

Civica UK Limited

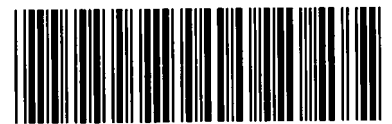
Annual report and financial statements

Registered number 1628868

30 September 2021

Registered number: 1628868

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Directors' Report and Strategic Report

The directors present their report and the audited financial statements for the year ended 30 September 2021.

Principal activities

The principal activities of Civica UK Limited ("Civica", "the Company") are the provision of business-critical software and digital solutions, primarily to the public sector and regulated markets in the United Kingdom.

Strategic Report

Business model

Civica provides software and associated services that sustain and enhance the delivery of public services around the world, and to support accelerating digitisation and automation across the sector. The Company is recognised as a leading partner for customers across local and regional government, central government, health and care, social housing and education. This is underpinned by its specialist domain expertise, scale and focus and with an exceptional people-first culture.

The Company has a strong track record as one of the UK's leading software providers, driven by a clear strategy and purpose to help our customers to address rising expectations and complex challenges. Building on the foundation of our cloud software and applying local knowledge, Civica delivers value to our customers through our business model. This comprises of development, support and management of a broad range of software to deliver and improve core business activities and organisational efficiency. These comprise both sector-specific ('vertical') applications for individual markets and cross-sector ('horizontal') platforms for digital engagement, financial management, people and workforce management and governance, risk and compliance.

Our business model is supported by Civica's strong and purpose-driven culture, and we continue to focus and invest in our people who are the key to delivering these capabilities. The Company combines deep domain expertise – with approximately one third of our team having direct experience of working in the public sector – with specialist technical capability including software design and implementation, digital technologies and data expertise.

Business review

While the extraordinary events of the last two years continued to bring rapid upheaval and enormous challenges for all, the Company continued to deliver a high performance across the 2021 financial year. This was driven by the nature of our software in delivering critical activities for the public sector and supported by our exceptional team, cloud technology and strong infrastructure.

Responding to COVID-19

An early signatory to the C-19 Business Pledge in 2020, we continued to focus on safeguarding our people and the wider public health while working hard to support customers through business as usual throughout the financial year. We continued to enable our employees to work from home or office, based on varying restrictions on movement across our respective geographies. With an established blended working approach, the business is well placed to respond to potential future restrictions that may arise, ensuring that the health and safety of our colleagues and customers is protected, while continuing to serve the business needs of our customers.

Trading results

The Company delivered a very strong trading performance for the full year with progress across core markets and continued strategic development, underpinned by balanced investment in our people, our products and our platform.

Executing cloud at pace

Cloud technology took on greater significance during 2021. With a change in the pace of more agile working and digital adoption, the experience during the pandemic demonstrated the speed with which innovative projects and services can be deployed and our products were ready to meet this demand. Over the year, 75 percent of all major sales were for cloud-based solutions.

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Executing cloud at pace *(continued)*

During the year we continued to accelerate our cloud strategy including through the acquisition of businesses with of software as a service ('SaaS') solutions, which are helping to deliver more efficient, flexible and secure services and a stronger foundation for the future. Civica grew the number of cloud customers, and we were delighted to be recognised with industry awards including Best Cloud Finance Solution at the 2021 Computing Cloud Excellence Awards.

Driving innovation

We focused on innovation throughout the business. Our NorthStar innovation lab is driving better outcomes for public services through the acceleration and application of new ideas and technologies. We continue to invest in software R&D and we made great steps forward in growing our addressable market, establishing our software with more customers in more countries.

Innovation is key to helping the public sector to digitise and automate people-intensive operations to meet rising demand and to reduce costs. With a particular focus around automation, data and devices, NorthStar is driving a pipeline of new products and is helping promote and decode advanced technologies such as artificial intelligence (AI), machine learning (ML), and augmented and virtual reality (ARVR). Since launching Aurum in 2020, an AI-based analytics solution for the health sector, NorthStar have two further products in development which will support the Housing and Transport market and NHS and care homes, respectively.

Complementary acquisitions

We completed seven acquisitions in 2021. We added capability and further scale for the health and care and education sectors as well complementary products in people and workforce management, and governance, risk and compliance capabilities.

- For the Education sector, Parago Software Limited – a specialist in schools' asset and estate management and governance. Additionally, digital assessment capability and support for organisations building more skilful workplaces came with Calibrand Limited.
- Our people and workforce management focus was further enhanced through Agylia Group Limited, a digitally focused learning management platform and Equiniti HR Solutions Limited for HR, payroll, time and attendance capability. nropy data Inc, an innovative software-as-a-service platform for community and stakeholder engagement also expanded this focus area.
- For the Health and Care sector, Medical Billing and Collection, the UK's number-one digital billing service provider to the independent medical practitioner sector.

Acquisitions are rapidly integrated to deliver greater value via combined capability and expertise including product cross-selling.

As we continued to deliver our strategy to focus on software, we have begun to transition our BPO (Business Process Outsourcing) contracts back to our customers, where they will leave a legacy of improved in-house services. After the close of the financial year, we also made the decision to divest our remaining Licencing and Cloud and Software Lifecycle (LCSL) activity in the UK, as this no longer supports the company's software focused growth strategy.

Continued investment in our platform

The Company's operating platform underpins the Group's activities and ensures a scalable growth foundation. During the year we made strong progress with our structured operational excellence programme, Centum. This is used to drive improvement initiatives across the business. In particular in FY21 we have:

- Reviewed the opportunities to accelerate to an increasingly subscriptions-based offer responding to increasing demand from our customers.
- Continued our programme of product investment to enhance our software's deployment in the Cloud. In FY21 this ongoing programme of investment has resulted in approx. 75% of our major sales' activity being Cloud based.

Directors' Report and Strategic Report *(continued)*

Business review *(continued)*

Continued investment in our platform (continued)

- Expanded the scope of our Sales Excellence programme to refresh our approach to the recruitment of sales talent, launch new on-boarding training (using our Agylia Learning Management systems), develop and launch a range of specific training for our pre-sales community and launch performance management dashboards for the sales community as the 1st suite of our Analytics and Business Intelligence ("ABI") platform.
- Sustained our investment in project and programme management (PPM) with the launch of the Delivery Academy which with ongoing programmes has resulted in continued improvement in the efficacy of our implementation projects in FY21.
- Completed the roll-out of our framework for secure software development lifecycle and software development together with a standard framework for agile-based working, whilst expanding our specialist teams and tooling for software quality assurance and testing.
- Delivered refreshed brand and positioning on existing strong customer and employee advocacy.

Environmental and Social Governance

Focused around employees, customers and communities, corporate responsibility is integral to our approach in order to contribute to an improved and sustainable environment and create social value. We continue to make progress across a number of areas, with increased awareness of our activities and further engagement with our people to help the business deliver on our commitments supported by ethical policies. This was enhanced further in 2021 with the introduction of the ESG (Environment and Social Governance) Committee, which is committed to delivering on our Carbon Reduction Plan and activities which will see us achieve Net Zero by 2040.

From employee wellbeing to sharing our expertise in support of communities, we aim to deliver wider social benefits underpinned by standards of integrity, professionalism and transparency. We also take an active role within a range of industry and sector associations including technology body techUK, working collaboratively to realise the benefits of technology for people, society and the economy.

Growth outlook

Civica has a sustainable platform-based business model focused around core markets and capabilities. Notwithstanding a year of enormous upheaval and tremendous pressures for all involved in public services and more widely, we maintained momentum in 2021 based on clear focus, strong commercial relationships with our customers and the Company's ongoing strategic development.

While expanding the use of Civica software we have delivered strong progress in key areas including cloud, digital enablement, technology innovation and data. The experience of the last two years has accelerated the focus on cloud and digital adoption, showing the speed with which it is possible to harness innovation. With a leading market position, Civica is strongly placed to respond to accelerating public sector digitisation and we remain committed to the further execution and evolution of our successful strategy. Our aim is to support both the needs of our customers to sustain and enhance services and transform digitally, and to achieve above-market growth for the Company.

We believe Civica is in a strong position to continue our momentum and, with the enhancements to our platform, we expect to sustain our growth performance into 2022 and beyond.

Our people and our values

Our strength lies in our people and our culture, which underpins both our value to customers and our continued growth and development. Civica's strength has always radiated from our engaged and high performing people and purpose-driven culture. With our deep sector and software expertise and depth of leadership, we build durable long-term relationships based on a shared purpose and commitment.

We are proud of Civica's exceptional people and culture and we continue to focus and invest in supporting and developing our team guided by the Civica Way framework. We look to attract bright, like-minded colleagues from all backgrounds who share our strong purpose and values, and we empower everyone to be their true self, supporting and celebrating each other across our diverse team.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

Our core values:

- **Knowledge:** With a deep understanding of our customers and of software, we are committed to developing and sharing our insight and expertise to help customers and colleagues achieve their goals.
- **Integrity:** Reinforced by our culture, we maintain consistently high standards as a trusted partner, delivering what we promise and remaining open, straightforward and fair at all times.
- **Action:** We focus on delivering timely and effective results, always looking to do more and go further with a desire to help customers and colleagues make a positive difference and fulfil their potential.

A leading employer

We work hard to ensure Civica remains a great place to work, with a leading brand to attract and retain diverse talent from across the globe. An accredited Investors in People 'Gold' business, we continuously invest in our people and business through sustained programmes for engagement, learning and development, leadership and support via our successful Civica Academy.

Our dedicated focus on employee wellbeing, supporting diversity and effective leadership continues to be recognised. This was shown by an excellent 2021 employee Net Promoter index of +50. We maintained our position as one of the top UK IT companies in the 2022 UK Financial Times Diversity Leaders list.

Emerging from the pandemic

For many in the Civica team, 2021 proved to be just as challenging as 2020 with a second wave of Covid-19 and the UK only emerging from their restrictions in June 2021. With a constant focus on the safety and wellbeing of all our people, we supported our colleagues and the communities they are part of.

We continued to give our people the tools and support they needed, to work in an agile way. This balanced appropriate remote working, with face-to-face time with customers and Civica colleagues. This 'blended working' model has been supported across our organisation, offering managers the tailored training needed to support remote/blended teams and maintain collaboration and innovative ways of working. This has been supported by our focus on positive health, including Employee Assistance and Mental Health Champions programmes.

The Company's regular Pulse surveys have helped us understand the needs of employees as we emerged from the pandemic and moved towards a blended working model. Throughout the year, we adapted our strategy to support health and wellbeing, with additional support to meet the needs of remote working from enhanced communications and tools to increase engagement and collaboration and to our wellbeing hub.

With many colleagues able to opt in to visit our hub offices during the period, we facilitated this via a simple online booking system and Covid-safe attendance arrangements to protect the safety of employees.

Growth through skills and leadership

As Civica continues to grow, we welcomed new colleagues both organically and through acquisition supported by the Company's consistent approach to workforce planning and talent acquisition, including our First Impressions virtual on-boarding programme.

We encourage everyone to grow their skill set throughout their Civica careers and to reach their full potential. Through our Civica Academy, we provide sustained learning and development in the workplace tailored to the needs of employees and to build the diverse skill set needed to deliver for customers. During 2021 we delivered a record 178,000 hours of training, building on the success of online training formats established in 2020.

With a strong leadership team and track record of delivery, succession planning is a vital and consistent area of focus across our business. During the period, we delivered new training for leaders around succession planning for leaders, created a new Head of Talent position and launched a new Leadership in Action programme. Succession planning and talent management were also introduced as new modules within our Raising the Bar leadership programme.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

Growth through skills and leadership *(continued)*

Our comprehensive Civica Academy works to progress our people. Alongside structured coaching, mentoring, regular check-ins, objective plans, we also encourage people to take ownership to drive their own careers and be their own 'Chief Learning Officers'. We aim to promote and progress everyone, regardless of background. We continue to develop our blended training and self-directed e-learning, continuously reviewing our current training, investing in new and improved modules and maximising our Civica Agylia learning management system.

During 2021, we expanded our Sales Excellence Programme to help all our teams perform to their absolute best and support our customers in the strongest way possible. We also grew our coaching programme with a new formal qualification available for people across the Company. Our successful mentoring programme continues to help people reach their full potential, find the best internal opportunities and feel even more supported in the workplace.

Via our successful Civica NorthStar innovation lab, we provide a range of activities to foster and support innovation. Everybody at Civica has a unique perspective, experience and skills, which is why anyone can submit and engage with ideas to deliver the public services of the future at the new NorthStar Innovation Portal.

As a member of the 5% Club, we remain committed to our goal to make up 5% of Civica's workforce with apprentices and graduates. We welcomed a large cohort of graduates to our Central Government division in Summer 2021, based in our South West hubs.

Diversity, equality and inclusion

We encourage everyone to bring their true selves to work. During the year we took further steps to improve inclusivity to ensure a supportive work environment for our diverse community, including regular virtual diversity and inclusion training.

We grew momentum in our Diversity, Equality and Inclusion (DE&I) strategy via our new affinity groups: these offer a safe space for everyone to hold discussions across a wide range of areas from menopause to the LGBTQIA community, accessibility, race and ethnicity, early careers and parents and guardians.

We continue to champion women in technology, increasing the number of female employees through development, promotion and recruitment of talented women. In 2021, we celebrated Pride Month and Black History Month across the business, and we were very proud to share so many inspirational stories – helping people to feel included and welcome at Civica regardless of race, gender or sexuality.

A signatory to the Tech Talent Charter since 2019, we're committed to inclusive recruitment and benchmarking our progress against industry best practice, and we were delighted to maintain our position as a Financial Times Diversity Leaders in 2021/22.

Investment in employee mental health and wellbeing is increasingly important. Civica now has 60 Mental Health Champions, trained to support colleagues in the workplace. We run regular Health and Wellbeing virtual 1:1's with our partner provider Sander's Fitness, focussed on improving mental and physical health and new resolutions sessions.

We work with charity Young Enterprise for employees to mentor and inspire young people to consider a career in technology.

Maintaining engagement

Keeping our people up-to-date and engaged is key to our success and we recognise that great communication in the blended working world is crucial. From making sure teams understand how their roles contribute to our strategy, to sharing ideas and feedback, we run a comprehensive programme of continuous activity across multiple channels to keep employees informed and engaged. Our annual employee engagement and Employer Net Promoter Score surveys allow us to track engagement and listen/quickly respond to feedback within the business.

We've also built on all our support networks for employees such as Yammer groups, coffee roulette and Boomerang 'back-to-the-floor' sessions from our leadership team – all of which are regularly shared with colleagues through our internal communications such as our weekly Take Five e-newsletter.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

Charity at work

Led by the Civica Foundation, we continue to create social value and make a difference to people and communities around the world. We encourage our people to 'Donate-a-day' for a worthwhile cause, act as a Charity Champion for their office and share their fundraising ideas with colleagues.

Throughout the year, the Company supports regular fundraising events in aid of its partner charities. These include Young Enterprise, Action for Children, Shelter and Water for Kids. A wide range of further charitable events during the year included sponsored hikes and Boycott your Bed for Action for Children.

Reward and recognition

We recognise the great efforts of our colleagues and their contribution to our performance and recognise how important it is to say thank you for a job well done. Our annual Civica Employee Awards, designed to recognise and reward our people who are actively going above and beyond, with more than 2,000 nominations received in 2021.

Our 'Praise' scheme allows people to share their gratitude for colleagues online and our Civica Special Thanks and Recognition (CSTAR) programme rewards employees who have gone the extra mile.

The Company provides a highly competitive benefits package, including flexible elements which people can tailor to their needs such as extra holiday and cycle-to-work schemes, plus employee offers. During 2021, we introduced a new MyRewards portal for employees to easily access their total reward statement including salary, core benefits, partner benefits and discounts, and access to the CSTAR and CPERKS portals.

Civica is currently joining the Real Living Wage Employer scheme, with a commitment to ensuring all employees are paid over and above the UK minimum wage/national living wage.

Anti-corruption and human rights

We are fully committed to sound and fair business practices including zero tolerance on anti-corruption. Prevention, deterrence and detection of fraud or bribery is the responsibility of all, and the company encourages employees to report any suspicions in confidence.

Civica recognises that work is crucial to a person's dignity, well-being and development and as such we are committed to the creation of jobs and working conditions in which people can work in freedom, safety and dignity. We expect the same from all contractors, suppliers and other business partners across our supply chain. We are committed to identifying and assessing any potential risks and eliminating the possibility of modern slavery and human trafficking occurring in our business.

We also pledge to provide a workplace environment where colleagues are recognised as the most valuable asset, treated with respect, dignity, and consideration. This commitment is built upon a framework of policies and procedures designed to ensure fairness throughout a colleague's employment lifecycle.

Civica embraces difference across all parts of the organisation. We will not tolerate any discriminatory practices in talent attraction, compensation, access to learning and development, promotion nor exit practices, based on gender (including gender reassignment and pregnancy), marital status, family status, religious belief, disability, age, racial grounds, sexual orientation or any other area which could give rise to discrimination.

Sustainable business

As a growing, fast-paced business, we understand the need to minimise our impact on the environment, which we continually review and strive to improve by working with employees, customers and suppliers. Our Environmental Social Governance team, made up of volunteers from across the business, are passionate about driving positive change and making a difference in the local communities we serve. The ESG team supports the development of Civica's environmental policy and helps turn our great ideas into action.

Through effective use of technology, we help customers opt for more sustainable choices too, for example digital meeting apps to remove paper and supporting agile working at customer sites.

Directors' Report and Strategic Report *(continued)*

Key performance indicators

Management use various key performance indicators (KPIs) to routinely monitor the company's performance and development. Those KPIs include:

- Turnover;
- Gross profit;
- Operating profit before amortisation and exceptional charges;
- Operating profit before depreciation, amortisation, exceptional charges and Project Centum costs (EBITDAE), as disclosed in the Profit and Loss Account and note 3 to the financial statements;

These KPIs for the year ended 30 September 2021 and for the previous 2 financial years were:

		Year ended 30 September 2021	Year ended 30 September 2020	Year ended 30 September 2019
Turnover	£000	302,247	282,012	263,498
Gross profit	£000	252,985	230,714	217,596
%		83.7%	81.8%	82.6%
Operating profit before amortisation and exceptional charges	£000	76,185	63,013	53,143
%		25.2%	22.3%	20.2%
EBITDAE	£000	82,246	68,535	59,904
%		27.2%	24.3%	22.7%

The business also monitors a series of non-financial KPIs that underpin our approach to driving the business forward. These include net promoter score (customer and employee) and customer satisfaction metrics. There are also a number of operational performance indicators that are tracked within the business to ensure that the operations of the group are monitored and managed effectively, with action plans to drive continuous improvement.

Environmental policy

Civica is aware that operating its business has a potential impact on the environment. We believe that it is important to work with our customers, suppliers, partners and employees to follow sound sustainability practices to prevent pollution, reduce the negative and enhance the positive environmental and social impacts of its business activities.

To this end, Civica is committed to the following goals:

1. To identify and understand the direct and indirect impact Civica's facilities, operations, business practices, products and services may have on the environment in line with Civica's context. To operate our business in a manner that is sensitive to the needs and concerns of all stakeholders and the surrounding environment.
2. To use where practical the latest technology to develop sound environmentally conscious means of providing our products and services.
3. To consider environmental issues in our decision making, whilst recognising that business concerns might affect the course of action.
4. To minimise the creation of waste and pollution in our operations and business activities. We will dispose of waste conscientiously and creatively by encouraging a "reduce/reuse/recycle" culture.

Directors' Report and Strategic Report *(continued)*

Environmental policy *(continued)*

5. To educate and train our employees in the use of environmentally conscious practices, recognising that no matter what their roles are, they are also responsible for protecting the environment.
6. To increase employee contribution to environmental initiatives.
7. To ensure compliance with relevant environmental legislation, ISO 14001 and other requirements related to our operations.
8. To set and achieve environmental objectives and targets at all appropriate levels and in line with the company goals as part of an on-going programme of continuous improvement.
9. To have local, facility based, initiatives.

Streamlined Energy and Carbon Reporting (SECR)

Civica UK Limited's full SECR report is disclosed within Camelia Investment 1 Limited's annual report (10969863). Below is listed a short summary of energy consumption and annual GHG emissions for reference only. Please refer to Camelia Investment 1 Limited's SECR report for full details.

Emissions Source	GHG Scope (GHG Protocol)	Reporting Units	Year ended 30 September 2020	Year ended 30 September 2021	Y.o.Y % Change
Electricity	Scopes 2 & 3	Kilowatt hour	1,389,530	874,649	-37.1%
		Tonnes CO2e	809.99	250.64	-69.1%

Please note that the year ended 30 September 2020 company car and grey fleet energy and emission figures have been amended to move 'car allowance' figures which had been reported as company cars (Scope 1) to now report under grey fleet (Scope 3) as they relate to private car use. As a result, the Scope 2 and 3 emissions above have been restated. Civica's total energy consumption and GHG emissions footprint in the year ended 30 September 2020 remains unchanged.

Principal risks and uncertainties

The board is responsible for the Company's approach to assessing risk and accepts that in creating value for the Company, the Company must take on and accept some risk. The executive directors are responsible for implementing the board's policies on risk and control and monitoring compliance with these policies. This system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

As with all other entities providing specialist software and systems, digital solutions and managed services primarily to the public sector, the main risks and uncertainties facing the Company surround the level of public sector funding available in future periods, the risks of technological advancement and the threat of competition.

Credit risk

The Company offers standard market credit terms to customers, typically 30 days, and regularly assesses the credit risk of new and existing customers to the Company.

The Company operates predominantly in the Public Sector, where customers are seen as very low risk of default, and this is further mitigated by payment from customers being a key requirement of continuing to be licensed to use our business critical software applications.

Post Brexit

Under Civica's governance framework we consistently review risks and uncertainties and as such we monitor and assess market and legislative developments, which include Brexit. The Company is not reliant on labour or product supply from within the European Union. We benefit from a highly transferable skills base such that there is minimal impact on recruitment or resourcing. We continue to monitor the situation, to review regulatory developments and to implement appropriate action as the need arises. We remain cautious while the full, long-term implications of Brexit are unclear. For example, we consider it possible that the potential need to implement a high volume of legislative change could give rise to short-term market capacity issues across the industry. However, we believe the company is very well placed to support customers and remain committed and look forward to working with customers to mitigate any risk.

Directors' Report and Strategic Report *(continued)*

Future developments

The Company continues to increase its profile and is valued for its combination of people, technology and business process expertise. With a resilient business and well developed strategy, we believe the Company is extremely well placed as a strong and stable partner for our customers as they continue to respond to rapid and significant change.

Dividends

Dividends received in the year amounted to £nil (2020: £12,439,000).

The directors do not recommend the payment of a dividend (2020: £nil).

Directors

The directors who held office during the year were as follows:

Simon Downing
Wayne Story
Phillip Rowland (resigned 28 February 2022)
Michael Stoddard
Anthony Hughes
John Hood
Gavin Leigh
Jeffrey Hewitt
Gary Bell
Stephen Thorn
David Spicer (resigned 27 May 2022)
Martin Franks (appointed 18 January 2022)

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditor

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 Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

Auditor

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

By order of the board



Martin Franks
Director

South Bank Central
30 Stamford Street
London
SE1 9LQ

29 June 2022

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

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

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

KPMG LLP
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E14 5GL
United Kingdom

Independent auditor's report to the members of Civica UK Limited

Opinion

We have audited the financial statements of Civica UK Limited ("the Company") for the year ended 30 September 2021 which comprise the the profit and loss account and statement of other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

Independent auditor's report to the members of Civica UK Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect *(continued)*

Identifying and responding to risks of material misstatement due to fraud (continued)

- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that the Company management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates such as impairment and pension assumptions; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the members of Civica UK Limited *(continued)*

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

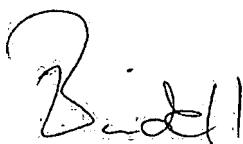
Auditor's responsibilities

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

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

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

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



Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E15 5GL

Profit and loss account
For the year ended 30 September 2021

	<i>Note</i>	2021 £000	2020 £000
Turnover	2	302,247	282,012
Cost of sales		(49,262)	(51,298)
Gross profit		252,985	230,714
Administrative expenses		(224,256)	(203,718)
Operating profit before amortisation of intangible assets and exceptional charges		76,185	63,013
Exceptional costs	3	(10,129)	(3,664)
Amortisation of intangible assets	11	(37,327)	(32,353)
Operating profit	3	28,729	26,996
Income from investment in subsidiaries	6	-	12,439
Amounts written off investments	12	-	(12,534)
Profit before interest and taxation		28,729	26,901
Interest receivable and similar income	7	75	99
Interest payable and similar expenses	8	(4,029)	(3,661)
Profit before taxation		24,775	23,339
Tax on profit on ordinary activities	9	(10,421)	(8,198)
Profit for the financial year		14,354	15,141

The notes on pages 18 to 38 form part of the financial statements.

All turnover and results are derived from continuing activities.

Statement of Other Comprehensive Income
For the year ended 30 September 2021

	<i>Note</i>	2021 £000	2020 £000
Profit for the year		14,354	15,141
Other comprehensive income			
Re-measurement of the net defined benefit liability	<i>19</i>	1,328	(974)
Deferred tax on other comprehensive income	<i>9</i>	(252)	226
		<hr/>	<hr/>
Other comprehensive income/(loss) for the year, net of income tax		1,076	(748)
		<hr/>	<hr/>
Total other comprehensive income for the year		<u>15,430</u>	<u>14,393</u>

The notes on pages 18 to 38 form part of the financial statements.

Balance sheet
At 30 September 2021

	<i>Note</i>	2021 £000	2020 £000
Fixed assets			
Tangible assets	<i>10</i>	11,174	15,407
Intangible assets	<i>11</i>	249,753	216,327
Investments	<i>12</i>	102,310	105,996
		<hr/>	<hr/>
		363,237	337,730
Current assets			
Debtors (including £94,480,000 (2020: £99,821,000) due after more than one year)	<i>13</i>	204,418	216,505
Cash at bank and in hand		32,946	24,017
		<hr/>	<hr/>
		237,364	240,522
Creditors: amounts falling due within one year	<i>14</i>	(120,882)	(116,206)
		<hr/>	<hr/>
Net current assets		116,482	124,316
		<hr/>	<hr/>
Total assets less current liabilities		479,719	462,046
		<hr/> <hr/>	<hr/> <hr/>
Funded by:			
Creditors: amounts falling due after more than one year	<i>15</i>	285,670	291,616
Provisions for liabilities and charges	<i>16</i>	4,697	372
Deferred tax liability	<i>17</i>	17,224	11,868
Pension deficit	<i>19</i>	1,525	3,017
Capital and reserves			
Called up share capital	<i>20</i>	5	5
Profit and loss account		170,598	155,168
		<hr/>	<hr/>
Shareholders' funds		170,603	155,173
		<hr/>	<hr/>
		479,719	462,046
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 18 to 38 form part of the financial statements.

These financial statements were approved by the board of directors on 29 June 2022 and were signed on its behalf by:



Martin Franks
Director

Notes

(Forming part of the financial statements)

1 Accounting policies

Civica UK Limited (the “Company”) is a Company limited by shares and incorporated and domiciled in the UK.

These Company financial statements were prepared in accordance with Financial Reporting Standard 102 (September 2015) *The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”)*. The amendments to FRS 102 issued in December 2016 have been applied. The presentation currency of these financial statements is sterling, which is the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1,000, unless otherwise stated.

The Company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included;
- No separate Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of the Group headed by Camelia Investment 1 Limited (the Group) and provides business-critical software and digital solutions which are integral to the Group’s business model. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

The Group has prepared financial forecasts comprising operating profit, balance sheet and cash flows to 30 September 2023. In preparing these forecasts, the Group has considered the principal areas of uncertainty within the forecasts and the underlying assumptions, in particular those relating to market and customer risks, cost management and working capital management. Specifically, the forecasts also consider the impact of COVID-19 including the potential uncertainty of demand for the services provided by the Group; disruption in deliveries and supply chains; and delays in receiving cash from customers. The Group continues to take actions as necessary to reduce the impact and has instituted measures to reduce costs and preserve cash.

The Group forecasts have been stress-tested to consider the sensitivity to severe but plausible downside scenarios, including the following potential circumstances: decrease in expected revenue by 6%, which is assessed with reference to unsecured revenue and pipeline data, which would result in a total decrease of EBITDA by 25% ignoring any cost savings, decrease in cash conversion by 10%, and LIBOR increasing by 1%. In assessing this sensitivity on revenues, the Group has had regard to its order book and the amount of revenues in the forecast which are already subject to contract, but the forecasts are nonetheless contingent on the Group attracting new customers and retaining existing ones. The ability to do this has been demonstrated historically, including during the COVID-19 pandemic. The downside scenarios are considered before any potential costs mitigations which are in the Group’s control.

The Group has significant liquidity available. The Group’s forecasts indicate that even in the severe but plausible downside scenarios it would have sufficient funds to operate within the financial covenants on its loan facilities and to continue to meet its liabilities as they fall due for payment for the forecast period. This includes the availability of the revolving credit facility under existing banking agreements, of which £62.0m was available at year end.

Consequently, the directors have prepared the financial statements for the year ended 30 September 2021 on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

1.3 Basis of consolidation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

1.4 Turnover

Turnover comprises the value of sales of licences, support, hosting, maintenance and training services, consulting contracts, hardware and managed services.

Revenue from the sale of initial licence fees is recognised at the point an irrevocable commitment to use the software is received from the customer. Revenue from the provision of annual licence fees, support, hosting and maintenance is recognised over the period to which the contracted service relates. Revenue from the provision of training and consultancy services is recognised when the services have been performed. Hardware sales are recognised on delivery. Hardware maintenance revenues are recognised evenly over the period to which they relate. Revenue from the delivery of managed services contracts is recognised over the life of the contract on a long term contract accounting basis.

The excess of amounts invoiced over revenue recognised is recorded as deferred income.

1.5 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.6 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences are not provided for differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.7 Foreign currency

Transactions in foreign currencies are translated to the companies' functional currency 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. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.8 Business Combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity. At the acquisition date, the Company recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102. The Company elected not to restate business combinations that took place prior to the transition date. In respect of acquisitions prior to that date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Notes (continued)

1 Accounting policies (continued)

1.9 Intangibles and non-current assets

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill arises on the transfer of trade and assets from fellow subsidiaries, and relates to anticipated future growth opportunities and synergies, including the value of the workforce.

Research and development

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

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

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are 3 years for capitalised development costs and 10 years for customer relationships.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 to 20 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.10 Investments

Investments in subsidiaries are held at cost less impairment.

1.11 Tangible fixed assets

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.5 above.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Notes (continued)

1 Accounting policies (continued)

1.11 Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 50 years
- leasehold property 3 to 10 years
- computer equipment and fixtures and fittings 3 to 7 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.12 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable provisions. Trade and other creditors are recognised at transaction price. Subsequent to initial recognition they are measured at cost, less provisions according to any perceived risks. Amounts recoverable on contracts represent accrued income balances that have not currently been billed to customers.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised at the value of future payments. An assessment of the value of interest bearing borrowings has been undertaken as at the year end, and their fair value approximates their book value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.13 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

Notes (continued)

1 Accounting policies (continued)

1.13 Impairment excluding deferred tax assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

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 only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Employee benefits

Defined contribution pension plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.15 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes *(continued)*

2 Analysis of turnover

	2021 £000	2020 £000
Sale of goods	70,353	75,954
Rendering of services	231,894	206,058
	302,247	282,012
	302,247	282,012

Substantially all the Company's turnover arises from trade within the United Kingdom. In the opinion of the directors, all turnover is generated from a single trading activity, the supply of IT software and associated services.

3 Expenses and auditor's remuneration

	2021 £000	2020 £000
Included in profit/loss are the following;		
Depreciation and other amounts written off owned tangible fixed assets	3,947	3,771
Amortisation	37,327	32,353
Exceptional costs – included in administrative expenses	10,129	3,664
Project Centum – included in administrative expenses	2,114	1,751
Amounts charged under operating leases	5,097	5,343
	108,614	77,682
	108,614	77,682

During the year the Company incurred exceptional costs of which £6,039,000 (2020: £3,329,000) related to the strategic reorganisation of its operations and property portfolio, £nil (2020: £250,000) salary costs for furloughed employees, £83,000 (2020: £85,000) of aborted acquisition costs and £5,505,000 (2020: £nil) of sales preparation costs. The Company incurred exceptional income of which £1,655,000 (2020: £nil) related to profit on disposal on the sale of freehold property. The net profit on disposal included in exceptional costs amounted to £1,498,000 (2020: £nil).

During the year, the Company continued the secondary phase of Project Centum to build a stronger platform for growth. Costs incurred by Civica UK Limited during 2021 were £2,114,000 (2020: £1,751,000). These costs are not core to the operations of the Company's activities and separate disclosure allows users of the accounts to better understand the underlying trading performance and to create a better comparative for future trading periods.

	2021 £000	2020 £000
Auditor remuneration		
Fees payable for the audit of the Company's financial statements	171	160
Taxation and other services	-	14
	171	174
	171	174

Notes *(continued)*

4 Emoluments of directors

The emoluments of the directors for the period in which they served in such a capacity are stated below:

	2021	2020
	£000	£000
Aggregate emoluments	2,865	2,774
Pension contributions – defined contribution schemes	26	11
	2,891	2,785
	2,891	2,785
 <i>In respect of the highest paid director:</i>		
Emoluments	517	572
	517	572
	517	572
 Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	1	1
	1	1
	1	1

5 Staff numbers and costs

The average number of people employed by the Company during the year was 2,820 (2020: 2,685).

The aggregate payroll costs of these people were as follows:

	2021	2020
	£000	£000
Wages and salaries	124,736	113,449
Social security costs	12,862	11,475
Other pension costs	7,339	7,047
	144,937	131,971
	144,937	131,971

6 Income from investment in subsidiaries

	2021	2020
	£000	£000
Dividend income received	-	12,439
	-	12,439
	-	12,439

During the prior year, the company received dividends from wholly-owned subsidiaries as part of a corporate simplification exercise.

Notes (continued)

7 Interest receivable

	2021 £000	2020 £000
Bank and other interest receivable	75	69
Interest receivable from group undertakings	-	5
Exchange differences on intercompany loans	-	25
	75	99
	75	99

8 Interest payable and similar expenses

	2021 £000	2020 £000
Net interest expense on net defined benefit liabilities (see note 19)	43	31
Interest payable to group undertakings	3,947	3,630
Exchange differences on intercompany loans	39	-
	4,029	3,661
	4,029	3,661

9 Taxation

	2021		2020		
	£000	£000	£000	£000	£000
<i>Current tax</i>					
Corporation tax on income for the period	9,422		8,777		
Corporation tax adjustment in respect of prior periods	(84)		(278)		
	9,338		8,499		
Total current tax		9,338		8,499	
<i>Deferred tax (see note 17)</i>					
Origination and reversal of timing differences	(1,606)		(1,811)		
Deferred tax change in rate	3,058		1,249		
Adjustments in respect of previous periods	(117)		35		
	1,335		(527)		
Total deferred tax		1,335		(527)	
Total tax		10,673		7,972	

	2021			2020		
	Current tax £000	Deferred tax £000	Total tax £000	Current tax £000	Deferred tax £000	Total tax £000
Recognised in Profit and loss account	9,338	1,083	10,421	8,499	(301)	8,198
Recognised in other comprehensive income	-	252	252	-	(226)	(226)
	9,338	1,335	10,673	8,499	(527)	7,972
Total tax	9,338	1,335	10,673	8,499	(527)	7,972

Notes (continued)

9 Taxation (continued)

Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit for the year	14,354	15,141
Total tax expense recognised in profit and loss	(10,421)	(8,198)
	<hr/>	<hr/>
Profit excluding taxation	24,775	23,339
Tax using the UK corporation tax rate of 19% (2020: 19%)	(4,707)	(4,434)
Non-taxable income/(expense)	(75)	(97)
Goodwill amortisation not deductible for tax purposes	(3,164)	(2,670)
Losses previously recognised now written off	(571)	-
Losses not previously recognised now utilised	164	-
Income not subject to tax	-	2,363
Other timings differences	121	277
Amounts written off investments not subject to tax	-	(2,381)
Corporation tax adjustment in respect of previous periods	84	278
Deferred tax adjustment in respect of previous periods	117	(35)
Deferred tax change of rate	(2,520)	(1,499)
Corporation tax not provided	130	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	(10,421)	(8,198)

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £1,159,651.

10 Tangible fixed assets

	Freehold property £000	Leasehold property £000	Plant and equipment £000	Total £000
Cost				
At beginning of year	10,816	4,806	25,549	41,171
Additions	433	14	4,170	4,617
Acquired	-	12	113	125
Disposals	(5,382)	(1,644)	(2,734)	(9,760)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	5,867	3,188	27,098	36,153
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	1,475	3,476	20,813	25,764
Charge for the year	148	599	3,200	3,947
Eliminated on disposals	(551)	(1,527)	(2,654)	(4,732)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,072	2,548	21,359	24,979
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 September 2021	4,795	640	5,739	11,174
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2020	9,341	1,330	4,736	15,407
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Intangible assets

	Note	Customer Relationships £000	Software £000	Goodwill £000	Capitalised Development £000	Total £000
<i>Cost</i>						
At beginning of the year		99,257	13,832	215,903	67,237	396,229
Additions		-	2,722	8,589	5,345	16,655
Acquired			26	-	1,257	1,283
Reclassified from investments	12	19,370	-	31,930	1,514	52,814
At end of the year		118,627	16,580	256,422	75,353	466,981
<i>Amortisation</i>						
At beginning of the year		26,590	10,686	84,021	58,605	179,902
Charge for the year		11,443	2,600	17,408	5,876	37,327
At end of the year		38,033	13,286	101,429	64,481	217,229
<i>Net book value</i>						
At 30 September 2021		80,594	3,294	154,993	10,872	249,753
At 30 September 2020		72,667	3,146	131,882	8,632	216,327

Amortisation charge

The amortisation charge is recognised in the administrative expenses line in the profit and loss account.

12 Investments in subsidiary companies

	£000
Balance at the start of the year	105,996
Additions in the year	49,128
Reclassification to intangible assets (see note 11)	(52,814)
Balance at the end of the year	102,310

The additions in the year relate to:

- The purchase of the entire issued share capital of:
 - Parago Software Limited and its subsidiary Parago Software Inc for consideration of £5,468,000 including costs.
 - Agylia Group Limited and subsidiary Agylia Care Limited for consideration of £13,955,000 including costs.
 - Civica HR Solutions Limited (formerly Equiniti HR Solutions Limited) for consideration of £13,711,000 including costs.
 - Ntropy Data, Inc for consideration of £2,945,000 including costs.
 - Thelma EU Limited for consideration of £12,079,000 including costs.
 - Calibrand Limited and subsidiary Caliquial Limited for consideration of £1,191,000 including costs.
- Adjustment to consideration and costs on acquisitions in the prior year amounting to (£221,000).

Notes (continued)

12 Investments in subsidiary companies (continued)

During the year, the trade and assets of the following wholly owned subsidiaries were hived up into Civica UK Limited at their respective book values, which were equal to fair values, and customer relationships were recognised at fair value in accordance with FRS102.

Subsidiary	Date of hive up
Chameleon Information Management Services Limited	31 January 2021
Flex Software Limited	31 January 2021
Parago Software Limited	31 May 2021
Civica HR Solutions Limited (formerly Equiniti HR Solutions Limited)	28 February 2021
Calibrand Limited	30 June 2021
Caliquial Limited	30 June 2021
Agylia Group Limited	31 July 2021
Agylia Care Limited	31 July 2021

The cost of the Company's investment in the subsidiaries reflected the underlying fair value of their net assets, goodwill and customer relationships at the time of hive up. As a result of this transfer, the value of the Company's investments in these subsidiaries fell below the amount at which they were stated in the Company's accounting records.

As the directors consider that, as there has been no overall loss to the Company, that diminution to the investments has been included in the purchase accounting for the trade and assets of the subsidiaries, so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets, goodwill and customer relationships. The effect of this is to recognise goodwill of £35,130,000, customer relationships of £19,370,000 and decrease the carrying value of investments by an equivalent amount.

Details of Civica UK Limited's subsidiaries at 30 September 2021 are given below:

Company	Country of incorporation	Principal activities	Class and % of shares held
<i>Active companies:</i>			
Asidua Holdings Limited	Northern Ireland	Holding company	Ordinary 100%
Civica NI Limited *	Northern Ireland	Trading **	Ordinary 100%
Civica Ireland Limited *	Republic of Ireland	Trading **	Ordinary 100%
Civica Resource Private Limited	India	Trading **	Ordinary 100%
Civica Election Services Limited	United Kingdom	Trading **	Ordinary 100%
Shaw & Sons Limited *	United Kingdom	Trading **	Ordinary 100%
Chameleon Information Management Services Limited	United Kingdom	Trading **	Ordinary 100%
Flex Software Limited *	United Kingdom	Trading **	Ordinary 100%
Parago Software Limited #	United Kingdom	Trading **	Ordinary 100%
Parago Software Inc * #	United Kingdom	Trading **	Ordinary 100%
Civica HR Solutions Limited (formerly Equiniti HR Solutions Limited) #	United Kingdom	Trading **	Ordinary 100%
Agylia Group Limited #	United Kingdom	Trading **	Ordinary 100%
Agylia Care Limited * #	United Kingdom	Trading **	Ordinary 100%
Thelma-EU Limited #	United Kingdom	Trading **	Ordinary 100%
Calibrand Limited #	United Kingdom	Trading **	Ordinary 100%
Caliquial Limited **	United Kingdom	Trading **	Ordinary 100%
Ntropy Data, Inc #	USA	Trading **	Ordinary 100%
<i>Dormant companies:</i>			
Alahar Limited	United Kingdom	Inactive	Ordinary 100%
Norwel Computer Services Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Financial Systems Limited	United Kingdom	Inactive	Ordinary 100%
Asidua (GB) Limited *	Northern Ireland	Inactive	Ordinary 100%
IPL Group Limited	United Kingdom	Inactive	Ordinary 100%
IPL Information Processing Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Consultancy Services Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Holdings Limited *	United Kingdom	Inactive	Ordinary 100%
IPL Type B Limited *	United Kingdom	Inactive	Ordinary 100%

Notes (continued)

12 Investments in subsidiary companies (continued)

Company	Country of incorporation	Principal activities	Class and % of shares held
<i>Dormant companies (continued):</i>			
IPL Software Products Limited *	United Kingdom	Inactive	Ordinary 100%
WTG Technologies Group Limited	United Kingdom	Inactive	Ordinary 100%
WTG Technologies Limited *	United Kingdom	Inactive	Ordinary 100%
SFW Limited	United Kingdom	Inactive	Ordinary 100%
Visionware EBT Trustee Limited *	Scotland	Inactive	Ordinary 100%
iCasework Inc *	USA	Inactive	Ordinary 100%
Carval Computing Limited	United Kingdom	Inactive	Ordinary 100%
iCasework Holding Limited	United Kingdom	Inactive	Ordinary 100%
Shaw & Sons (Holdings) Limited *	United Kingdom	Inactive	Ordinary 100%
Shaw & Sons Group Limited *	United Kingdom	Inactive	Ordinary 100%
Electoral Services Limited *	United Kingdom	Inactive	Ordinary 100%
Electoral Reform (Market Research) Limited *	United Kingdom	Inactive	Ordinary 100%
The Election Centre Limited *	United Kingdom	Inactive	Ordinary 100%
Warwick IC Systems Limited *	United Kingdom	Inactive	Ordinary 100%
OneStep Solutions (Resources) Limited	United Kingdom	Inactive	Ordinary 100%
OneStep Solutions LLP *	United Kingdom	Inactive	100%
Nationwide Retail Systems Limited	United Kingdom	Inactive	Ordinary 100%
Visionware Limited	Scotland	Inactive	Ordinary 100%
iCasework Limited *	United Kingdom	Inactive	Ordinary 100%
Membership Engagement Services Limited *	United Kingdom	Inactive	Ordinary 100%
Xpress Software Solutions Limited *	United Kingdom	Inactive	Ordinary 100%
Modern Mindset Limited *	United Kingdom	Inactive	Ordinary 100%
Trac Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Zedcore Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Transend Solutions Limited *	United Kingdom	Inactive	Ordinary 100%
Warwick International Computing Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Fretwell-Downing Hospitality Holdings Limited	United Kingdom	Inactive	Ordinary 100%
Fretwell-Downing Hospitality Limited *	United Kingdom	Inactive	Ordinary 100%
Tecsys Limited *	United Kingdom	Inactive	Ordinary 100%
Calibrand (Ireland) Limited *	Ireland	Inactive	Ordinary 100%
Agylia Limited *	United Kingdom	Inactive	Ordinary 100%
Agilia Limited *	United Kingdom	Inactive	Ordinary 100%
Content Master Limited *	United Kingdom	Inactive	Ordinary 100%
Content Masters Limited *	United Kingdom	Inactive	Ordinary 100%
CM Luminosity Limited *	United Kingdom	Inactive	Ordinary 100%
Content Master Inc *	USA	Inactive	Ordinary 100%

Investments in joint ventures at the year-end are as follows:

Company	Country of incorporation	Principal activities	Class and % of shares held
Medical Broking Company Limited *	United Kingdom	Trading **	Ordinary 50%

* Interests held indirectly

** All trading companies' principal activities are in line with those of the Group, being the provision of business-critical software and digital solutions, primarily to the public sector and regulated markets.

Entity acquired in the year ended 30 September 2021.

Registered office addresses

United Kingdom: South Bank Central, 30 Stamford Street, London, SE1 9LQ.

Northern Ireland: 10 Weavers Court, Belfast, BT12 5GH.

Civica Ireland Limited: 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2

India: Notus Pride (1st Floor), Sarabhai Campus, Bhailal Amin Marg, Vadodara - 390007, India.

Calibrand (Ireland) Limited: FDW House, Blackthorn Business Park, Coes Road, Dundalk, Co. Lough

Scotland: 105 West George Street, Glasgow, Strathclyde, G2 1PB.

Registered number: 1628868

Notes (continued)

13 Debtors

	2021 £000	2020 £000
Trade debtors	34,290	34,069
Amounts owed by group undertakings	94,480	99,821
Corporation tax	488	-
Prepayments and accrued income	75,160	82,615
	<u>204,418</u>	<u>216,505</u>

Debtors include amounts owed by group undertakings of £94,480,000 (2020: £99,821,000) due after more than one year. Recoverability of this debtor is reviewed annually and the intention of the Company not to recall it within less than one year is communicated to the relevant group undertaking. No interest is accrued, and the fair value is not materially different to the book value.

14 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	9,572	10,033
Corporation tax	-	3,005
Other taxation and social security	10,260	11,467
Accruals	13,967	21,930
Contingent consideration	375	-
Deferred income	86,708	69,771
	<u>120,882</u>	<u>116,206</u>

15 Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Amounts owed to group undertakings	<u>285,670</u>	<u>291,616</u>

16 Provisions for liabilities and charges

	Property Provisions £000	Total Provisions £000
At beginning of the year	372	372
Created during the year	5,668	5,668
Utilised/released during the year	(1,343)	(1,343)
At end of the year	<u>4,697</u>	<u>4,697</u>

Property provisions relate to dilapidation and onerous lease provisions. Additional provisions were recognised during the year as a result of the company's strategic reorganisation of its property portfolio. These are utilised as costs are incurred.

Notes (continued)

17 Deferred taxation

Deferred tax asset and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Employee benefits	363	570	-	-	363	570
Accelerated capital allowances	2,975	2,446	-	-	2,975	2,446
Arising on business combinations	-	-	(21,153)	(15,330)	(21,153)	(15,330)
Other	591	446	-	-	591	446
	<u>3,929</u>	<u>3,462</u>	<u>(21,153)</u>	<u>(15,330)</u>	<u>(17,224)</u>	<u>(11,868)</u>

The amount of the net reversal of deferred tax liabilities expected to occur next year is £3,459,000 (2020: £2,913,000), relating to the reversal of existing timing differences on intangible fixed assets, and a net reversal of deferred tax assets of £550,000 (2020: £nil) relating to the reversal of timing differences on tangible fixed assets and pension liabilities.

18 Acquisitions

During the year, the trade and assets of the following wholly owned subsidiaries were hived up into Civica UK Limited at their respective book values, which were equal to fair values, and customer relationships were recognised at fair value in accordance with FRS 102. Consideration equal to the book value was recognised as a transaction in the respective inter-company accounts, unless otherwise stated.

The expected useful life of goodwill and other intangible assets stemming from these acquisitions is 10 years.

The effects of each acquisition on the Company's assets and liabilities are as follows:

Chameleon Information Management Services Limited and its subsidiary Flex Software Limited (31 January 2021)

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Tangible fixed assets	120	-	120
Intangible assets	-	5,207	5,207
Trade and other debtors	803	-	803
Cash	408	-	408
Trade and other creditors	(6,441)	-	(6,441)
Deferred tax liability	189	(989)	(800)
	<u>(4,921)</u>	<u>4,218</u>	<u>(703)</u>

Consideration equal to the fair value of assets acquired was paid for the trade and assets of Chameleon Information Management Services Limited, and recognised as a transaction in the inter-company account.

The business contributed £3,942,000 to the Company's revenue for the year. Overheads were subsumed into other operations following hive up and therefore net profit is not reported separately.

Notes *(continued)*

18 Acquisitions *(continued)*

Parago Software Limited (31 May 2021)

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Tangible fixed assets	12	-	12
Intangible assets	-	1,899	1,899
Trade and other debtors	341	-	341
Cash	652	-	652
Trade and other creditors	(1,302)	-	(1,302)
Deferred tax liability	(11)	(475)	(486)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	(308)	1,424	1,116
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The business contributed £699,000 to the Company's revenue for the year. Overheads were subsumed into other operations following hive up and therefore net profit is not reported separately.

Civica HR Solutions Limited (formerly Equiniti HR Solutions Limited) (28 February 2021)

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Intangible assets	-	7,177	7,177
Trade and other debtors	1,980	-	1,980
Trade and other creditors	(1,427)	-	(1,427)
Deferred tax liability	-	(1,257)	(1,257)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	553	5,920	6,473
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The businesses contributed £2,998,000 to the Company's revenue for the year. Overheads were subsumed into other operations following hive up and therefore net profit is not reported separately.

Calibrand Limited and its subsidiary Caliquial Limited (30 June 2021)

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Tangible fixed assets	1	-	1
Intangible assets	-	167	167
Trade and other debtors	127	-	127
Cash	111	-	111
Trade and other creditors	(201)	-	(201)
Deferred tax liability	-	(42)	(42)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	38	125	163
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The business contributed £99,000 to the Company's revenue for the year. Overheads were subsumed into other operations following hive up and therefore net profit is not reported separately.

Notes (continued)

18 Acquisitions (continued)

Agylia Group Limited and its subsidiary Agylia Care Limited (31 July 2021)

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Tangible fixed assets	18	-	18
Intangible assets	1,256	4,844	6,100
Trade and other debtors	415	-	415
Cash	1,887	-	1,887
Trade and other creditors	(743)	-	(743)
Deferred tax liability	126	(1,211)	(1,085)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	2,959	3,633	6,592
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The business contributed £237,000 to the Company's revenue for the year. Overheads were subsumed into other operations following hive up and therefore net profit is not reported separately.

19 Employee benefits

Defined benefit plans

The Company operates a defined benefit scheme, the Radius Group Pension Scheme ("the Radius Scheme"), and is a participating employer in two other defined benefit pension schemes, The Sanderson Group Retirement Benefit Scheme ("the Group Scheme") and The Pension and Life Assurance Plan of Sanderson Systems Limited ("the Systems Scheme").

Radius Scheme

The Radius Scheme is a self-administered pension scheme which provides retirement benefits to current and former employees. Prior to 1 October 2001, the scheme provided benefits on both a defined contribution and defined benefit basis. The defined benefit section was closed to members, with the exception of long service staff in January 1995. With effect from 1 October 2001 all future benefits for all staff have accrued on a defined contribution basis. The scheme is closed to new members, but certain employees continue to have deferred benefits accrued.

The latest actuarial valuation was at 5 April 2021.

Group Scheme and Systems Scheme

The Group Scheme and Systems Scheme are sectionalised, and the assets and liabilities attributable to the Company are ring-fenced. The Company has no accountability for the other participating employers' assets and liabilities.

The employers are required to make contributions at a level that is set to make good any past service deficit, as the schemes are both closed to new members and future accrual. The funding arrangements have been agreed as a fixed percentage.

The latest actuarial valuation of the Group Scheme was at 31 March 2020, and the Systems Scheme was at 31 October 2020.

The Company includes the assets and liabilities of these arrangements in the balance sheet. Current service costs, curtailment and settlement gains and losses, and net interest on the net defined benefit liability are included in the profit and loss account in the period to which they relate. Actuarial gains and losses are recognised in other comprehensive income. The information disclosed below is in respect of the whole of the three plans of the Company.

Net pension liability

	2021 £000	2020 £000
Defined benefit obligation	(27,518)	(28,909)
Plan assets	25,993	25,892
	<hr/>	<hr/>
Net pension liability	(1,525)	(3,017)
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

19 Employee benefits *(continued)*

Movements in present value of defined benefit obligation

	2021 £000	2020 £000
At 1 October	(28,909)	(28,763)
Service cost	-	-
Interest expense	(471)	(520)
Remeasurement: actuarial gains/(losses)	1,043	(841)
Benefits paid	819	1,215
	(27,518)	(28,909)
At 30 September	(27,518)	(28,909)

Movements in fair value of plan assets

	2021 £000	2020 £000
At 1 October	25,892	26,608
Interest income	428	489
Remeasurement: return on plan assets less interest income	285	(133)
Administrative expenses	(19)	(28)
Contributions by employer	226	175
Benefits paid	(819)	(1,215)
	25,993	25,892
At 30 September	25,993	25,892

Expense recognised in the profit and loss account

	2021 £000	2020 £000
Net interest on net defined benefit liability	(43)	(31)
Administrative expenses	(19)	(28)
	(62)	(59)
Total expense recognised in profit or loss	(62)	(59)

The total recognised in the statement of other comprehensive income are remeasurement gain of £1,328,000 (2020: loss £974,000).

The fair value of the plan assets and the return on those assets were as follows:

	2021 Fair value £000	2020 Fair value £000
Equities	7,317	8,255
Fixed income bonds	11,637	9,008
Group pension contract	-	2,031
Cash	840	160
Property	283	-
Guaranteed annuity rates	4,263	5,179
Other	1,653	1,259
	25,993	25,892
	25,993	25,892
Actual return on plan assets	285	(133)

Notes (continued)

19 Employee benefits (continued)

Principal actuarial assumptions at the year-end and the range of values (expressed as weighted averages) applied to the schemes were as follows:

	2021 %	2020 %
Discount rate	1.9 – 2.0	1.6 – 1.8
Inflation rate (RPI)	3.4 – 3.8	3.0 – 3.2
Future pension increases	3.1 – 5.0	2.5 – 5.0

In valuing the liabilities of the pension funds at 30 September 2021, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.1 years (male), 23.9 to 24.6 years (female).
- Future retiree upon reaching 65: 23.4 years (male), 25.4 to 26.1 years (female).

GMP equalisation

On 26 October 2018, the High Court issued a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes, including the three that Civica Group operates or participates in. The Company provided £838,000 in the year ended 30 September 2019 for the potential additional liabilities relating to the Group's schemes.

On 20 November 2020, the High Court handed down a further judgement on the Guaranteed Minimum Pension (GMP) equalisation case in relation to the Lloyds banking group pension schemes. This latest judgement confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The schemes have experienced a small number of historical transfers out which will be subject to adjustment as a result of this second ruling. At this stage the trustees are not yet in a position to obtain a reliable estimate of the impact of the backdated benefits and related interest. Therefore no provision has been made within these financial statements. A provision will be recognised as a past service cost within the financial statements when a reliable estimate is able to be produced.

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £7,339,000 (2020: £7,047,000).

20 Called up share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
5,000 ordinary shares of £1 each	5,000	5,000

Notes (continued)

21 Contingent liabilities and commitments

The Company has entered into cross guarantee arrangements with certain of its parent companies, and other group subsidiaries to guarantee the bank facilities of the group headed by Camelia Investment 1 Limited. Bank facilities are secured by fixed and floating charges over the Company's property, assets and undertakings. At the balance sheet date the total outstanding in relation to these arrangements amounted to £692,014,000 (2020: 678,502,000).

Non-cancellable operating lease rentals are payable as follows:

	2021 £000	2020 £000
Within one year	3,868	4,326
Between one and five years	11,358	13,523
After five years	7,020	14,601
	22,246	32,450

22 Intermediate and ultimate parent company

The Company's immediate parent company is Civica Holdings Limited. The Company's ultimate parent company at the balance sheet date is Camelia Investment 1 Limited. Both companies are incorporated in the United Kingdom, and their registered office is South Bank Central, 30 Stamford Street, London, SE1 9LQ.

The smallest and largest group in which the results of the Company were consolidated was that headed by Camelia Investment 1 Limited. The consolidated accounts of this company are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

23 Related parties

The Company has taken advantage of the exemptions available in FRS 102 not to disclose related party transactions with wholly owned subsidiaries of the Group headed by Camelia Investment 1 Limited. There are no transactions with any other related parties.

24 Subsequent event

We continue to strengthen our capability and expand our addressable market through our successful M&A programme which is underpinned by established processes. Subsequent to the balance sheet date, the Company has acquired the entire share capital of:

Malinko Health & Care Technologies Limited, a company incorporated in the United Kingdom. The business provides e-scheduling software to the health and care sector, with annual turnover of approximately £2.3m.

Point Progress Limited, a company incorporated in the United Kingdom. The business provides carbon-focused expenses management software, with annual turnover of approximately £0.8m.

We continue to deliver our strategy to focus on software. Subsequent to the balance sheet date, the Company has divested its remaining Licencing and Cloud and Software Lifecycle (LCSL) activity in the UK, as this no longer supports the company's software focused growth strategy.

Notes (continued)

25 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgements that affect the reported values of assets and liabilities, profits and losses, and associated disclosures. Estimates and judgements are continually evaluated based on historical experience and other factors such as expected future events. Actual values may differ to management estimates, and those estimates may be revised in the future either positively or negatively depending upon actual outcomes or changes in expectations.

Key assumptions and other sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year are as follows:

Pension assumptions

The Company makes assumptions regarding variables used in calculating the defined benefit pension scheme valuations and disclosures. These assumptions are made in conjunction with advice from independent actuaries, and are disclosed in note 19.

Revenue recognition

Accounting judgements are applied to recognition of revenue, in particular the 'unbundling' of different elements of certain multi-element contracts and selection of the most appropriate revenue model where contracts are long term in nature.

In both of these cases a range of acceptable outcomes are possible. Therefore, it is important that the approach and methodologies adopted are appropriate and consistently applied.

Recoverability of debtors

Debtors are stated in the balance sheet at their nominal value less any appropriate provision for irrecoverable amounts. In determining whether provision is required against any debtors, the Directors are required to make a judgement regarding the overall recoverability of the debtor. In exercising this judgement, consideration is given to both the overall economic environment in which a debtor operates as well as specific indicators that the recovery of the nominal balance may be in doubt.

Calculating the appropriate level of provision against debtors involves a key source of estimation uncertainty, namely estimating the quantum of balances irrecoverable.

Fair values

Fair values of identifiable intangible assets recognised in business combinations relate to customer contracts and relationships at the date of each acquisition, as disclosed in note 18.

The key assumptions to calculate the fair values are the existence and value of contacts/customer relationships, rates of customer attrition, and the weighted average cost of capital.

Goodwill impairment

The company assesses the carrying value of goodwill on an annual basis for any indications of impairment, with the key assumptions being the future profit and cash generating ability of the underlining asset. The directors are satisfied that no impairment provision is required.