Risk	Mitigation
Retention of key employees Legislative software is complex and requires in-depth knowledge of both the legislation and software development, to build and deploy the solutions. Retention of key employees is therefore important to ensure the business is able to continue to deliver great software to customers. M	We have an increased focus on employee satisfaction and continuing development, linking to the strategy of #1RIS. This includes identification of Top Talent across the business and personalised development plans. We also include cross training across multiple products to remove any single points of failure.

Future Outlook

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

We will continue to evolve our product offering, ensuring that we continue to respond to customers' needs and changing legislation. IRIS recognises there is an ever-growing demand for cloud-based solutions and IRIS will continue to work to meet this demand, building on the progress made during the financial year. During the year IRIS accelerated investment in Elements, incorporating Senta, which was acquired in January 2021. IRIS Elements was formally launched to customers – virtually - in May 2021. Our acquisition of Staffology will allow us to provide a next generation payroll solution.

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

The Directors would like to express their personal thanks to everyone who has played their part in an extraordinarily challenging year. A big thank you to all IRIS employees for their excellent service to all IRIS customers and contribution to its results and also its customers for continuing to choose IRIS.

On behalf of the Board

Elona Mortimer-Zhika
Group CEO
25 August 2021

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' Confirmations

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

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

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

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Compliance with Walker Guidelines

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

Approved by the Board and signed on its behalf by:

Michael Cox
CFO
25 August 2021

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 April 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, employment law, UK tax legislation and Data Protection Act., and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to increasing profit by posting inappropriate journal entries to increase revenue and/or reduce expenses and applying management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing Board meeting minutes;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our audit testing;
- Identifying and testing a sample of journal entries, in particular any journal entries posted with unusual account combinations that could increase profit; and
- Assessing management estimates for any bias or inconsistency.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Gareth Murfitt

Gareth Murfitt (Senior Statutory Auditors)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
25 August 2021

Consolidated Income Statement
for the Year ended 30 April 2021

	Note	Year ended 30 April 2021 £'000	Restated Year ended 30 April 2020 £'000
Revenue	4	222,458	194,976
Cost of sales		(20,449)	(17,404)
Gross profit		**202,009**	**177,572**
Administrative expenses		(182,018)	(155,815)
Operating profit	6	**19,991**	**21,757**
Finance income	7	179	189
Finance costs	8	(161,975)	(149,172)
Loss before tax		**(141,805)**	**(127,226)**
Income tax credit / (charge)	9	7,689	(3,621)
Loss for the year		**(134,116)**	**(130,847)**
Attributable to:			
Equity holders of the parent		(134,618)	(131,289)
Non-controlling interests	33	502	442
		(134,116)	**(130,847)**

		2021 £'000	2020 £'000
Management EBITDA	34	**102,577**	**92,209**

Consolidated Statement of Comprehensive Income
for the Year ended 30 April 2021

	Note	Year ended 30 April 2021 £'000	Restated Year ended 30 April 2020 £'000
Loss for the year		**(134,116)**	**(130,847)**
Other comprehensive expense			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(336)	(153)
Items that will be reclassified to profit or loss:		**(336)**	**(153)**
Total other comprehensive expenses		**(336)**	**(153)**
Total comprehensive expense for the year		**(134,452)**	**(131,000)**
Attributable to:			
Equity holders of the parent		(134,816)	(131,475)
Non-controlling interests	33	364	475
		(134,452)	**(131,000)**

Consolidated Balance Sheet
As at 30 April 2021

	Note	2021 £'000	Restated 2020 £'000
Assets			
Non-current assets			
Intangible assets	10	1,614,110	1,555,609
Property, plant and equipment	11	7,085	9,085
Contract assets	4.1	7,674	4,844
Right-of-use assets	12	12,176	8,899
Deferred tax	18	797	839
		1,641,842	**1,579,276**
Current assets			
Inventories		75	131
Trade and other receivables	15	46,913	42,893
Corporation tax		1,085	-
Assets held for sale	13	-	2,572
Contract assets	4.1	2,857	1,621
Cash and cash equivalents	16	79,784	118,037
		130,714	**165,254**
Total assets		**1,772,556**	**1,744,530**
Current liabilities			
Trade and other payables	17	17,594	19,534
Corporation tax		631	1,596
Lease liabilities	19.4	2,586	2,090
Contract liabilities	4.1	81,954	75,927
Accruals	23	47,987	25,631
Provisions	20	1,216	251
		151,968	**125,029**
Non-current liabilities			
Borrowings	21	1,857,095	1,725,347
Trade and other payables	17	-	903
Lease liabilities	19.4	10,689	8,256
Deferred tax	18	100,792	100,113
		1,968,576	**1,834,619**
Total liabilities		**2,120,544**	**1,959,648**
Net liabilities		**(347,988)**	**(215,118)**
Equity			
Called up share capital	24	11	11
Share premium	24	1,109	995
Accumulated losses		(351,010)	(217,662)
Equity attributable to equity holders of the		**(349,890)**	**(216,656)**
Non-controlling interests	33	1,902	1,538
Total equity		**(347,988)**	**(215,118)**

The consolidated financial statements on pages 30 to 57 of Perennial Newco 2 Ltd (registered number 11370428) were approved by the Board of Directors and authorised for issue on 25 August 2021. They were signed on its behalf by:

M Cox
Director

Parent Company Balance Sheet
As at 30 April 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Investments	14	7,463	5,995
		7,463	5,995
Current assets			
Trade and other receivables	15	869,845	776,570
		869,845	776,570
Total assets		**877,308**	**782,565**
Current liabilities			
Borrowings	21	869,672	776,511
		869,672	776,511
Total liabilities		**869,672**	**776,511**
Net assets		**7,636**	**6,054**
Equity			
Called up share capital	24	11	11
Share premium	24	1,109	995
Retained earnings[1]	28	-	-
Share based payment reserve	28	6,516	5,048
Total equity		**7,636**	**6,054**

Note:
[1] The profit for the financial year dealt with in the financial statements of the Company is £nil (2020: £nil).

The financial statements on pages 30 to 57 of Perennial Newco 2 Ltd (registered number 11370428) were approved by the Board of Directors and authorised for issue on 25 August 2021. They were signed on its behalf by:

M Cox
Director

Consolidated Cash Flow Statement
for the Year ended 30 April 2021

	Note	Year ended 30 April 2021 £'000	Restated Year ended 30 April 2020 £'000
Operating activities			
Loss before tax		(141,805)	(127,226)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation and loss on disposal of property, plant and equipment		3,980	2,863
Depreciation and loss on right of use assets		1,979	1,780
Amortisation of acquired intangibles	10	51,767	47,641
Amortisation and impairment of other intangible assets	10	3,055	2,337
Share based payments	27	1,468	2,483
Finance income	7	(179)	(189)
Finance costs	8	161,975	149,172
Working capital adjustments:			
Decrease in stocks		56	38
Increase in trade and other receivables		(4,778)	(1,954)
Increase in accruals and deferred income		5,964	3,424
(Decrease) / increase in trade and other payables		(4,299)	269
Cash generated from underlying operations		**79,183**	**80,638**
Income tax paid		(2,012)	(1,924)
Net cash flows generated from operating activities		**77,171**	**78,714**
Investing activities			
Purchase of property, plant and equipment	11	(1,332)	(5,030)
Development expenditure	10	(16,713)	(6,023)
Proceeds from sale of property		2,035	-
Acquisition of subsidiaries, net of cash acquired	25	(61,100)	(167,695)
Deferred consideration		(6,134)	(7,138)
Interest received		179	189
Net cash flows used in investing activities		**(83,065)**	**(185,697)**
Financing activities			
Issue of shares		114	46
Interest paid		(32,459)	(28,085)
Net proceeds from borrowings		35,000	217,595
Sale / (purchase) of preference shares by Estera Trust (Jersey) Limited	2.29	1,326	(275)
Repayment of borrowings		(35,000)	-
Repayment of capital on lease liabilities		(1,340)	(1,111)
Net cash flows (used in) / generated from financing activities		**(32,359)**	**188,170**
Net (decrease) / increase in cash and cash equivalents		**(38,253)**	**81,187**
Cash and cash equivalents at beginning of year	16	118,037	36,850
Cash and cash equivalents at end of year		**79,784**	**118,037**

Changes in liabilities arising from Financing activities

	At 1 May 2020 £'000	Cash flow £'000	Non cash flow £'000	At 30 April 2021 £'000
Bank loans	660,000	-	-	660,000
PIK Notes	305,243	-	34,421	339,664
PIK Note interest accrual	5,137	-	595	5,732
Borrowing costs	(19,824)	-	2,400	(17,424)
Interest accrual	3,379	(32,459)	32,125	3,045
Derivative valuation	2,708	-	(1,566)	1,142
Lease liabilities	10,346	(1,340)	4,269	13,275
Preference shares	718,566	1,326	86,746	806,638
Preference share interest accrual	56,225	-	6,260	62,485
	1,741,780	**(32,473)**	**165,250**	**1,874,557**

	At 1 May 2019 £'000	Cash flow £'000	Non cash flow £'000	At 30 April 2020 £'000
Bank loans	440,000	220,000	-	660,000
PIK Notes	274,183	-	31,060	305,243
PIK Note interest accrual	4,547	-	590	5,137
Borrowing costs	(18,694)	(2,405)	1,275	(19,824)
Interest accrual	686	(28,085)	30,778	3,379
Derivative valuation	302	-	2,406	2,708
Lease liabilities	9,786	(1,111)	1,671	10,346
Preference shares	641,965	(275)	76,876	718,566
Preference share interest accrual	50,101	-	6,124	56,225
	1,402,876	**188,124**	**150,780**	**1,741,780**

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

Consolidated Statement of Changes in Equity
for the Year ended 30 April 2021

	Called up Share capital	Share Premium	Restated Accumulated losses	Restated Total Equity attributable to equity holders of the Company	Non-Controlling Interest	Restated Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 May 2019	11	949	(88,670)	(87,710)	1,063	(86,647)
(Loss) / profit for the year	-	-	(131,289)	(131,289)	442	(130,847)
Other comprehensive income	-	-	(186)	(186)	33	(153)
Total comprehensive (expense)/income for the year	**-**	**-**	**(131,475)**	**(131,475)**	**475**	**(131,000)**
Transactions with owners in their capacity as owners:						
Issue of share capital	-	46	-	46	-	46
Share based payments	-	-	2,483	2,483	-	2,483
	-	**46**	**2,483**	**2,529**	**-**	**2,529**
At 30 April 2020	**11**	**995**	**(217,662)**	**(216,656)**	**1,538**	**(215,118)**
(Loss) / profit for the year	-	-	(134,618)	(134,618)	502	(134,116)
Other comprehensive (expense)/ income	-	-	(198)	(198)	(138)	(336)
Total comprehensive (expense)/income for the year	**-**	**-**	**(134,816)**	**(134,816)**	**364**	**(134,452)**
Transactions with owners in their capacity as owners:						
Issue of share capital	-	114	-	114	-	114
Share based payments	-	-	1,468	1,468	-	1,468
	-	**114**	**1,468**	**1,582**	**-**	**1,582**
At 30 April 2021	**11**	**1,109**	**(351,010)**	**(349,890)**	**1,902**	**(347,988)**

Parent Company Statement of Changes in Equity
for the Year ended 30 April 2021

	Called up share capital	Share Premium	Retained earnings	Share based payments reserve	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 May 2019	**11**	**949**	**-**	2,565	**3,525**
Result for the year	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	2,483	2,483
Issue of share capital	-	46	-	-	46
	-	**46**	**-**	**2,483**	**2,529**
At 30 April 2020	**11**	**995**	**-**	**5,048**	**6,054**
Result for the year	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	1,468	1,468
Issue of share capital	-	114	-	-	114
	-	**114**	**-**	**1,468**	**1,582**
At 30 April 2021	**11**	**1,109**	**-**	**6,516**	**7,636**

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The consolidated and company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and The Companies Act 2006 as applicable to companies using IFRS.

The consolidated financial statements for the year ended 30 April 2021 (including comparatives) were approved and authorised for issue by the Board of Directors on 25 August 2021. Perennial Newco 2 Ltd is the Group's ultimate Parent Company.

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the year. The company reported a result for the year ended 30 April 2021 of £nil (2020: £nil).

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

Changes in accounting policies
The group previously recognised an intangible asset in relation to the configuration or customisation of third- party software. Following the IFRS IC agenda decision on the Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38) in March 2021, the group has reconsidered its accounting treatment. The group has adopted the treatment set out in the IFRS IC agenda decision whereby the group would not recognise an intangible asset because it does not control the software being configured or customised and those configuration or customisation activities do not create a resource controlled by the group that is separate from the software. This change in accounting treatment has been accounted for retrospectively and comparative information has been restated. Enterprise application software cost brought forward £5,131,630 has been written down to £0, with a corresponding increase to administration expenses in the year ended 30 April 2020.
The disclosure of a third statement of financial position as at the beginning of the preceeding period is not required as the restatement impacts 2020 financials only.

	As reported as at 30/04/2020	Write down of Enterprise application software	Taxation	Restated as at 30/04/2020
	£'000	£'000	£'000	£'000
Intangible Fixed Assets	1,560,741	(5,132)	-	1,555,609
Administration Expenses	150,683	5,132	-	155,815
Taxation	4,596	-	(975)	3,621
Retained earnings	(213,505)	(5,132)	975	(217,662)

2.2 Basis of consolidation

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

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

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

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

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

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

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

2.3 Adoption of accounting standards

The following pronouncements, issued by the IASB, which are effective for periods commencing on or after 1 January 2020, have been applied for the first time in the financial statements for the year ending 30 April 2021.

- Amendments to IFRS 3 "Definition of a Business";
- Amendments to IAS 1 and IAS 8 "Definition of Material"; and
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform".
- Revised Conceptual Framework for Financial Reporting.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

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

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

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

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

2.4 Going concern

At 30 April 2021, the Group had very strong liquidity with £80 million of cash and cash equivalents (note 16), no debt repayable until 2025 (note 19 and note 21) and a year end leverage ratio of 5.28x on the £585 million Senior loan facility versus a covenant leverage ratio of 9.6x (note 19). In addition, the Group has access to an additional Revolving Credit Facility of £40 million which remained unutilised at the year end (note 21).

In assessing going concern, management have considered the effects of the Covid-19 pandemic and its impact on recent trading results, the Group's budget for the year ended 30 April 2022, as well as on longer term forecasts and growth rates given the uncertainties in the current environment. The strong liquidity position coupled with the limited reduction of revenues caused by Covid-19 due to the recurring and highly cash generative nature of the business model, mean the Group is very stable from a profit perspective.

The group had Net cash flows generated from operating activities of £77m for the year ended 30 April 2021 and operating profit before amortisation and depreciation of £81m

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

2.5 Business combinations and goodwill

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

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

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

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

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

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

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

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

2.6 Deferred consideration

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

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

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

2.7 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

2.8 Fair value measurement

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

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

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

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

2.8 Fair value measurement (continued)

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

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

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

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

2.9 IFRS 9 Expected Credit Loss

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered.

2.10 IFRS 15 Revenue from Contracts with Customers

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

2.11 Revenue and income recognition

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

- Support and maintenance income is deferred at the date of invoicing and released to the profit and loss account overtime across the duration of the maintenance contract. The balance of maintenance income not released to the profit and loss account is carried in the balance sheet within contract liabilities. Where legislative updates are required to on-premise software in order to remain functional, the Group recognises Revenue from that software over the period of the license.
- Subscription and cloud based Software as a Service (SaaS) income are recognised overtime in the month the service is provided.
- Transactional and Payment revenue is recognised at a point in time on fulfilment of the service.
- Professional services income is recognised at a point in time in the month the services are performed. Training and implementation revenue is recognised at a point in time when delivered, or by reference to the stage of completion of the transaction at the end of the reporting period. This assessment is made by comparing the proportion of contract costs incurred to date to the total expected costs to completion.
- Managed services income is recognised overtime in the month the services are performed.
- Perpetual software licence fee income is recognised at a point in time on delivery of the licence and the issue of authorisation codes to activate the software.

When a sale involves multiple performance obligations, such as a combination of services, the performance obligations are evaluated and revenue allocated amongst these performance obligations in a manner that reflects the consideration the Group expects to be entitled to based on standalone selling prices (SSP). SSP is estimated for each distinct performance obligation. Revenue is recognised when the revenue recognition criteria for each performance obligation is met.

2.12 Cost of sales and administration expenses

Cost of sales includes items such as third-party subcontractors, customer hosting costs, transaction and credit card fees, and the cost of hardware. These also include the third-party costs of providing training and professional services to customers. All other operating expenses, including acquisition related expenses, are recorded in administrative expenses.

2.13 Preference shares

The preference shares are accounted for in accordance with IAS 38. The preference shares have a fixed repayment date and are interest bearing. The preference shares are redeemable at the option of the holder. As such the preference shares are accounted for as a financial liability and included within borrowings.

2.14 Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

2.14 Taxes (continued)

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

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

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

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

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

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

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

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

2.15 Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

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

Group companies

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

2.16 Dividend distribution

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

2.17 Intangible assets

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

Enterprise application software	5 years
Brand	10 years
Development expenditure	5 years
Intellectual property rights	10 to 12 years
Customer relationships	9 to 21 years

Research & development

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

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

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

2.18 Property, plant and equipment

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

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

2.19 The Group as lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.20 Investments

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

2.21 Impairment of assets

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

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

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

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

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

2.22 Inventories

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

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

2.23 Assets held for sale

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

2.24 Financial instruments

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

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

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

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

Trade receivables from contracts with customers

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

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered.

Cash and cash equivalents

For the purpose of preparation of the Consolidated Cash Flow Statement and the Consolidated Balance Sheet, cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of a subsidiary's cash management are included in cash and cash equivalents where they have a legal right of set-off and there is an intention to settle net, against positive cash balances, otherwise bank overdrafts are classified as borrowings.
The Group also holds client monies in respect of payroll liabilities. Neither the cash held, nor the payroll liabilities of the clients are recognised in the Groups' financial statements, as the obligation and the cash remain those of the client.

Trade payables

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

Borrowings

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

Derivative financial instruments

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

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

2.25 Borrowing costs

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

2.26 Provisions

General

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

Provisions for dilapidations

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

2.27 Post-employment benefits

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

2.28 Exceptional items

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

2.29 Share based payments

The group give senior management the opportunity to acquire shares in Perennial Newco 2 Ltd at market value. These shares, which are administered by the Estera Trust (Jersey) Limited and consolidated as part of the Group. cannot be traded and must be sold back to the Group when employment ceases. The shares are only redeemed on sale of the Group. The fair value of the shares is measured at the issue date and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period, and adjustments are recognised in profit or loss and the share-based payment reserve. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

Critical judgements in applying the Group's accounting policies

Capitalisation of development cost

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

Assets relating to contracts with customers

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

Critical Accounting Estimates and Assumptions

Acquisition accounting

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

Impairment - goodwill and other intangibles

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

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's initial expectations of EBITDA, the long-term growth rate of net operating cash flows and an appropriate discount rates to reflect the risks involved. These assumptions have been further considered in light of the Covid-19 pandemic including the impact on recent trading results, the Group's budget for the year ended 30 April 2022 as well as on longer term forecasts and growth rates given the uncertainties in the current environment.

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

Contingent Consideration

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

Fair value measurement of financial instruments

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

4 REVENUE

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

The majority of continuing operations is undertaken in the United Kingdom.

Revenue is disaggregated into groups of similar products and services that depict the nature, amount, and timing of revenue and cash flows for the Company's various offerings. The analysis of the company's turnover for the period by class of business is as follows:

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Support & Subscription	171,490	160,902
Transactional	6,062	7,802
Professional Services	11,567	10,485
Managed Services	27,647	9,408
Licence & Other	5,692	6,379
	222,458	194,976

4.1 Assets and liabilities relating to contracts with customers

Assets relating to contracts with customers represent commissions paid to employees which are amortised over a 5 year period. Contract assets increased during the year as the Group continued to pay commissions to employees, the expansion of the Group's operations following acquisitions during the year (see note 25) and the cumulative impact of the 5 year deferral period following the incorporation of the Company on 18 May 2018.

	As at 30 April 2021 £'000	As at 30 April 2020 £'000
Non-current assets relating to contracts	7,674	4,844
Current assets relating to contracts	2,857	1,621
	10,531	6,465

Contract liabilities represent revenue received up front for contracts which are recognised over 12 months. Contract liabilities increased during the year as a result of the expansion of the Group's operations following acquisitions (see note 25) and an increase in overall contract activity. Materially all of the £75,927,000 recorded as current contract liabilities at 30 April 2020 was recognised as revenue during the year.

	As at 30 April 2021 £'000	As at 30 April 2020 £'000
Contract liabilities	81,954	75,927
	81,954	75,927

5 STAFF COSTS

Employee costs (including Directors) during the year were:	Year to 30 April 2021 £'000	Year ended 30 April 2020 £'000
Wages and salaries	70,551	65,710
Social security costs	6,439	7,414
Other pension costs	1,960	2,068
	78,950	75,192

Included in the amounts above are employee cost capitalised in respect of development of software assets in the year of £16,713,000 (2020: £6,023,000)
The Company had no employees (2020: none).
The average monthly number of employees (including Directors) of the Group during the period was as follows:

	Year to 30 April 2021 Number	Year ended 30 April 2020 Number
Technical	1,196	1,042
Sales	239	306
Administration	343	293
	1,778	1,641

Directors' emoluments	Year to 30 April 2021 £'000	Year ended 30 April 2020 £'000
Aggregate emoluments	1,505	1,268
Pension contributions	27	30
	1,532	1,298
Number of Directors remunerated	6	3
Number of other Directors not remunerated but for which a management fee is payable (See note 32)	4	4

Four Directors accrued benefits under the Group's defined contribution pension scheme.
The highest paid Director in the year received total emoluments of £512,000 (2020: £654,000).

Key management remuneration	Year to 30 April 2021 £'000	Year ended 30 April 2020 £'000
Aggregate emoluments	1,505	1,281
Pension contributions	27	30
	1,532	1,311
Number of key management remunerated	6	3
Number of other key management not remunerated but for which a management fee is payable (See note 32)	4	4

Key management included the Executive Chairman, 6 Non-Executive Directors, the Chief Executive Officer and her 2 direct reports for the year.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2021

6 OPERATING PROFIT

	Total Group	
	Year to 30 April 2021 £'000	**Year ended 30 April 2020 £'000**
The operating profit is stated after charging:		
Staff costs	78,950	75,192
Research and development expenditure	8,049	6,910
Impairment loss on available sale property	537	-
Amortisation of intangible assets	54,822	49,978
Other transaction related costs	9,037	8,223
Depreciation of property, plant and equipment	3,336	2,756
Depreciation of right-of-use-assets	2,011	1,780
Deferred consideration	(916)	1,989
Share based payments	1,468	2,483

Fees payable to the Group's Auditors comprise the following:	**Year to 30 April 2021 £'000**	**Year ended 30 April 2020 £'000**
Tax services	108	71
Corporate finance services	165	1,333
Total non-audit fees	273	1,404
Audit fees - for the audit of parent Company and consolidated financial statements	136	200
Audit fees - for the audit of subsidiary companies	360	420
Total fees	769	2,024

7 FINANCE INCOME

	Year to 30 April 2021 £'000	**Year ended 30 April 2020 £'000**
Deposit account interest	179	189
Total finance income	179	189

8 FINANCE COSTS

	Year to 30 April 2021 £'000	**Year ended 30 April 2020 £'000**
Bank loan interest	30,844	28,564
PIK notes	35,016	31,651
Preference share interest	93,006	83,000
Amortisation of loan issue costs	2,400	1,275
Unwinding of discount	537	213
Bank facility fees	1,214	1,514
Net (loss) / profit on financial instruments at fair value through profit or loss (note 19.3)	(1,566)	2,406
Interest expense on lease liabilities	524	549
Total finance costs	161,975	149,172

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

9 INCOME TAX (CREDIT) / CHARGE

	Year to 30 April 2021 £'000	**Restated Year ended 30 April 2020 £'000**
The major components of income tax expense are:		
Current income tax:		
UK income tax at 19% for the year (2020: 19%)	86	2,914
Impact of overseas income tax	516	481
Prior year adjustments	(359)	253
	243	**3,648**
Deferred tax:		
Credit to Income Statement	(7,932)	(9,336)
Relating to effect of change in tax rates	-	9,309
	(7,932)	**(27)**
Income tax (credit) / charge reported in the income statement	**(7,689)**	**3,621**

	Year to 30 April 2021 £'000	**Year ended 30 April 2020 £'000**
Loss before tax	(141,805)	(127,226)

The tax for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below.

	Year to 30 April 2021 £'000	**Year ended 30 April 2020 £'000**
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%).	(26,943)	(24,173)
Effects of:		
Expenses non-deductible for tax purposes	19,613	18,540
Effect of current year changes in statutory tax rates on deferred tax balances	-	9,309
Decrease in tax losses	-	(308)
Adjustments in respect of prior year tax liabilities	(359)	253
Total tax (credit) / charge reported in the income statement	**(7,689)**	**3,621**

10 INTANGIBLE ASSETS

	Enterprise Application Software £'000	Development Expenditure £'000	Brand £'000	Intellectual Property £'000	Customer Relation-ships £'000	Goodwill £'000	Total £'000
COST							
At 1 May 2019	7,382	13,324	14,500	178,172	335,678	889,508	**1,438,564**
Arising on acquisition	-	-	-	13,844	52,474	135,779	**202,097**
Additions	5,132	6,023	-	-	-	-	**11,155**
Disposals	(7,382)	-	-	-	-	-	**(7,382)**
Restated*	(5,132)	-	-	-	-	-	**(5,132)**
At 30 April 2020	-	19,347	14,500	192,016	388,152	1,025,287	**1,639,302**
Arising on acquisition	-	-	7,543	14,902	16,555	57,610	**96,610**
Additions**	-	16,713	-	-	-	-	**16,713**
Disposals	-	(2,549)	-	-	-	-	**(2,549)**
At 30 April 2021	-	33,511	22,043	206,918	404,707	1,082,897	**1,750,076**
ACCUMULATED AMORTISATION / IMPAIRMENT							
At 1 May 2019	7,382	6,063	942	10,409	16,301	-	**41,097**
Amortisation for the year	-	2,337	1,450	17,444	28,747	-	**49,978**
Disposals	(7,382)	-	-	-	-	-	**(7,382)**
At 30 April 2020	-	8,400	2,392	27,853	45,048	-	**83,693**
Amortisation for the year	-	3,055	1,890	18,756	31,121	-	**54,822**
Disposals	-	(2,549)	-	-	-	-	**(2,549)**
At 30 April 2021	-	8,906	4,282	46,609	76,169	-	**135,966**
NET BOOK VALUE							
At 30 April 2021	**-**	**24,605**	**17,761**	**160,309**	**328,538**	**1,082,897**	**1,614,110**
At 30 April 2020	**-**	**10,947**	**12,108**	**164,163**	**343,104**	**1,025,287**	**1,555,609**

* Restated for change in accounting policy. See note 2.1 for details.
** £12.1m out of the £16.7m additions during the year relates to Project Elements which is an Intangible asset under development as at 30 April 2021.

The Group tests enterprise application software, development expenditure, brand, intellectual property rights and customer relationships annually for impairment, or more frequently if there are indications that such intangible assets might be impaired.

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

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

The Group is managed and marketed as one range of offerings, with many customers using a number of products, with acquisitions subsumed into the main Group over time. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units), which for the Group results in there being five cash generating units: the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date, including Senta SaaS Limited and Staffology Limited within FY21), Practice Engine, Star, FMP and iSAMS. The carrying value of goodwill at the end of the year is shown below:

	2021 £'000	2020 £'000
Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date)	901,030	876,748
Practice Engine	12,760	12,760
Innervision	13,850	13,850
Star PM	30,748	30,748
FMP	91,181	91,181
iSAMS	33,328	-
	1,082,897	1,025,287

The Group conducts annual impairment tests on the carrying value of goodwill, the recoverable amount is determined from a combination of value-in-use calculations and observable relevant market transactions. The key assumptions in the value-in-use calculations are the pre-tax adjusted discount rate applied, EBITDA and the long-term growth rate of net operating cash flows. In all cases, the approved budget for the Financial Year ("FY") 2022 and a new Long Term Plan ("LTP") prepared and approved by the board in June 2021 covering the period FY23-FY26 formed the basis for the cash flow projections. These assumptions were considered alongside detailed senstivity analysis to ensure there are no indicators of impairment.

Year ended 30 April 2021
The table below shows key assumptions used in the value in use calculations for those CGUs with significant goodwill allocated them.

	Key assumptions					
	Core IRIS businesses	Practice Engine	Innervision	Star PM	FMP	iSAMS
Pre-tax adjusted discount rate	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%
Five year CAGR in adjusted EBITDA to April 2026	11.8%	17.1%	21.0%	15.3%	17.0%	53.5%
Long-term growth rate of net operating cash flows	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

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

The estimated recoverable amount of the Group's Core IRIS businesses exceed their carrying values by £180 million (14%). If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the year ended 30 April 2021.

	Change required for carrying value to equal recoverable amount					
	Core IRIS businesses	Practice Engine	Innervision	Star PM	FMP	iSAMS
Pre-tax adjusted discount rate	+1.8%	+1.5%	+11.3%	+8.5%	+5.9%	+7.1%
Five year CAGR in adjusted EBITDA to April 2026	-3.0%	-3.8%	-18.3%	-15.1%	-10.7%	-16.0%
Long-term growth rate of net operating cash flows	-1.8%	-2.6%	-21.2%	-14.3%	-8.8%	-10.9%

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

11 PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings £'000	Leasehold Improve-ments £'000	Computer Equipment £'000	Fixtures and Fittings £'000	Total £'000
COST					
At 1 May 2019	1,141	419	8,736	4,653	**14,949**
Additions	-	1	2,924	2,105	**5,030**
Arising on acquisition	-	284	971	447	**1,702**
Disposals	-	(165)	(1,976)	(735)	**(2,876)**
At 30 April 2020	1,141	539	10,655	6,470	**18,805**
Additions	20	62	1,103	147	**1,332**
Arising on acquisition	-	15	374	217	**606**
Disposals	-	(61)	(813)	(957)	**(1,831)**
At 30 April 2021	1,161	555	11,319	5,877	**18,912**
ACCUMULATED DEPRECIATION					
At 1 May 2019	739	166	5,650	2,065	**8,620**
Charge for the year	35	25	2,073	623	**2,756**
Arising on acquisition	-	184	791	138	**1,113**
Disposals	-	(101)	(1,945)	(723)	**(2,769)**
At 30 April 2020	774	274	6,569	2,103	**9,720**
Charge for the year	17	37	2,150	1,132	**3,336**
Arising on acquisition	-	15	264	216	**495**
Disposals	(44)	(206)	(463)	(1,011)	**(1,724)**
At 30 April 2021	747	120	8,520	2,440	**11,827**
NET BOOK VALUE					
At 30 April 2021	**414**	**435**	**2,799**	**3,437**	**7,085**
At 30 April 2020	**367**	**265**	**4,086**	**4,367**	**9,085**

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

12 RIGHT-OF-USE-ASSETS

GROUP	Property leases £'000	Total £'000
COST		
At 1 May 2019	10,453	**10,453**
Additions	586	**586**
Arising on acquisition	870	**870**
Disposals	(353)	**(353)**
At 30 April 2020	11,556	**11,556**
Dilapidations provision adjustment	1,148	**1,148**
Remeasurements	-	**-**
Additions	5,395	**5,395**
Arising on acquisition	319	**319**
Disposals	(2,627)	**(2,627)**
At 30 April 2021	15,791	**15,791**
ACCUMULATED DEPRECIATION		
At 1 May 2019	970	**970**
Charge for the year	1,780	**1,780**
Arising on acquisition	260	**260**
Disposals	(353)	**(353)**
At 30 April 2020	2,657	**2,657**
Charge for the year	2,011	**2,011**
Impairment	348	**348**
Disposals	(1,401)	**(1,401)**
At 30 April 2021	3,615	**3,615**
NET BOOK VALUE		
At 30 April 2021	**12,176**	**12,176**
At 30 April 2020	**8,899**	**8,899**

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

13 ASSETS HELD FOR SALE

	2021		2020	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 May 2020/1 May 2019	2,572	-	2,572	-
Impairment loss	(537)	-	-	-
Disposal of available for sale asset	(2,035)	-	-	-
At 30 April	**-**	**-**	**2,572**	**-**

Assets held for sale of £2,572,000 represents a freehold property which was being actively marketed by the Group in the prior year and was sold in the current year.

14 INVESTMENTS

Investment in subsidiary undertakings

	Company 2021 £'000	Company 2020 £'000
COST AND NET BOOK VALUE		
At 1 May 2020/1 May 2019	**5,995**	**3,512**
Additions	1,468	2,483
At 30 April	**7,463**	**5,995**

Additions for the year ended 30 April 2021 comprise £1,468,000 (2020: £2,483,000) of share based payments administered by the Estera Trust (Jersey) Limited (see note 2.29).

The Group's subsidiary undertakings are shown below.

Undertaking	Country of registration or incorporation	Principal activity	At 30 April 2021 Group	At 30 April 2021 Company	At 30 April 2020 Group	At 30 April 2020 Company
123Comms Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Beaumont Solutions Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Biostore Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Blayhall Payroll Limited[1]	England & Wales	Holding company	*Dissolved*	*Dissolved*	100%	0%
Blayhall Professional Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Cascade Human Resources Limited[1]	England & Wales	Software development	100%	0%	100%	0%
CJM Software Limited[1]	England & Wales	Software development	100%	0%	0%	0%
Eurowage Limited[1]	England & Wales	Payroll services	100%	0%	100%	0%
Fastrak Limited[1]	England & Wales	Software development	100%	0%	100%	0%
FMP Global Bidco Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
FMP Global Holdings Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
FMP Global Midco Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
FMP HR and Payroll Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
FMP Payroll Services Limited[1]	England & Wales	Payroll services	100%	0%	100%	0%
Galaxy Payroll Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Homecontact Limited[1]	England & Wales	Software development	*Dissolved*	*Dissolved*	100%	0%
Hosted Accountants Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Indigo Marketing Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Innervision Management Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Intex (Radiographic) Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Bidco Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Business Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
IRIS Capital Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Debtco Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Group Limited[1]	England & Wales	Software development	100%	0%	100%	0%
IRIS Holdings Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS KPO Resourcing (India) Private Limited[2]	India	Outsourcing services	56%	0%	56%	0%
IRIS Midco Limited[1]	England & Wales	Holding company	100%	100%	100%	100%
IRIS Payroll Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
IRIS Payroll Solutions Limited[1]	England & Wales	Software development	100%	0%	100%	0%
IRIS Resourcing Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Software Group Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
iSAMS Limited[1]	England & Wales	Software development	100%	0%	0%	0%
iSAMS Pty Limited[8]	Australia	Software development	100%	0%	0%	0%
Kashflow Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Keytime Objective Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
Malibu Bidco Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
MCN Associates Limited[1]	England & Wales	Software development	100%	0%	100%	0%
MCN Holdings Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
Perennial Newco Limited[3]	Guernsey	Holding company	*Dissolved*	*Dissolved*	100%	0%
Perennial BidCo A Limited[3]	Guernsey	Holding company	*Dissolved*	*Dissolved*	100%	0%
Phroot Limited[3]	Guernsey	Software development	100%	0%	100%	0%
Practice Engine Systems Inc.[4]	USA	Software development	100%	0%	100%	0%
PS Financials Limited[1]	England & Wales	Software development	100%	0%	100%	0%
PSI Payroll Services[5]	Canada	Payroll services	100%	0%	100%	0%
PTP Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Results Squared Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Senta SaaS Limited[1]	England & Wales	Software development	100%	0%	0%	0%
Software (Holdco 2) Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
Software (Holdco 4) Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
Staffology Limited[1]	England & Wales	Software development	100%	0%	0%	0%
Star Americas Software Solutions LLC[6]	USA	Software development	100%	0%	100%	0%
Star Computer Group Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Star Professional Software Solutions Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Taxfiller Limited[1]	England & Wales	Software development	100%	0%	100%	0%
The Practice Engine Company Limited[1]	England & Wales	Software development	*Dissolved*	*Dissolved*	100%	0%
The Practice Engine Group Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Truancy Call Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Truancy Call Limited[7]	Republic of Ireland	Software development	100%	0%	100%	0%

[1] Subsidiary registered address: 4th Floor, Heathrow Approach, 470 London Road, Slough, England SL3 8QY
[2] Subsidiary registered address: Pottipati Plaza 77, Nungambakkam High Road, Chennai–600 034
[3] Subsidiary registered address: PO Box 186, 1 Le Marchant Street, St Peter Port, Guernsey, GY1 4HP
[4] Subsidiary registered address: 100 Colony Square, 1175 Peachtree Street NE, 10th Floor, Atlanta, GA 30361, USA
[5] Subsidiary registered address: 4200 South Service Rd, #200, Burlington Ontario, L7L 4X5, Canada
[6] Subsidiary registered address: O'Hare Triangle Plaza, 8770 W Bryn Mawr, Suite 1300, Chicago, Illinois 60631, USA
[7] Subsidiary registered address: 9 Trinity Street, Dublin 2, Republic of Ireland
[8] Subsidiary registered address: 36 Greycliffe Street, Queenscliff, NSW, 2096, Australia

15 TRADE AND OTHER RECEIVABLES

	2021		2020	
	Group £'000	Company £'000	Group £'000	Company £'000
Current				
Trade receivables from contracts with customers	43,149	-	38,354	-
Less: provision for impairment of receivables	(2,230)	-	(1,717)	-
Trade receivables from contracts with customers - net	40,919	-	36,637	-
Other receivables	1,086	-	1,115	-
Prepayments	4,908	-	5,141	-
Amounts owed by Group undertakings	-	869,845	-	776,570
	46,913	869,845	42,893	776,570
	46,913	869,845	42,893	776,570

Trade receivables from contracts with customers are non-interest bearing and are generally on terms of 30 to 60 days.
Amounts owed by Group undertakings are interest bearing and repayable on demand.

Movements on the Group provision for impairment of trade receivables from contracts with customers were as follows:

	2021 £'000	2020 £'000
At 1 May 2020/1 May 2019	1,717	**594**
Acquired provision	-	327
Utilised	(1,386)	(794)
Charged to the Income Statement	1,899	1,590
At 30 April	**2,230**	**1,717**

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

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

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

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

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

16 CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Cash at banks and on hand	79,784	118,037
	79,784	**118,037**

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

17 TRADE AND OTHER PAYABLES

	2021		2020	
	Group £'000	Company £'000	Group £'000	Company £'000
Current				
Trade payables	5,325	-	5,347	-
Social security and other taxes	2,480	-	4,205	-
VAT	5,446	-	8,026	-
Other creditors	3,201	-	151	-
Derivative financial liabilities (note 19.3)	1,142	-	1,805	-
	17,594	-	19,534	-
Non-current				
Derivative financial liabilities (note 19.3)	-	-	903	-
	-	-	903	-
	17,594	-	20,437	-

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

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

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 18.

18 DEFERRED TAX

Deferred tax liability

	Acquired Intangible assets	Other Intangible assets	Depreciation in excess of capital allowances	Derivatives	Other timing differences	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 May 2019	**86,119**	**461**	(301)	(58)	(182)	**86,039**
Acquisition of subsidiaries	13,249	-	13	-	-	13,262
(Credited)/charged to the income statement	745	(461)	245	(457)	(99)	(27)
At 30 April 2020	**100,113**	**-**	**(43)**	**(515)**	**(281)**	**99,274**
Acquisition of subsidiaries	8,653	-	-	-	-	8,653
(Credited)/charged to the income statement	(9,995)	-	1,952	297	(186)	(7,932)
At 30 April 2021	**98,771**	**-**	**1,909**	**(218)**	**(467)**	**99,995**
At 30 April 2020						
Deferred Liability	100,113	-	-	-	-	100,113
Deferred Asset	-	-	(43)	(515)	(281)	(839)
	100,113	**-**	**(43)**	**(515)**	**(281)**	**99,274**
At 30 April 2021						
Deferred Liability	98,771	-	2,021	-	-	100,792
Deferred Asset	-	-	(112)	(218)	(467)	(797)
	98,771	**-**	**1,909**	**(218)**	**(467)**	**99,995**

The closing deferred tax liability as at 30 April 2021 has been calculated at 19% (2020: 19%) reflecting the tax rate at which the deferred tax liability is expected to be reversed in future periods. Deferred tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £2.5 million, to increase the deferred tax liability by £2.5 million

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

The Group has total tax losses of £3.5 million (2020: £1.8 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The deferred tax on the losses of £0.4m (2020: £0.3m) has not been recognised as a deferred tax asset because:

- the subsidiaries in which the losses arose have been loss-making for some time;
- the losses may not be used to offset taxable profits elsewhere in the Group; and
- there are no other tax planning opportunities or other evidence of recoverability in the near future.

In addition, the Group is subject to a Corporate Interest Restriction ("CIR") disallowance of £11.7m (2020: £9.2m). The deferred tax on this disallowance of £2.2m (2020: £1.8m) has not been recognised as there is no evidence of recoverability in the near future.

At 30 April 2021, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associate (2020: £nil). The Group has determined that undistributed profits of its subsidiaries or associate will not be distributed in the foreseeable future. The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The company does not foresee such a consent being given at the reporting date.

19 FINANCIAL ASSETS AND LIABILITIES

19.1 Principal financial assets and liabilities

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

Financial assets and liabilities by category

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	2021	2020	2021	2020
	£000	£000	£000	£000
Cash and cash equivalents	-	-	79,784	118,037
Trade and other receivables	-	-	42,005	37,752
Total financial assets	**-**	**-**	**121,789**	**155,789**

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade and other payables	-	-	16,452	17,729
Accruals	-	-	19,157	12,143
Accrued interest	-	-	3,045	3,379
Deferred consideration	25,785	10,109	-	-
Provisions	-	-	1,216	251
Lease liabilities	-	-	13,275	10,346
Loans and borrowings	-	-	1,857,095	1,725,347
Derivative financial instruments	1,142	2,708	-	-
Total financial liabilities	**26,927**	**12,817**	**1,910,240**	**1,769,195**

19.2 Financial assets and liabilities not measured at fair value

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

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

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

19 FINANCIAL ASSETS AND LIABILITIES (continued)

19.3 Financial instruments at fair value

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

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

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

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

	At 30 April 2021			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial liabilities measured at fair value:				
Interest rate instruments	-	1,142	-	1,142
Deferred consideration	-	-	25,785	25,785
Total financial liabilities at fair value	**-**	**1,142**	**25,785**	**26,927**

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

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

Reconciliation - financial liabilities

A reconciliation of the financial liabilities is as follows:

	Interest rate swaps		Deferred consideration		Total	
	2021 £000	**2020 £000**	**2021 £000**	**2020 £000**	**2021 £000**	**2020 £000**
At 1 May 2020/1 May 2019	2,708	302	10,109	2,966	12,817	3,268
Arising from acquisitions	-	-	21,652	16,270	21,652	16,270
Paid during the year	-	-	(6,134)	(7,138)	(6,134)	(7,138)
Changes in fair value to profit or loss	(1,566)	2,406	(379)	(1,989)	(1,945)	417
Unwinding of discount	-	-	537	-	537	-
At 30 April	**1,142**	**2,708**	**25,785**	**10,109**	**26,927**	**12,817**

Deferred consideration arises when settlement of all or part of the cost of a business combination falls due after the date the acquisition was completed, usually through an earn-out based on post-acquisition performance, and is stated at the fair value of the total consideration outstanding. At 30 April 2021, the fair value of deferred consideration was assessed using actual performance to date against each acquisitions' earn-out targets together with an assessment of future financial performance based on the Group's approved budget. The sensitivity of deferred consideration payable to each acquisitions' future performance against earn-out targets could result in deferred consideration payable being in a range of between a minimum of £5.8 million (2020: 4.3 million) to a maximum of £28.4 million (2020: £12.8 million).

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

On 26 February 2019 the Group entered a series of fixed LIBOR interest rate swaps for a total notional amount of £220,000,000. The effective dates were 25 February 2019 and termination date are 23 November 2021, with monthly payment dates. The fixed rates are 0.983%. These instruments were valued in total as a liability of £1,142,000 as at 30 April 2021 (2020: £2,708,000).

There has been no reclassification of financial instruments.

19.4 Financial risk management

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

The Group has exposure to the following risks from its use of financial instruments:
(i) credit risk
(ii) liquidity risk
(iii) interest rate risk
(iv) foreign currency risk

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

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

Credit risk

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

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

19 FINANCIAL ASSETS AND LIABILITIES (continued)

19.4 Financial risk management (continued)

Trade receivables

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

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

Total trade receivables from contracts with customers (net of allowances) held by the Group at 30 April 2021 amounted to £40,919,000 (2020: £36,637,000).

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

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

Included in the Company balance sheet is an amount owed by group undertaking for £870 million (2020: £775 million) loaned to IRIS Midco Limited on receipt of proceeds of issue of preference shares and cascaded down the group. A further £63 million (2020: £57 million) of interest is accrued. Management have assessed the recoverability of this loan and considered expected credit loss in accordance with IFRS 9, Financial Instruments. No provision has been included against this intercompany loan as it will be recovered in full as at a future exit date alongside the growth in enterprise value.

Liquidity risk

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

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

At 30 April 2021	Lease liabilities £000	Provisions £000	Borrowings £000	Trade and other payables £000	Accruals £000	Total £000
In less than one year	2,586	1,216	-	16,452	47,987	68,241
In more than one year but not more than two years	1,872	-	-	-	-	1,872
In more than two years but not more than five years	5,220	-	-	-	-	5,220
In more than five years	7,390	-	1,874,519	-	-	1,881,909
Effect of discount/financing rates	(3,793)	-	(17,424)	-	-	(21,217)
	13,275	1,216	1,857,095	16,452	47,987	1,936,025

At 30 April 2020	Lease liabilities £000	Provisions £000	Borrowings £000	Trade and other payables £000	Accruals £000	Total £000
In less than one year	2,090	251	-	17,729	25,744	45,814
In more than one year but not more than two years	2,168	-	-	-	-	2,168
In more than two years but not more than five years	4,336	-	-	-	-	4,336
In more than five years	3,378	-	1,745,171	-	-	1,748,549
Effect of discount/financing rates	(1,626)	-	(19,824)	-	(113)	(21,563)
	10,346	251	1,725,347	17,729	25,631	1,779,304

The current Senior loan facility of £660 million (see note 21) include a leverage covenant which requires the leverage (the ratio of Consolidated Senior Secured Net Leverage to Consolidated Pro Forma EBITDA) does not exceed 9.6x. At year end the leverage was substantially below this level at 5.28x, which has not increased materially year on year despite IRIS making significant acquisitions in the year.

Interest rate risk

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

Foreign currency risk

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

Sensitivity analysis

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

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

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

	2021		2020	
	Income (losses)/ gains £000	Equity (losses)/ gains £000	Income (losses)/ gains £000	Equity (losses)/ gains £000
0.25% increase in market interest rates	(1,887)	(1,887)	(826)	(826)
0.25% decrease in market interest rates	1,887	1,887	826	826
10% strengthening of sterling versus other currencies	(101)	(387)	(375)	(533)
10% weakening of sterling versus other currencies	112	430	458	652

Capital Management

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

The Group's share capital is disclosed in note 24, and its debt structure including preference shares is detailed in note 21.

20 PROVISIONS

	Dilapidations 2021 £000	Dilapidations 2020 £000
At 1 May 2020/1 May 2019	251	145
Arising on acquisitions	-	106
Right of use asset additions	1,148	-
Right of use asset disposals	(183)	-
At 30 April 2021	**1,216**	**251**

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

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

21 BORROWINGS

Throughout the year ended 30 April 2021, the Facility B and Acquisition Facility loans, of £585 million and £75 million respectively, remained fully drawn down. In response to the Covid-19 pandemic the Revolving Credit Facility of £40 million was partially drawn down in May 2020 (£35m), this was repaid in full within May 2020. At 30 April 2021, the facilities have a bullet repayment and remaining term of 4.5 years. The Revolving Credit facility will assist the Group to achieve its growth ambitions both organically and by further acquisitions. The Group continues to have a PIK loan which, including accrued interest, has increased from £310 million to £345 million. Following the end of the financial year the Group transitioned its Facility B, Acquisition Facility, and Revolving Credit Facility loans from a LIBOR to SONIA basis.

	2021 £'000	2020 £'000
Non-current		
Borrowings	1,857,095	1,725,347
	1,857,095	**1,725,347**

	Effective interest rate	Maturity	Facility Utilised
Senior bank loan			
Facility B	SONIA +4.00% to +4.50% margir	Sep 2025	585,000
Acquisition Facility	SONIA +4.00% to +4.50% margir	Sep 2025	75,000
Revolving Credit Facility	SONIA +3.00% to +4.00% margir	Mar 2025	-
			660,000
Mezzanine loan			
PIK Notes	11.00% fixed	Sep 2026	339,664
PIK Notes - accrued interest			5,732
Preference shares treated as borrowings	12.00% fixed	Sep 2030	806,638
Preference shares - accrued interest			62,485
			1,874,519

Interest on the PIK Notes rolls 6 monthly and is compounded into the balance outstanding.
Interest on the Preference shares rolls annually and is compounded into the balance outstanding.

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

Borrowings	At 30 April 2021 Senior £'000	Mezzanine £'000	Preference Shares £'000	Total £'000
Amounts falling due between two and five years	660,000	-	-	660,000
Amounts falling due in more than five years	-	345,396	869,123	1,214,519
	660,000	345,396	869,123	1,874,519
Unamortised borrowing costs	(8,168)	(9,256)	-	(17,424)
Amounts falling due after more than one year	651,832	336,140	869,123	1,857,095
	651,832	336,140	869,123	1,857,095

Borrowings	At 30 April 2020 Senior £'000	Mezzanine £'000	Preference Shares £'000	Total £'000
Amounts falling due between two and five years	-	-	-	-
Amounts falling due in more than five years	660,000	310,380	774,791	1,745,171
	660,000	310,380	774,791	1,745,171
Unamortised borrowing costs	(9,828)	(9,996)	-	(19,824)
Amounts falling due after more than one year	650,172	300,384	774,791	1,725,347
	650,172	300,384	774,791	1,725,347

	Effective interest rate	Maturity	Company Facility utilised 2021 £'000	2020 £'000
Preference shares treated as borrowings	12.00% fixed	Sep 2030	869,672	776,511
			869,672	776,511

21 BORROWINGS (continued)

Preference Shares	Company 2021 £'000	Company 2020 £'000
Amounts falling due between two and five years	-	-
Amounts falling due in more than five years	869,672	776,511
	869,672	776,511
Unamortised borrowing costs	-	-
Amounts falling due after more than one year	869,672	776,511
Amounts falling due within less than one year	-	-
	869,672	776,511

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

During the year the Group has incurred issue costs amounting to £nil (2020: £2,405,000) in respect of these facilities. Interest is allocated against the balance outstanding and the costs plus interest are allocated to the income statement over the term of the facility using the straight line method.

The Senior Facility Agreement also makes available to the Group an additional £75,000,000 on the Acquisition Facility which was fully drawn at the year end (2020: fully drawn) and £40,000,000 on the Revolving Credit Facility which was unutilised at 30 April 2021 (2020: £nil utilised).

22 COMMITMENTS

22.1 Other capital commitments

The Group had no other capital commitments.

23 ACCRUALS

	2021 £'000	2020 £'000
Accruals	19,157	12,143
Accrued Interest	3,045	3,379
Deferred consideration (note 19.3)	25,785	10,109
	47,987	25,631

24 CALLED UP SHARE CAPITAL

Group and company:

Class	Nominal value	2021 Number	2020 Number	2021 £'000	2020 £'000
A1[1]	£0.01	846,130	846,130	8	8
A2[1]	£0.10	5,500	5,500	1	1
B[2]	£0.01	13,370	13,370	-	-
C1[2]	£0.01	120,321	97,417	1	1
C2[3]	£0.10	6,667	6,667	1	1
				11	11
Share premium				1,109	995
				1,120	1,006

On 30 September 2020, the Company issued 22,904 C1 Ordinary shares of £0.01 for £114,520.

[1] One vote per share. Each share ranks equally for any distribution made on a winding up. The shares are not redeemable.
[2] No voting rights. Each share ranks equally for any distribution made on a winding up. The shares are not redeemable.
[3] Each group of 6,667 C2 ordinary shares carries 5% of the total voting rights of the shareholders of the company. Each share ranks equally for any distribution made on a winding up. The shares are not redeemable.

25 ACQUISITIONS

25.1 Staffology Limited

On 23 December 2020, the Group acquired 100 per cent of the issued share capital of Staffology Limited. The fair value of the total consideration net of cash and borrowings acquired was £8,616,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 23 December 2020 to 30 April 2021.

Staffology Limited provides cloud based UK only payroll software aimed at SMEs. This acquisition complements our goal to help customers take advantage of superior automation features that streamline processes and integrate with other applications. Staffology is a cloud-based payroll application designed specifically for the UK. As well as being comprehensive in terms of the features provided, it has a powerful Application Programming Interface (API) so it can easily be integrated with other systems.

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

	Book value	Revaluation	Fair value to Group
Assets	**£'000**	**£'000**	**£'000**
Intangible assets	-	1,368	1,368
Other receivables	3	-	3
Total assets	**3**	**1,368**	**1,371**
Liabilities			
Corporation tax	(1)	-	(1)
Deferred tax	-	(260)	(260)
Total liabilities	**(1)**	**(260)**	**(261)**
Total identifiable net assets at fair value, net of cash acquired			**1,110**
Goodwill			7,506
Purchase consideration transferred			**8,616**
Satisfied by			
Cash consideration			4,000
Deferred consideration			4,618
Cash acquired			(2)
			8,616

The acquired business contributed revenues of £63,000 and net profit of £2,000 to the group for the period from 23 December 2020 to 30 April 2021.

25.2 Senta SaaS Limited

On 13 January 2021, the Group acquired 100 per cent of the issued share capital of Senta SaaS Limited. The fair value of the total consideration net of cash and borrowings acquired was £19,715,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 13 January 2021 to 30 April 2021.

Founded in 2014 and based in Bristol, United Kingdom, Senta SAAS Limited sells one product called 'Senta' which is a self-developed and owned cloud-based practice management platform which is primarily used by accountancy practices. Senta joining the IRIS family allows us to make sure our customers are compliant while revolutionising the cloud practice management market, and delivering the functionality customers require today, regardless of location. Our shared strategy, investment in cloud technology and sector expertise, means we can accelerate our growth and deliver better services to our customers.

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

	Book value	Revaluation	Fair value to Group
Assets	**£'000**	**£'000**	**£'000**
Intangible assets	-	3,614	3,614
Property, plant and equipment	22	-	22
Right of use assets	122	-	122
Trade receivables from contracts with customers	86	-	86
Other receivables	151	-	151
Total assets	**381**	**3,614**	**3,995**
Liabilities			
Trade payables	(5)	-	(5)
Lease liabilities	(110)	-	(110)
Other creditors	(219)	-	(219)
Deferred tax	(35)	(687)	(722)
Total liabilities	**(369)**	**(687)**	**(1,056)**
Total identifiable net assets at fair value, net of cash acquired	**12**	**2,927**	**2,939**
Goodwill			16,776
Purchase consideration transferred			**19,715**
Satisfied by			
Cash consideration			17,750
Deferred consideration			2,027
Cash acquired			(62)
			19,715

The acquired business contributed revenues of £262,635 and net loss of £82,000 to the group for the period from 13 January 2021 to 30 April 2021.

25 ACQUISITIONS (continued)

25.3 iSAMS Limited

On 16 October 2020, the Group acquired 100 per cent of the issued share capital of iSAMS Limited and its subsidiaries. The fair value of the total consideration net of cash and borrowings acquired was £54,421,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 16 October 2020 to 30 April 2021.

iSAMS Limited is a market leading provider of a fully integrated, web-based school management system to over 500 UK independent schools and over 500 international schools across 80 countries. iSAMS is a web-based management information system used by everyone involved in a school, from data administrators and staff, to students and parents with a range of reporting and engagement tools. The system manages every aspect of administration to help schools run efficiently – including admissions, academic reporting and tracking, examinations, wellbeing, communication, HR, fee billing and accounting.

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

	Book value	Revaluation	Fair value to Group
Assets	**£'000**	**£'000**	**£'000**
Intangible assets	-	34,018	34,018
Property, plant and equipment	89	-	89
Right of use assets	197	-	197
Trade receivables from contracts with customers	2,566	-	2,566
Contract assets	813	(813)	-
Other receivables	781	(280)	501
Total assets	**4,446**	**32,925**	**37,371**
Liabilities			
Trade payables	(277)	-	(277)
Accruals	(61)	-	(61)
Lease liabilities	(192)	-	(192)
Contract liabilities	(7,235)	598	(6,637)
Other creditors	(1,271)	-	(1,271)
Corporation tax	(169)	-	(169)
Deferred tax	(17)	(7,654)	(7,671)
Total liabilities	**(9,222)**	**(7,056)**	**(16,278)**
Total identifiable net assets at fair value, net of cash acquired	**(4,776)**	**25,869**	**21,093**
Goodwill			33,328
Purchase consideration transferred			**54,421**
Satisfied by			
Cash consideration			46,325
Deferred consideration			15,007
Cash acquired			(6,911)
			54,421

The acquired business contributed revenues of £6,134,000 and net profit of £800,000 to the group for the period from 16 October 2020 to 30 April 2021.

25.4 Deferred consideration on acquisition

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

25.5 Pro-forma effect of acquisitions on revenue and profit

If the acquisitions had occurred on 1 May 2020, consolidated pro-forma revenue and net loss before tax for the Group for the year ended 30 April 2021 would have been £228,012,000 and £141,649,000 respectively. The figures include IFRS3 fair value adjustements which affect the post acquisition revenue and net loss. These amounts have been calculated using the subsidiary's results prepared using accounting policies which are consistent with the Group's and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 May 2020, together with the consequential tax effects. No adjustment has been made for additional financing that was required to finance the acquisition.

26 EVENTS AFTER THE BALANCE SHEET DATE

On 28 May 2021, the Company issued 11,708 C1 Ordinary shares of £0.01 for £117,080.
On 20 July 2021 the Group acquired Doc.It Group (comprising Doc-It Inc, Doc-It Holdings and Doc-It Corp), a provider of document management, workflow, document storage and web portal software to Certified Public Accountants (CPA) firms across North America, for initial cash consideration of £14.385m.
On 27 July 2021 the Group acquired Payplus Limited a provider of managed payroll services to businesses and educational organisations, for initial cash consideration of £3.709m.

27 SHARE BASED PAYMENTS

During the year, the Company issued to management 22,904 C1 shares (2020: 42,796 C1 shares, 2019: 88,304 C1 shares and 6,667 C2 shares) which can be sold only on leaving the business, at cost, or on the sale of the business which is the date on the forecast maturity, details of which are set out below.

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

	2021 Grants	2020 Grants	2019 Grants
Share price on issue	£5	£5	£1
Price paid	£1	£1	£1
Dividend yield	0%	0%	0%
Risk-free interest rate	3.0%	1.3%	1.3%
Forecast maturity	30/04/2024	30/04/2024	30/04/2024
Volatility	38.2%	35.1%	36.7%
Fair value of shares	£8,560,026	£11,506,000	£23,080,000

	Number of shares	Number of shares	Number of shares
At 1 May 2019	-	-	77,084
Granted in the year	-	42,796	-
Forfeited in the year	-	-	(18,765)
Outstanding at 30 April 2020	**-**	**42,796**	**58,319**
Granted in the year	22,904	-	-
Forfeited in the year	(1,518)	(3,308)	(8,032)
Outstanding at 30 April 2021	**21,386**	**39,488**	**50,287**

The expected price volatility is based on a benchmark of observable similar companies.
The total share-based payment cost charged to the income statement for the year ended 30 April 2021 was £1,468,000 (2020: £2,483,000).

28 RESERVES

	Company	
	Share based payment reserve	Retained earnings
	£'000	£'000
At 1 May 2019	2,565	-
Result for the year	-	-
Capital contribution	2,483	-
At 30 April 2020	**5,048**	**-**
Result for the year	-	-
Capital contribution	1,468	-
At 30 April 2021	**6,516**	**-**

29 CONTINGENT LIABILITIES

There are no contingent liabilities (2020: none).

30 PENSION COMMITMENTS

The Group operates a defined contribution personal pension scheme which is open to all staff. The pension cost for the year represents contributions payable by the Group to the funds and amounted to £1,960,000 (2020: £2,068,000). Pension contributions unpaid at the year end were £512,221 (2020: £437,000).

31 DIVIDENDS PER SHARE

The Company did not declare or pay a dividend in the year (2020: £nil).

32 RELATED PARTY TRANSACTIONS

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

Supplier transactions occurred during the year between the Group, HG Pooled Management Limited and Intermediate Capital Group plc. Transactions relate to providing the services of the Directors. During the year ended 30 April 2021, £686,000 (2020: £616,000) related to these transactions was charged through administrative expenses. There were outstanding amounts payable of £126,000 at 30 April 2021 (2020: £354,000).

During the year ended 30 April 2021, Perennial Newco 2 Ltd charged interest on amounts owed by IRIS Midco Limited totalling £93,161,000 (2020: £83,409,000) and there were outstanding amounts due of £869,845,000 at 30 April 2021 (2020: £776,570,000) as set out in note 15. In addition, during the year ended 30 April 2021, Perennial Newco 2 Ltd was charged interest on preference shares held by the Company's controlling party (see note 36) totalling £93,161,000 (2020: £83,409,000) which is included in the amounts for preference shares treated as borrowings of £869,672 at 30 April 2021 (2020: £776,511,000) as set out in note 20.

33 NON-CONTROLLING INTERESTS

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

	2021	2020
	£'000	£'000
At 1 May 2020/1 May 2019	1,538	1,063
Effect of movement in exchange rates	(138)	33
Non-controlling interest's share of profit for the year	502	442
At 30 April	**1,902**	**1,538**

34 RECONCILIATION OF MANAGEMENT REVENUE, EBITDA AND OPERATING CASH FLOW

MANAGEMENT REVENUE

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

	2021	2020
	£'000	£'000
Revenue	**222,458**	**194,976**
Effect of fair value of contract liabilities on acquisition	688	4,498
Impact of deferring of revenue on certain professional services income streams	496	-
Impact of deferring of revenue on certain licence income streams	(126)	(72)
Management Revenue	**223,516**	**199,402**

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

MANAGEMENT EBITDA

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

		2021 £'000	Restated 2020 £'000
Operating profit / (loss)		**19,991**	**21,757**
Depreciation and amortisation			
Depreciation and loss on disposal of property, plant and equipment	11	3,980	2,756
Depreciation and loss on right of use assets	12	1,979	1,780
Amortisation of intangibles	10	54,822	49,978
		60,781	54,514
Acquisition related items			
Transaction related costs	6	9,037	8,223
Post-acquisition integration costs		2,422	1,455
Revisions to deferred consideration for prior year acquisitions		(379)	(2,314)
Effect of fair value of contract liabilities on acquisition		688	4,498
		11,768	11,862
Adjustments required to recognise the cash impact of staff costs and asset rentals			
Impact of recognising sales commissions and certain income streams as they fall due		(3,399)	(3,543)
Impact of recognising rents as they fall due		(2,101)	(2,392)
Impact of share based payments		1,468	2,483
		(4,032)	(3,452)
Material non recurring investment expenditure			
Transformational projects including Next Generation Elements Product Suite		2,791	1,368
Costs relating to the implementation of a single, integrated group wide ERP		6,973	5,630
		9,764	6,998
Other exceptionals			
Restructuring costs including redundancies and office closures		4,305	530
		4,305	530
Management EBITDA		**102,577**	**92,209**

Management EBITDA is a non GAAP measure used to monitor the performance of the business and is defined as operating profit before depreciation, amortisation and management exceptional items. This measure is in line with management reporting and forms the basis of the Groups leverage calculations as required by the finance agreements with lending backs. The impact of recognising sales commissions and certain income streams as they fall due of £3,398,000 (2020: £3,543,000) and the impact of recognising rents as they fall due of £122,000 (2020: £612,000) has also been removed as this impact was not included in the Management Accounts for the year ended 30 April 2021 and is consistent with our reporting to our shareholders and lenders.

MANAGEMENT OPERATING CASH FLOW

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

	2021 £'000	Restated 2020 £'000
Net cash flows generated from operating activities	**77,171**	**78,714**
Acquisition related items paid	12,055	8,223
Costs paid relation to the Next Generation Elements Product Suite	1,936	2,475
Restructuring costs paid	3,250	-
Costs paid relating to the implementation of a single, integrated group wide ERP	5,648	5,132
Taxation paid	2,012	1,924
R&D tax credits	(602)	-
Purchase of tangible assets	(1,332)	(5,030)
Development expenditure	(4,627)	(3,500)
Repayment of capital on lease liabilities	(1,340)	(1,111)
Management operating cash flow	**94,171**	**86,827**

35 OFF BALANCE SHEET ASSETS AND LIABILITIES

The group receives funds from clients to settle their payroll liabilities. These amounts are kept in separate bank accounts which are under the control of the Group. At 30 April 2020 the amount of cash held in the accounts on behalf of clients was £19,522,000 (2020: £10,869,000). Neither the cash held, nor the payroll liabilities of the clients are recognised in the Groups' financial statements, as the obligation and the cash remain those of the client.

36 CONTROLLING PARTY

According to the register maintained by the Company, a number of limited partnerships which are managed by Hg Pooled Management Limited ("HgCapital") (holding through a nominee company) held a significant interest in the ordinary shares of the Company at 30 April 2021 and subsequently to the date of approval of the financial statements. The Directors' deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by HgCapital has an ownership of more than 20% of the issued share capital of the Company.