%	Waldeckerstrasse 11, 64546 Morfelden - Walldorf, Germany
NorthgateArinso France Holdings SAS	100%	Rue de l'egalite 2, 92748 Nanterre, Cedex, France
NorthgateArinso Granada S.A.U.	100%	Arabial, No.19, 18004, Granada, Spain
NorthgateArinso HR Services LLC	100%	9, Letnikovskaya Str, 114115, Moscow, Russian Federation
NorthgateArinso Inc	100%	8000 Baymeadows Way, Jacksonville, FL 32256-7520, United States
NorthgateArinso Information Technology Services (Dalian) Co	100%	5F Bldg 11 Dalian Software Park, 5 Digital Square, Dalian, Liaoning, 116023, China
NorthgateArinso Ireland Limited	100%	Suites D3/D4, The Cubes Offices, Beacon South Quarter, Sandyford, DUBLIN 18, Ireland
NorthgateArinso Israel Limited	100%	Aba Hilel Silver St, 16 Ramat Gan, Tel Aviv, Israel
NorthgateArinso Italia Limited	100%	Via Murat, 23, 20159, Milano, Italy
NorthgateArinso Malaysia Sdn Bhd	100%	10th Floor, Menara Hap Seng, No 1 & 3 Jalan P Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia
NorthgateArinso Nederland BV	100%	Nevelgaarde 9, 3436ZZ, Nieuwegein, Netherlands
NorthgateArinso Peoplechecking Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
NorthgateArinso Poland Sp z.o.o.	100%	Sciegiennego 3 Str, 40-114 Katowice, Poland
NorthgateArinso Services Ireland Limited	100%	Suites D3/D4, The Cubes Offices, Beacon South Quarter, Sandyford, DUBLIN 18, Ireland
NorthgateArinso Singapore PTE Ltd	100%	Tokio Marine Centre, 20 McCallum Street, 16-01 Singapore 069046, Singapore
NorthgateArinso Spain S.A.U	100%	Calle Gran Via de Colón, 59, 18001, Granada, Spain
NorthgateArinso Switzerland Ltd	100%	Av. Viollier 13, CH-1260, Nyon, Switzerland
NorthgateArinso Thailand Company Ltd	100%	17th Floor, Unit 2-4, 191 Silom Road, Kwaeng, Silom, Khet Bangrak, Bangkok, Thailand
NorthgateArinso Turkey HR Consultancy and Outsourcing Ltd	100%	Barbaros Mahallesi Halk Caddesi No: 8/A, Palladium Ofis ve Residence Binası Kat:2, 34746, Ataşehir, Istanbul, Turkey
NorthgateArinso UK Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Personnel Computer Services Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Peterborough Software (UK) Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Pro IV Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Pro-IV Holdco Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
PRO-IV Technology LLC	100%	1 Technology Drive #728, Irvine, California, United States

# Northgate UK Holdings 4 Limited

## Financial Section continued

Notes to the company accounts for the period ended 30 April 2017

### 4. INVESTMENTS (continued)

Company Name	Shareholding	Registered Office address
PWA Group Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Group Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Holdings Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus HR Group Ltd	100%	Appleby Services (Bermuda) Ltd., Canon's Court, 22 Victoria Street, Hamilton, Bermuda, HM 12, Bermuda
Rebus HR Holdings Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus HR Management Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Human Resource Services Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Human Resources Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Personnel Services Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
Rebus Software Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom
The Policy Network Limited	100%	Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom

\* held directly by Northgate UK Holdings 4 Limited

All shares held are ordinary shares.

The Directors have considered the value in use of the investments using a combination of Income Approach and Market valuation methodologies and have concluded that no impairment in investment value is appropriate.

### 5. SHARE CAPITAL AND DISTRIBUTABLE RESERVES

The share capital and distributable reserves of the Company are as follows:

	2017 £m
Allotted, called up and fully paid: 10,001 shares of £1 each	-
Other distributable reserves	232.0
Share capital and distributable reserves	232.0

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

On 3 February 2016, the Company issued 10,000 ordinary shares of £1 each in exchange for the entire share capital of Northgate Information Solutions Limited which generated a share premium of £231,990,000. The Company resolved on 28 July 2016 to create a distributable reserve of £231,990,000 by utilising the share premium of £231,990,000.

### 6. ULTIMATE PARENT COMPANY

The immediate parent company is Northgate UK Holdings 3 Limited, a company registered in England and Wales, and the ultimate parent company is Northgate Luxembourg Holdings GP S.à.r.l, a company registered in Luxembourg. The Company is ultimately controlled by The Goldman Sachs Group, Inc.



# **Northgate UK Holdings 4 Limited**

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## **Directors and Advisers**

### **Directors**

Adel Al-Saleh - Group Chief Executive

Sam Alexander Agnew

Emilie Railhac

James Reynolds

Michael Christopher Small

### **Registered Office**

Peoplebuilding 2

Peoplebuilding Estate

Maylands Avenue

Hemel Hempstead

HP2 4NW

### **Registered Number**

099984456

### **Auditor**

KPMG LLP

15 Canada Square

London E14 5GL