Perennial Newco 2 Limited

Annual Report and Financial Statements

For the year ended 30 April 2024

Company Registration: 11370428
England & Wales

Perennial Newco 2 Limited

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For the year ended 30 April 2024

CONTENTS	**PAGE**

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Company Information
For the year ended 30 April 2024

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Introduction

The Directors present their strategic report of Perennial Newco 2 Limited ("the Company"), and the consolidated group of companies (together "the PN2 Group") for the year ended 30 April 2024. The Company was incorporated in the UK as a company limited by shares on 18 May 2018. As at 30 April 2024, Perennial Newco 2 Limited is an intermediary holding company of a group of companies headed by Elements Topco Limited (together "the IRIS Group" or "IRIS Software Group"), a company limited by shares and incorporated in Jersey.

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

Change of Ownership

On 30 April 2024, the IRIS Group was acquired by a consortium of investors. The transaction (hereafter referred to as the "Sale Transaction") represents one of Europe's largest software buyouts for 2023, valuing IRIS at an Enterprise Value (EV) of around £3.15bn.

The completion of the Sale Transaction follows the announcement made on 23 December 2023, where the IRIS Group confirmed it had secured major US investment from Leonard Green & Partners, L.P. (LGP). LGP has taken a co-controlling stake alongside Hg, who reinvested in the business, acknowledging Hg's strong 20 year relationship and experience working with the IRIS team. Intermediate Capital Group (ICG) also remains a minority shareholder.

The acquisition was effected via incorporation of a new holding stack of companies headed by a new entity Elements Topco Limited, a company incorporated in Jersey. Elements Topco Limited became the new parent of the IRIS Group on 30 April 2024 and consolidated financial statements for the new group headed by Elements Topco Limited will be prepared for the first time for the year ending 30 April 2025. The new holding stack includes Elements Midco 1 Limited and Elements Finco Limited which raised £450 million and £950 million respectively of external financing, and Elements Bidco Limited. The proceeds from the aforementioned borrowings and the proceeds of the equity issued by Elements Topco Limited, were used to capitalise Elements Bidco Limited, which purchased the shares of Perennial Newco 2 Limited and extended intercompany loans to IRIS Bidco Limited and IRIS Midco Limited to allow them to fully settle their external borrowings.

On the same date, the IRIS Group's previous lending facilities were settled and new Unitranche and PIK facilities were entered into. Further detail can be found on page 13.

LGP is a leading private equity investment firm founded in 1989 and based in Los Angeles. LGP partners with experienced management teams to invest in market-leading companies. Their primary focus is on services, including consumer, healthcare, and business services, as well as distribution and industrials. The new US-based investment will support IRIS as the business continues to scale in North America, executing its long-term strategy with strong executive leadership and an exceptional track record.

Founded in 2000, Hg is a leading investor in European and transatlantic software and business services. Hg's focus is on building transatlantic champions that provide critical services for many thousands of businesses globally. Hg's purpose is to invest in the future – helping to progress workplace automation and digitisation trends still in early stages of adoption, set to transform the workplace for professionals over decades to come. Hg Capital has been a long-term investor in IRIS, first investing in 2004.

Founded in 1989, ICG is a global alternative asset manager focused on creating sustainable value by partnering with ambitious businesses.

Business Overview and Business Model

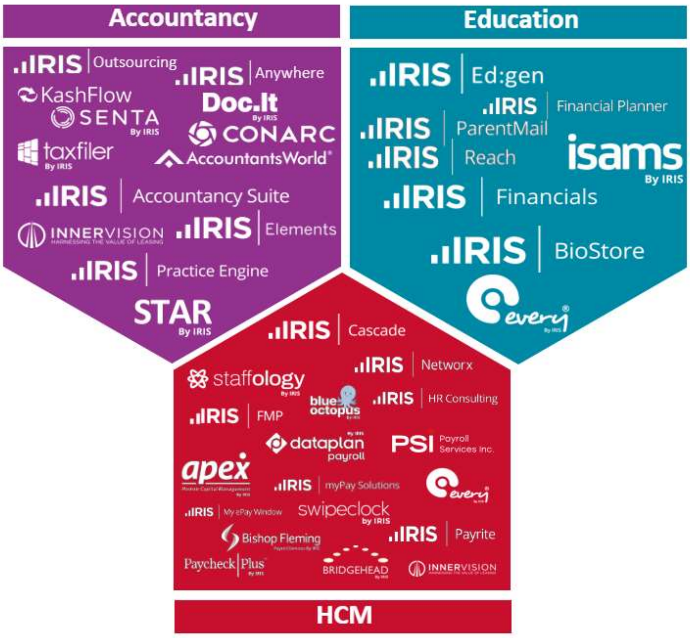
Our mission	Our vision
To be the most trusted provider of mission critical software and services	***Ensuring our customers get it right, first time, every time***

IRIS is one of the largest privately owned software companies in the UK, providing industry leading business critical software solutions and services to manage core business operations. We started 45 years ago with accountancy software and have evolved to be relied on by more than 100,000 customers across 135 countries in accountancy, education and business. We help organisations to make better business decisions by developing integrated software solutions to minimise admin, make business processes more efficient and give more time to do what's valued. Accountants, schools, and teams in payroll, HR and finance use our software and services to solve some of the most important operational business problems. These include the need to remain compliant with the law, drastically reduce time spent on administration and reporting; and generating actionable data insights to make better business decisions. Through simplifying and automating processes and providing insights on everyday mission-critical tasks for organisations of all shapes and sizes, we ensure our customers are able to focus on the work they love and look forward with certainty and confidence.

The IRIS Group is led by an Executive Committee made up of key leaders across Sales, Product, Technology, Marketing, Operations, Finance & Legal, Human Resources, and Corporate Development to drive better alignment and acceleration of performance across all areas of the business. Whilst the primary focus of the business is at a functional level, we also have sector and geography specific leaders (Accountancy, Education, HCM, Americas) to ensure we remain agile, dynamic and responsive to the ever-changing needs of our customers.

Our business model

For more than 40 years, we have supplied innovative administrative solutions to businesses, charities and the public sector. With dedicated software solutions and services for finance, HR and payroll teams, accountancy firms and educational organisations, our award-winning products are the invisible, but essential, infrastructure of our customers' businesses. IRIS' software solutions are managed under a number of leading product brands:



Revenue Generation

Our revenue is primarily generated through provision of software and services to end customers. Software services are principally provided through recurring maintenance or subscription, both through cloud/Software as a Service ("SaaS") applications and on-premise solutions. Cloud-based solutions are becoming more desirable for businesses. We recognise this and continue to develop and invest in a comprehensive range of Cloud applications using the latest computing technology to drive improved productivity and efficiency for customers. 64% of our software revenue during 2024 was derived from cloud-based products (2023: 57%), a proportion that is growing rapidly. Contract lengths range from monthly rolling for certain solutions, through to multi-year arrangements.

Alongside subscription services, we provide implementation, managed payroll, and consultancy services, including specialist HR advice.

In addition, transactional engagement services are offered through provision of SMS and payment platforms to allow schools and parents to better communicate and transact with each other.

Adding Value

By understanding the needs of our customers, we focus on delivering what our customers want through continued development of existing products and solutions, as well as acquisition of new products. Our customers are able to access a wide choice of modules and functionality that are not offered by our competitors. This has all been possible with the investment in highly skilled and experienced employees and teams who are able to deliver these mission-critical software solutions designed to meet the needs of customers. A strong culture and responsible leadership has enabled the business to grow and develop sustainably, giving customers confidence in IRIS as a strategic partner.

Why Customers Choose IRIS

Our specialist knowledge, deep understanding of our customers' needs and trusted position in the market allows us to drive the adoption of new functionality and modules to existing customers and our broad product offering is attractive to new customers. With our increased investment in Cloud technologies we remain well positioned to continue this growth strategy for many years to come.

Our scale allows us to invest in state-of-the-art infrastructure, including Cloud IT and related analytics. This investment in technology and development means that customers can rely upon IRIS to consistently deliver regulatory updates alongside enhanced products and services.

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

Group Values

Our business success is underpinned by our Group Values – created by employees to support our vision, mission and culture and designed to make an IMPACT.

Business Activity

Key highlights

Our award-winning products are used by more than 100,000 organisations, ranging from micro-businesses to FTSE 100 companies – the majority having a tenure of five or more years. IRIS payroll, accounting and finance software is used globally - being operated in over 135 countries. Five million employees are using our payroll and HR software, with 1 in 6 people in the UK being paid through our payroll solutions. We are the largest third-party online filers of taxes with the UK Government. 300 million messages are delivered annually between schools and parents, with 500,000 pupils' activity being processed by us. More than 21,000 UK and 4,000 US accountancy practices use IRIS software, including 91 of the top 100 UK accountancy firms and 54 of the top 100 US certified public accounting (CPA) firms.

We are proud of the continued recognition we receive for our products and services and are delighted to have received many awards for our effective and successful business solutions provided to our customers during the year. Our accolades also extend beyond our products and services and we are thrilled with being recognised by A Great Place to Work™ for the fourth year running in the UK and achieving similar recognition in other territories.

We are also proud of the numerous diversity and inclusion accreditations we have received, from winning the "Best Integration of Wellbeing and EDI" at the Make A Difference Awards 2023, being named a Stonewall Diversity Champion, signing The Race at Work Charter from The Prince's Responsible Business Network, to being a Disability Confident Committed Employer.

Culture

We recognise how important our employees are to our ongoing success – they are our greatest asset. Our priority is to encourage and recognise every success with an emphasis on teamwork, individual contribution, inclusion and diversity. Our "Great Place to Work" certified status outlined above has been achieved through validated employee feedback gathered with Great Place to Work's rigorous, data-driven methodology. Great Place to Work® is the global authority on workplace culture, built on the belief that great employee experiences are better for people, for business and for the world. It applies data and insights from approximately 10,000 organisations across the world to benchmark individual performance and advise employers on how to continuously improve employee engagement. Our certification confirms that our employees have a consistently positive experience at IRIS, with the survey considering employee wellbeing, diversity and inclusion, trust in management and leadership, effective communication, and recognition and reward.

We are proud that in an industry where the average proportion of females employed is only 30%, that we have further improved our gender ratio, with 48% of our current workforce being female. With this figure, IRIS leads the way in championing workplace inclusivity. More information on gender diversity can be found on pages 15 to 16.

We continue to offer flexible/hybrid working arrangements as well as remote training and events, making these more accessible to our people and ensuring teams across the globe are able to collaborate effectively. During the year we have enhanced our Learning and Development offering, giving our people all the tools and resources they require to be successful.

We recognise the importance of nurturing talent as early as possible - acknowledging the contribution our younger generations will make, and the impact they will have on our future. We therefore have a number of initiatives that support these individuals, allowing them to be successful in whatever their chosen career may be. We support a number of people through our apprenticeship schemes, in addition to our educational partnership programmes, including working with students at the University of Salford in Manchester and sponsoring employees to donate their time to Bookmark, a charity that helps children practice reading when they need a little extra support and encouragement.

We also acknowledge our responsibility to the local communities in which we work and with which we do business. We actively encourage employees to recognise those responsibilities and behave in a responsible manner towards the society in which we function. We regard the setting of good example as an important practice in this area. Read more about our work in the community on pages 14 to 15.

Products

We are committed to delivering high quality products to our customers and continue to invest heavily in development. During the year, we have recorded over 400,000 development hours. This includes further investment in our ground-breaking cloud platform, IRIS Elements as well as our NextGen Payroll and Education software, allowing our customers to access first class cloud-based products. Elements is an adaptive cloud-based platform that allows customers to access data in one place. Consisting of a number of essential modules including IRIS Elements Tax, IRIS Elements Accounts Production and IRIS Elements Practice Management, IRIS Elements allows our customers to add products as and when they need, allowing them to grow at their own pace.

Acquisitions

During the financial year, we have continued our growth through the acquisition of six business across the UK and Americas. These acquisitions, three of which are in the UK and three in the Americas, complement and enhance our product offering in our core markets. The US acquisitions are instrumental to our strategic priority of expansion in the Americas. Businesses are selected where products complement our own products, as well as having proven success in our core markets.

<u>Americas acquisitions</u>

In December 2023, we acquired CAVU HCM (CAVU). CAVU is a trusted provider of payroll, HR, talent and workforce services in the Americas. CAVU serves more than 1,600 businesses and its solutions are used by 23,000 employees across all 50 states in the US.

During January 2024, we successfully completed the acquisitions of SourceOne HCM and Payroll Data Processing (PDP). SourceOne HCM is a premier organisation specialising in providing exceptional payroll and HR services to more than 420 small businesses in California. PDP is a payroll service bureau based in Florida. The combination of these strong payroll service bureaus across three critical US geographies brings an exceptional team of experts focused on providing payroll and HR services to small and mid-sized businesses seamlessly across the US. These recent acquisitions extend the capabilities and reach of our existing payroll services operations.

<u>UK acquisitions</u>

In September 2023 we acquired Bridgehead (also known as Harper Morris Payroll, Bridgehead Europe and Bridgehead UK), a premier payroll and employee benefits provider. Bridgehead provides an extensive range of fully managed payroll services and its close-knit team of experienced specialists is dedicated to providing friendly, responsive and supportive service. This closely aligns with IRIS' mission to take the pain out of payroll and HR processes so professionals can get it right first time, every time and focus on delivering value to their business.

In November 2023, we completed the acquisitions of Bishop Fleming Payroll Services and Blue Octopus, a leading provider of recruitment software and services in the UK.

A longstanding IRIS customer, Bishop Fleming's 900 managed payroll clients will join customers taking advantage of IRIS Fully Managed Payroll, our BACS-approved bureau service, using the latest technology, and run by our expert team of experienced CIPP-accredited payroll managers.

The Bridgehead and Bishop Fleming acquisitions perfectly complement our global strategy to scale significantly in the managed payroll segment over the coming years.

Blue Octopus specialises in innovative recruitment and onboarding technology, managed recruitment services and customised careers microsites for over 200 companies, primarily in the public sector, construction, manufacturing and retail industries. Blue Octopus' cutting-edge talent acquisition platform empowers in-house recruitment teams and HR professionals to efficiently source top talent, enhance the candidate experience, drive engagement and optimise processes. This closely aligns with IRIS' commitment to streamline business operations and give professionals more time to do what's valued.

Stability and growth

As at 30 April 2024, the IRIS Group had £75.7 million of cash resources excluding client funds (2023: £37.5 million). Following the Sale Transaction on 30 April 2024, effected through the new holding stack of entities, the IRIS Group had access to an undrawn Revolving Credit Facility (RCF) of £100 million and an undrawn Committed Acquisition Facility (CAF) of £500 million. Whilst no formal requirement to formally test our covenants under the new facilities at the current year end, the IRIS Group has significant headroom on both its leverage and covenant levels as prescribed by our new lending arrangement. Covenants under the new facilities will be tested on a quarterly basis from 30 April 2024.

The acquisition of the IRIS Group, in addition to the new financing arrangements, coupled with the increase in revenues, achieved through both organic growth and acquisition, means the IRIS Group is very well positioned for further growth in the coming years.

Strategy

IRIS strives to generate revenue and profit growth, both organically and inorganically, and achieve high cash conversion, whilst improving customer and employee experience, to deliver our overall strategy. Our four key priorities will be delivered through engaging and empowering our #1RIS talent:

Key priority	Bringing value to the business
To increase our revenue	
Grow revenue through delivery of excellent customer service to support customer retention in addition to focusing on cross-selling, up-selling and driving new product offerings from current and recent acquisitions.	Our customers are at the centre of everything we do. We strive to provide exemplary customer service and ensure we respond to customer demands and provide the products they want and need, making IRIS their provider of choice. Through provision of excellent customer service and dynamic products, we are able to keep attrition rates low and improve our high recurring revenue rates, which consistently exceed 90%. Investment in our product offerings allows us to sell new products to our existing customer base, attract new customers to IRIS, in addition to maintaining customer retention rates. Investing in businesses whose product portfolios complement IRIS' existing products gives us access to new customers and markets and increases our ability to cross-sell.
To increase revenue generated from Cloud products	
Continued investment in our cloud technology and ensuring we are meeting the growing demands of our customers for integrated products	We understand how important cloud products are to our customers, with the pandemic emphasising how cloud products can transform the lives of users. Offering a comprehensive suite of integrated products will allow us to provide what our customers need and want. The acquisitions AccountantsWorld, Every, iSAMS, Staffology and Senta in recent years have been pivotal in providing a quicker route to market through their cloud based products which complement IRIS products. During the year, we have seen revenue from our cloud products increase to 64% (FY23: 57%). Through continued investment, we will continue to develop our cloud offerings. Our Elements platform – the first ever end-to-end cloud accounting solution offers unique flexibility, scale and powerful automation to accountants. Following its launch, Elements has attracted significant interest. More detail on Elements can be found on our website: https://www.iris.co.uk/products/iris-elements/ In addition, we have been investing heavily in our Next Gen HCM platform which will revolutionise the traditional administrative functions of HR departments.

To grow revenue generated in the Americas	
Continue to identify opportunities to expand our business in the Americas through cross-sell, delivery of our M&A value creation plans and further acquisition	To date, we have been successful in the execution of our strategy to increase our presence in the Americas. During the year we successfully completed three further acquisitions in the Americas – Cavu, SourceOne and PDP, helping to drive 16% growth in the Americas in year (FY23: 123%). Further detail can be found on page 7. To support our Americas expansion, we have continued to strengthen our local senior leadership team, headed by Jim Dunham, President, Americas. This team will continue to focus on successful integration of our new businesses, ensuring we deliver on our value creation plans. In addition, we will continue to identify further acquisition opportunities to complement our existing product offerings.
Cash conversion	
Continue to drive high level of cash conversion through improvements to collection processes and delivery of procurement initiatives	As a highly acquisitive and growing business we are focussed on streamlining our processes and systems, creating a standardised way of working across the Group. This includes our business transformation programme, bringing everything onto one platform, which will simplify our interactions with customers and improve our collection processes. We have a dedicated in-house procurement function which has introduced the required expertise to deliver on procurement initiatives.

Events after the Reporting Date

On 14 May 2024, the IRIS Group successfully completed the acquisition of Swipeclock LLC, acquiring 100% of its shares for cash consideration of $192 million. Swipeclock is a US technology leader in SME workforce management solutions, best known for its cloud platform WorkforceHub. WorkforceHub connects core human resources, time and attendance, scheduling, PTO applicant tracking, onboarding and hiring tools within one unified solution. The acquisition was funded via a partial draw down of the new £500 million acquisition facility that was entered into on 30 April 2024. The IRIS Group also entered into new hedging arrangement to cover the new debt facilities. Further information on the IRIS Group's financing can be found on page 13. At the date the financial statements were authorised for issue, the balance sheet of Swipeclock LLC is still being reviewed for alignment with the IRIS Group's accounting policies as are assessments of fair value of material assets such as customer relationships and technology.

During the year, the IRIS Group received a legal claim which was in arbitration as at 30 April 2024. A settlement of £3,985,000 was agreed in September 2024 and is due to be paid in November 2024. Provision for this settlement has been made as at 30 April 2024 (see note 20 on page 65).

A share-based payment enquiry with HMRC was concluded in September 2024 which has resulted in a corporate tax provision of £4.7m being released. This amount has been credited to the Income Statement and is included in "Adjustments in respect of prior year current tax liabilities" in note 9.

Key Performance Indicators

In order to understand and assess the performance of the IRIS Group, a number of measures are monitored and reported on a monthly basis by Management. The Key Performance Indicators (KPIs) of the IRIS Group include both financial and non-financial measures, including:

Financial KPIs	Non-Financial KPIs
Management Revenue	Transition from cloud to non-cloud software delivery
Recurring Revenue	Number of acquisitions completed
Management EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation)	Number of employees, and the associated gender split. Aligned to our goal to create an even better gender balance across the business
Management Operating Cash Flow	
Cash Conversion	

Financial Key Performance Indicators: Financial

Management results for the IRIS Group are summarised as:

	2024	2023	2022	2021
Management Revenue (£m)	375.1	321.7	257.9	223.5
Recurring Revenue (%)	93	92	92	90
Management EBITDA (£m)	166.2	138.1	113.7	102.6
Management Operating Cash Flow (£m)	166.5	136.1	100.8	94.2
Cash Conversion (%)	100	99	89	92

* Note: Management Revenue, Management EBITDA and Management Operating Cash Flow are non-GAAP alternative performance measures that are presented to provide readers with additional financial information that is regularly reviewed by management. Such measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See note 34 to the financial statements for further details.

Management Revenue and Recurring Revenue

During the year, we achieved Management Revenue of £375.1 million (2023: £321.7 million) and maintained high recurring revenue rates of 93% (2023: 92%). The increase in revenue was driven by sales of products into new and existing customers and new acquisitions, price increases to support continued investment in product functionality and legislation updates, underpinned by low customer churn.

Management Revenue is made up as follows:

	2024	2023	2022	2021
Support & Subscription (£m)	262.2	230.9	194.3	171.8
Transactional (£m)	14.7	10.4	6.9	6.0
Managed services (£m)	73.6	58.8	36.8	28.0
Recurring revenue (£m)	350.5	300.1	238.0	205.8
Professional services (£m)	17.0	14.9	13.9	12.0
Licence & other (£m)	7.6	6.7	6.0	5.7
Total revenue (£m)	375.1	321.7	257.9	223.5
Year on year growth (%)	16.6	24.7	15.4	*n/a*
Proforma revenue (£m)	382.3	351.7	*n/a*	*n/a*
Year on year growth (%)	8.7	*n/a*	*n/a*	*n/a*

Acquisitions during the current and prior years contributed £23.6 million to the overall revenue increase from the date of acquisition. If the acquisitions had completed on the first day of the prior financial year, revenue would have been £382.3 million in the current year and £351.7 million in the prior year.

Management EBITDA

Management EBITDA, as defined in note 34, represents the basis on which management review the performance of the IRIS Group, taking account of non-trading and management exceptional items. During the year, we achieved Management EBITDA of £166.2 million (2023: £138.1 million), representing a growth of 20.3%, and a margin of 44.3% (2023: 42.9%).

If the acquisitions had occurred at the start of the financial year, Management EBITDA for year ended 30 April 2024 would have been £168.1 million (2023: £141.8 million).

Management Operating Cash Flow

Management Operating Cash Flow is defined as net cash flows generated from operating activities adjusted to exclude the cash in respect of transaction related costs, management exceptional items and include the cash impact of rental costs. Cash conversion is the percentage of Management Operating Cash Flow generated from Management EBITDA.

During the year we achieved Management Operating Cash Flow of £166.5 million (2023: £136.1 million) and cash flow conversion of 100% (2023: 99%). The increase in conversion percentage in the year ended 30 April 2024 is primarily driven by increased focus on cash collection.

Statutory measures

The statutory equivalents of the above measures are presented below:

	2024	**2023**	**2022**	**2021**
Revenue (£m)	373.5	319.1	255.7	222.5
Operating profit (excluding depreciation and amortisation) (£m)	101.8	96.3	88.2	81.0
Operating Cash Flow (£m)	168.9	99.7	86.0	77.2
Cash Conversion (%)	166	104	97	95

Revenue has increased by £54.5 million (17%) during the year. This is driven by sales of products into new and existing customers and new acquisitions, price increases to support continued investment in product functionality and legislation updates, underpinned by low customer churn.

Operating profit (excluding depreciation and amortisation) increased to £101.8 million (2023: £96.3 million) primarily driven by an increase in revenue, offset by increased costs.

During the year we achieved an Operating Cash Flow of £168.9 million (2023: £99.7 million) and cash flow conversion of 166% (2023: 104%). Excluding movements in client held funds we achieved an Operating Cash Flow of £131.2 million (2023: £124.4 million) and cash flow conversion of 129% (2023: 129%).

Financial Position

At the year end, the IRIS Group had cash balances excluding client funds of £75.7 million (2023: £37.5 million).

On 30 April 2024, as part of the acquisition of the IRIS Group through a new holding stack of entities, IRIS refinanced its borrowing facilities extinguishing all external debt held by the PN2 Group. The new facilities were entered into by a newly incorporated entity, Elements Finco Limited, which is indirectly owned by Elements Topco, the new ultimate parent company of the IRIS Group.

The new facilities include the following:

	Facility	Maturity	Amount Drawn Down
Senior:			
Facility B	£950 million	April 2031	£950 million
Acquisition Facility	£500 million	April 2031	£nil
Revolving Facility	£100 million	October 2030	£nil
PIK Notes Facility	£450 million	April 2032	£450 million

Immediately prior to the transaction on 30 April 2024, the IRIS Group's borrowing facilities were as follows (these were all settled in full on 30 April 2024):

	Facility	Maturity	Amount Drawn Down
Senior:			
Facility B	£795 million	September 2025	£795 million
Acquisition Facility	£75 million	September 2025	£75 million
Revolving Facility	£40 million	March 2025	£32 million
PIK Notes Facility	£260 million	one year after Facility B but before September 2030	£260 million

The new financial arrangements include a leverage covenant which requires the leverage (the ratio of Consolidated Senior Secured Net Leverage to Consolidated Pro Forma EBITDA) does not exceed 15.06x. Consolidated Senior Secured Net Leverage is the total balance of the senior facilities less unrestricted cash. Consolidated Pro Forma EBITDA is the Management EBITDA of the IRIS Group combined with pre-acquisition EBITDA of acquisition in the relevant reporting period and adjusted for various metrics as defined in the facilities agreement. At year end the leverage was substantially below this level at 4.87x.

The former PIK Notes Facility shown above is the original principal amount and does not include total accrued interest of £216.2 million which rolls 6-monthly and is compounded into the balance outstanding. The total balance at 30 April 2024 (before refinancing) stood at £476.2 million (2023: £420.8 million).

Financial Key Performance Indicators: Non-Financial

Key Performance Indicator	FY24	FY23
Transition from cloud to non-cloud software delivery	64%	57%
Number of acquisitions completed	6	4
Number of employees, and the associated gender split. Aligned to our goal to create an even better gender balance across the business	Total 2,986 (note 5) Male: 52% Female: 48%	Total 2,638 (note 5) Male: 57% Female: 43 %

Environmental, Social and Governance (ESG)

We take our ESG responsibilities seriously and are committed to doing business for good and leaving a greater legacy behind. At IRIS, ESG is about operating effectively while treating our colleagues, customers and other stakeholders fairly; minimising our environmental impact; engaging with local communities and ensuring we run our business in an ethical, secure and compliant way.

Environment and Carbon Footprint

We are committed to managing environmental risks that are material to our business and our stakeholders. We seek to ensure that our commitment to minimising our environmental impact is implemented through our practices.

We have sought to reduce our greenhouse gas (GHG) emissions for several years, including by taking opportunities yielded by office moves and refits to install energy efficient lighting systems and optimise HVAC systems. We have measured and reported on our Scope 1 and 2 – and some Scope 3 – carbon emissions for several years, and we conduct regular energy audits across our offices as part of our compliance with the ESOS and SECR energy assessment schemes.

To further improve the scope and accuracy of our carbon footprint measurement, in 2023 we contracted a carbon footprint consultancy to measure our carbon emissions more comprehensively, with a view to better understanding our footprint, identifying the most effective actions we can take to further drive down GHG emissions, and setting science-based reduction targets in line with the temperature rise goals of the Paris Agreement. We are now working to set reduction targets towards our goal of reaching net-zero by 2050.

More information on our emissions can be found in the Directors' Report on page 31.

We also have an active 'Green Group' – internal champions for sustainability at IRIS – which meets monthly to discuss environmental issues relating to our business, promote environmental awareness within IRIS, and propose and encourage the adoption of green initiatives and targets.

We give our employees three 'Giving Back' days a year on top of their annual holiday entitlement to support local community and national charitable causes. Employees are encouraged to actively give their time and skills to support community projects and charities. Our employees make use of their three 'Giving Back' days to volunteer in a number of ways, including fundraising for a charity of their choice, giving blood, being a school governor or charity trustee, reading with school children through the Bookmark scheme and mentoring in schools. We actively highlight acts of kindness displayed by our employees through our communication channels, both internally and externally. This has included fundraising, collecting for local food banks and baking and delivering cakes to the elderly. During the last financial year, 613 days (2023: 365 days) have been given to charities and community projects, including schools, NHS, foodbanks, blood donations, hospices and acting as a trustee. A total of £56,600 (2023: £25,750) has been donated to charitable causes.

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

Legal, risk and procurement teams review risk exposure. Suppliers are assessed prior to on-boarding and then re-reviewed annually. The Modern Slavery Act 2015 is included within our statutory and regulatory compliance risk register to ensure the risk continues to be flagged, assessed and appropriately addressed.

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

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

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

Gender Diversity

At IRIS, we're delighted to be a business that is continually evolving, growing organically and through acquiring successful businesses, and welcoming fantastic people from across the world to our #1RIS family. As a global business located across eight countries and with 3,000 employees, we're very proud to have a diverse workforce that champions inclusivity, is passionate about celebrating differences, and recognises the importance of representation at all levels. As we continue to expand our business, we're committed to keep making strides in improving gender equality and equal opportunities at IRIS.

We're especially proud that, as a technology company, women make up almost 50% of our workforce, both in the UK and across the globe. Championing women is at the heart of our inclusion strategies, and, for many years, we have invested in an extensive range of programmes to provide dedicated training and development to empower women across IRIS, promote female representation in senior and leadership roles, and support our staff through life's milestones and their IRIS journey. It is important to acknowledge that our UK gender pay gap isn't due to paying people within the same roles differently based on their gender, but instead is attributed to having a lower proportion of females in senior leadership roles and a higher proportion in our lower paid roles. Nevertheless, we remain dedicated to reducing this disproportionate representation through our key strategic programmes, including talent acquisition and talent management, learning and development, and diversity and inclusion.

2023 saw the relaunch of our THRIVE Programme. The purpose of THRIVE is to increase gender representation at all levels and ensure the women at IRIS have the confidence to pursue their goals and succeed. It's also designed to ensure that we reduce the gender pay gap, meet our inclusion and diversity commitments, and provide great opportunities for all women to reach their potential.

Originally launched in 2021, THRIVE started as a women's development programme with the mission to ensure that women at IRIS and girls in local communities received ample support and had the confidence to pursue their goals and succeed. To achieve these goals, the programme focused on three pillars for success:

- reducing our gender pay gap;
- enhancing women's wellbeing; and
- uplifting young women.

We're delighted to have achieved many milestones throughout the year. We're delighted to have sponsored a variety of events and initiatives to foster and cultivate the great talent we have among our female colleagues at IRIS. We've also recently launched a THRIVE career network, where anyone at IRIS can join an inclusive community to come together and share brilliant ideas for driving gender equality.

Our 2024 targets are to increase the representation of women in the business from 46% to 48%, increase the % of female managers from 42% to 45%, and increase the % of women in level 7-9 roles by 10%. We are currently on track to achieve these goals.

During the year, IRIS was led by nine board members, of which one is female. The IRIS Group's Executive Team (including Executive Board members) comprises of four female leaders and nine male leaders. Our latest Gender Pay report published during the current financial year covers the tax year ended 5 April 2023. The measures for the report are calculated using core IRIS Group employees (which excludes non-UK staff and employees still employed by newly acquired entities). We are proud to have increased the number of women in our UK workforce since our last report. For 2022/23, the business comprised of 1,945 (2021/22: 1,713) employees with women representing 48% of roles (2021/22: 43%) - this exceeds the technology sector average of 30% women. 44% of our managers are women and the percentage of women in top quartile jobs has increased since 2021/22, with women now making up 31% of upper quartile jobs. Increasing the number of women in the IRIS Group and moving towards an equal distribution of men and women across all levels continues to be an area of focus for us.

Gender Pay Gap

Figures reveal that for 2022/23, our mean pay gap remained at 25%, while the median pay gap increased from decreased from 27% to 25%. The median bonus gap reduced to 15% (2021/22: 23%), while the mean was 47% (2021/22: 42%). The increase is attributed to new business acquisitions who on the whole have more women in lower quartile roles, however, we are proud to announce that 98% (2021/22: 96%) of women received a bonus, compared to 99% (2021/22: 98%) of men.

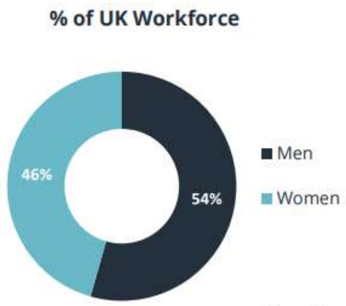


Figure 1

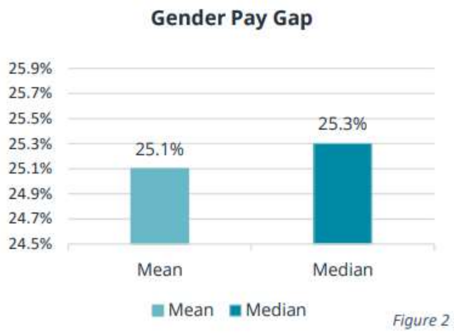


Figure 2

Source: IRIS Gender Pay report 2022/23

	Lower Quarter	Lower Middle Quarter	Upper Middle Quarter	Upper Quarter
% of women	61.2%	49.8%	39.9%	30.2%
% of men	38.8%	50.2%	60.1%	69.8%

Source: IRIS Gender Pay report 2022/23

At IRIS, we firmly believe that a diverse workforce is key to success. We practice equality and inclusion in all areas and encourage everyone of any background or identity to get involved with all our events. We're delighted to have established three 'Pillars of Inclusion' shown to the right of this page, which are promoted and embedded across the IRIS family.

To lay the foundation for these pillars, we focus on communication and education, collecting meaningful data, promoting internal mobility and aligning our various employee voice methods. We're proud to promote our pillars internally through our intranet, monthly company updates and our policies, and educate our employees on their own biases by encouraging them to take the Harvard implicit bias test. We're delighted to continue creating impactful reporting systems to define and measure our KPIs relating to inclusion and will shortly be publishing our first ethnicity pay gap report.

We work hard to ensure all staff are aware of the opportunities open to them and provide an extensive range of development support for progression at all levels. We also recognise the best way to build on our successes and achieve more, is to listen to our employees, so we're delighted to have a variety of existing employee voice channels which we use to gather different perspective to help guide our ED&I initiatives.

Workforce Diversity	Workplace Inclusion	Embedding ED&I
Create attraction, recruitment, selection, onboarding and internal mobility processes that offer equitable opportunities for all. Support diversity in all levels across the IRIS family	Create an environment where people can bring their whole selves to work and where their differences are celebrated and valued. Foster a culture where everyone feels welcome and empowered to succeed	Ensure IRIS' pillars of inclusion and diversity are clearly communicated and understood at all levels and that everyone takes responsibility for upholding our inclusive and diverse culture
• Create career opportunities for diverse candidates through inclusive talent programmes and initiatives • Keep our application and selection processes fair and unbiased for all candidates • Provide clear pathways for progression and development to empower all employees to reach their career goals and maximise their potential	• Deliver a programme of training, development, and awareness events to educate our staff and foster a culture of belonging • Empower our staff to share their perspectives, experiences, and ideas to drive positive change for all • Ensure our policies and procedures are inclusive so that all staff are included fairly	• Ensure our senior leaders and ED&I Champions are role models across the IRIS family • Support our people managers by developing their skills and awareness of ED&I • Use KPI's and data to measure success and drive positive change

Principal Risks and Uncertainties

As for other businesses, there are a number of risks and uncertainties that may affect our business activities. The Directors and senior management continue to identify and evaluate operational and other risks faced by the IRIS Group, including emerging risks and other external factors. Where necessary, changes will be implemented to ensure any risks are reduced to manageable levels. The quality of earnings is underpinned by strong legal and financial governance, coupled with a focus on improving customer service and increasing the lifetime value of customers.

Key	Risk impact		FY24 vs FY23
H	High		Risk decreasing
M	Medium		No movement
L	Low		Risk increasing

Risk	Mitigation
Disruption of IT Systems and Networks, including Cyber Risk The IRIS Group's business operations rely on the efficient and uninterrupted operation of its information technology systems and networks. Loss of access, loss of customer data, and GDPR fines present a risk if not properly managed. H	IRIS continues to invest in cyber security measures, including improvements to identity protection, security monitoring and ransomware defence. We have increased the scope of our cyber essentials certification to the whole business and have implemented a new security policy framework to support our global regulatory requirements. Extensive investments have been made in preventative security capabilities within our software development processes. These include developer training, improvements in architectural governance and standardisation, as well as technical capabilities to ensure all strategic products use tools to detect threats from our software supply chain and threats from defects in code.
Wider Economic Environment The Directors acknowledge that the economic environment can affect the overall performance of the IRIS Group's businesses in terms of both revenues and cost, including inflationary pressures, fluctuating interest rates, political environment and global events such as international conflicts (e.g. Russia and Ukraine). M	We keep up to date with external factors which may affect our business directly and indirectly through our supplier and customer base and wider relationships, e.g. with our lenders. We seek to limit any risks presented by external factors through close relationships with our suppliers, customers, external advisors, bankers and lenders, as well as appropriate use of hedging strategies, where relevant. We do not have any direct financial exposure in Russia, Ukraine, Israel or Palestine.

Risk	Mitigation
Evolving Technology Market The software market in which the IRIS Group operates is characterised by evolving technology, market practices and industry standards. There is a risk that IRIS may be left behind if it does not continue to invest in its products and solutions, and therefore becomes uncompetitive. The pace of change in the technology has increased with the rise of generative AI, particularly large language models such as ChatGPT. IRIS must embrace these modern technologies to remain competitive but must ensure that it is adopted in a way that quality of customer service and compliance with laws and regulation is maintained. M	We have a strong commitment to Research and Development, which allows for identification of, and adaptation to technological, compliance and market changes, thereby ensuring demands of customers are met and products are delivered on the latest technology platforms. We have continued to invest heavily in our ambitious IRIS Elements multiyear programme, adding more products to our to our cloud platform, which will deliver product functionality across our core product suite going forward. In addition, we continue to develop our NextGen payroll, education, practice management and document management cloud products. IRIS was one of the first companies to the market to embrace and integrate generative AI functionality into 2 of its product lines (Networx and Parentmail). In addition, IRIS has long leveraged machine learning as a fundamental pillar of the internal data strategy, built by an experienced and mature data science team. IRIS also has an AI Council, of which has embedded digital ethics as part of their remit. This group focuses on upstream/downstream impacts, business/technical feasibility alongside regulatory/compliance considerations. Further supporting education and awareness, IRIS has a well defined AI policy, paired to a mandatory training program for large language models to ensure that all employees are up to date on the latest risks/mitigations and opportunities.
Regulatory Change **Customers:** Customers come to IRIS as they want to ensure that their compliance is taken care of, and is right first time. If IRIS was unable to ensure that products remained up to date for regulatory change, customers would be less confident in the products and may choose to go elsewhere. **External:** We are exposed to changes in regulations across all of the jurisdictions we operate in. If IRIS were unable to keep up with regulatory changes we risk penalties and reputational damage for non-compliance M	As a provider of regulatory software, it is imperative products are kept up to date, and product updates and releases are right first time. We have a privileged relationship with HMRC, working closely with them to ensure that our products meet all requirements. We ensure we are able to react promptly to changes in government legislation, so that business critical software products are kept fully up to date and can continue to support our customers and their businesses. In addition to our own internal regulation and compliance teams, we work closely with our advisors to ensure we mitigate any risk associated with non-compliance of local regulations.

Risk	Mitigation
Breach of Copyright The IRIS Group relies on intellectual property laws including laws on copyright, trade secrets and trademarks to protect its products. Despite such laws and regulations being in place, unauthorised copying of software may still occur. M →	To mitigate this risk, we endeavour to monitor and police the unauthorised use of our products, use secure storage of our source code and engage the services of specialists to enforce and protect the IRIS Group's intellectual property rights both in the UK and the Americas.
Competitive Market Environment The IRIS Group operates in a competitive environment where the quality of products is paramount. All technology companies are vulnerable to disruptive market entrants. M →	Product quality is paramount. As the largest third-party filer with the government, we have a market leading position and reputation for quality. We also have the largest and the most integrated suite of accountancy products in the market. The combination of our market standing and value our solutions deliver, results in customers renewing their subscription from year to year. We employ quality assurance teams and involve customers in reviewing new product releases to reduce risk and to improve both the quality and the timeliness of releases. We also attach enormous importance to providing the highest levels of customer service to differentiate ourselves in the market.
Retention and recruitment 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. Recruitment of skilled software engineers and retention of key employees, including our leaders, is therefore important to ensure the business is able to continue to deliver great software to customers. M →	We strive to limit reliance on third party expertise by employing directly and promoting from within. We place significant focus on our employees, ensuring we attract the highest calibre individuals and maintain high employee satisfaction through continued development, linking to the strategy of #1RIS. This includes identification of Top Talent across the business and personalised development plans aligned to our career framework. We also include cross training across multiple products to remove any single points of failure. We are proud to be growing our workforce globally, including our hubs in India and Romania. For our senior leaders, we have been focussing on ensuring we have appropriate succession plans in place.
Acquisition Integration There is a risk that businesses acquired by IRIS do not integrate effectively within the business, and investment objectives are not met. M ↑	Acquisition integration is planned and monitored closely to ensure the investment objectives for each acquired business are met and value creation plans are delivered.

Future Outlook

Looking ahead, the Directors believe that there continue to be substantial opportunities for further growth, both organically and through acquisition. There will be continued focus on investment in Cloud technology, growth within the Americas and further acquisitions to strengthen core product portfolios, as well as taking advantage of significant cross-sell opportunity and operational synergies within our core markets.

We will continue to work with customers to understand their needs, keep abreast of changing legislation and evolve our product offering to respond to these factors. Our investment in Cloud technologies and product integration will ensure we are able to keep pace with the growing demand for these products.

The Directors are confident in the IRIS Group's and PN2 Group's prospects going forward.

The Directors would like to express their personal thanks to everyone who has played their part in IRIS' achievements for another fantastic year. A big thank you to all our IRIS employees for their excellent service to our customers and contribution to our results, and also our customers for continuing to choose IRIS.

On behalf of the Board

Michael Cox
Chief Financial Officer
11 October 2024

The Directors present their report and the audited consolidated financial statements of Perennial Newco 2 Limited ("the Company"), and the consolidated group of companies (together "the PN2 Group" or just "the Group") for the year ended 30 April 2024. As at 30 April 2024, Perennial Newco 2 Limited is an intermediary holding company of a group of companies headed by Elements Topco Limited (together "the IRIS Group" or "IRIS Software Group").

Principal Activities

With 45 years' experience and a predominantly UK, but growing international focus, the IRIS Group, offers the greatest range of specialist financial, human resources, engagement, payroll and bookkeeping solutions. These are managed under the leading brands outlined on pages 3 and 4.

The IRIS Group predominantly operates in the UK, but also has a growing presence in the Americas, with operations in the US and Canada achieved through acquisitions as well as other territories across Europe.

The future outlook of the IRIS Group is outlined in the Strategic Report on pages 2 to 10.

Financial Risk Management Objectives and Policies

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

Cash Flow and Liquidity Risk

The IRIS Group manages its day-to-day cash flow requirements through its highly cash generative business model, in addition to free cash reserves excluding client funds of £75.7 million as at the year end (2023: £37.5 million) and the use of an available revolving credit facility of up to £100 million (2023: £40 million). At year end the balance drawn on this facility was £nil (2023: £nil).

Until 30 April 2024, the IRIS Group had in place Facility B and Acquisition Facility loans, of £795 million and £75 million respectively. Both were fully drawn throughout the year and following the Sale Transaction (see page 2) on 30 April 2024, were immediately repaid in full on ahead of the September 2025 maturity date.

The new facilities consist of a £950 million Unitranche facility (£760 million denominated in GBP and £190 million denominated in USD), which was fully drawn at year end. The IRIS Group also have access to a £500 Committed Acquisition Facility and a £100 million Revolving Credit Facility, both of which were undrawn at the year end. The IRIS Group's external borrowings have been made through Elements Finco Limited, a newly incorporated entity who is an indirect parent of the Company.

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

Interest Rate Risk

The IRIS Group's borrowings consist of long-term variable rate facilities. In October 2022, the PN2 Group entered into new 2-year interest hedge contracts to protect against market volatility with rapidly increasing interest rates. The contracts consist of a series of fixed SONIA interest swaps for a total notional amount of £435 million. As part of the refinancing activities, these interest rate swaps were novated to Elements Finco Limited. Subsequent to the year end, the IRIS Group extended these interest rate swaps to May 2027 and entered into further interest rate swaps, also maturing in May 2027. These additional swaps provide 75% coverage of both the GBP and USD tranches of the Unitranche facility.

Credit Risk

The PN2 Group's principal financial assets are bank balances and cash, trade and other receivables.

The PN2 Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The PN2 Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced.

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

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

The PN2 Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. For continuing operations in the year ended 30 April 2024, no income derived from a single customer exceeded 1% of the PN2 Group's revenue.

Going Concern

The IRIS Group has very strong liquidity with £75.7 million of cash excluding client funds as at the reporting date (2023: £37.5 million). Following the Sale Transaction on 30 April 2024, the IRIS Group has no debt repayable until 2031 and continues to have significant headroom in its only financial covenant test. This coupled with highly recurring and cash generative nature of the business model, mean the PN2 Group is very stable from a profit and cash perspective. Board approved forecasts are used as the basis for the going concern assessment, to which severe but plausible downside scenarios are then applied. Management have considered every plausible scenario and do not foresee any of them causing this covenant test to fail.

The ultimate parent of the IRIS Group, Elements Topco Limited, has confirmed that it and other intermediate parent companies will not seek repayment of amounts advanced to the PN2 Group in the 12 months following the date that the financial statements were signed, unless adequate alternative financing has been secured by the PN2 Group.

Following the Sale Transaction (see page 2), the Directors confirm that they have no intention to liquidate the Company in the 12 months following the date that the financial statements were signed.

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they believe there is no material uncertainty in respect of going concern and continue to adopt the going concern basis in preparing the financial statements for the coming 12 months from the date of this report. Further information is included in Note 2.

Dividends

During the year, the Company did not pay a dividend (2023: £nil). Preference shares held by the PN2 Group are treated as debt. The Directors do not recommend the payment of a final dividend for the year.

Donations

Charitable donations made by IRIS during the year are disclosed on page 14.

The Group made no political donations during the year (2023: £nil).

Directors

The Directors of the PN2 Group who served throughout the year, and up to the date of signing, unless stated, were as follows:

K Dady (resigned 30 April 2024)
E Mortimer-Zhika
M Cox
D Lockie
D Packford (resigned 30 April 2024)
N Humphries (resigned 30 April 2024)
K Loosemore (resigned 30 April 2024)
D Simon (resigned 30 April 2024)
J Jefferies (resigned 30 April 2024)

Directors' roles on the Board of the IRIS Software Group during the year were as follows:

Executive Directors	
Kevin Dady ***Executive Chairman*** ***Appointed 6 September 2018, resigned 30 April 2024*** ***Industry experience: 25+ years***	Kevin Dady is the Executive Chairman of IRIS Software Group and is responsible for IRIS' acquisition and corporate development strategy, while also continuing his executive sponsorship of the company's exciting next generation of products and services, which are due to be launched this year and beyond. Kevin has over 25 years of leadership experience, having held many executive roles across the UK. Most notably, his experience includes membership of Capita's divisional executive board, spending 18 years with the business, including overseeing its Professional Services Division. Kevin is also a non-Executive director of Literacy Capital.
Gus Malezis **Non-Executive Chairman** **Appointed 30 April 2024** ***Industry experience: 30+ years***	Gus Malezis serves as Chair at IRIS Software Group, bringing more than 30 years of executive leadership and product innovation with discipline and focus on profitable growth. Gus most recently led Imprivata as President and Chief Executive Officer, restoring the business to profitability and record growth, with strategic customer relationships, and implemented a vision of Digital Identity. Prior to Imprivata, Gus was the President of Tripwire, a leading global provider of endpoint detection and response, security and compliance solutions. His track record of performance extends also to leading technology and security companies such as mCircle, McAfee, 3Com and Merisel. Gus combines extensive knowledge of global markets including North America, Europe, and Asia with strong technical knowledge and a passion for enabling customer success in the rapidly changing IT marketplace. He has extensive background and expertise across various enterprise-focused sectors including CyberSecurity, SaaS, mobile platforms, software, hardware and network systems.

Elona Mortimer-Zhika ***Chief Executive Officer*** ***Appointed 6 September 2018*** ***Industry experience: 20+ years***	Elona is the Chief Executive Officer of IRIS Software Group and all of its subsidiaries. Elona is dedicated to ensuring IRIS is the most trusted provider of mission-critical software and services. She is very passionate about building winning teams that put customers at the heart of everything IRIS does, providing them with an exceptional experience and value-add solutions. IRIS was crowned Tech Company of the Year at the UK Tech Awards 2022. Elona joined IRIS in 2016 as Chief Financial Officer and was promoted to Chief Operating Officer in 2018, and then Chief Executive Officer in 2019. Before joining IRIS, Elona held several senior leadership roles in Big 4 and PE-backed businesses, including Mavenir, Acision, Arthur Andersen and Deloitte. Elona graduated with a First Class Honours Degree in Accounting and Economics and is a Fellow of the Institute of Chartered Accountants in England & Wales. Awards include UK Tech Awards Tech CEO of the Year 2023; Top 100 Most Influential People in Accounting in the US 2022; Top 50 Women in Accounting 2021; UK Tech Awards Business Woman of the Year 2020; Global Banking and Finance Business Woman of the Year UK 2020 and the Venus National Finance Professional of the Year 2018. Elona is passionate about tech, education and diversity. Born in communist Albania, Elona won a scholarship at the age of 16 to attend an international college in Wales alongside students from over 100 different countries. This life changing experience has driven her to focus on making a high social impact and providing opportunities to those from under-privileged and under-represented backgrounds. She is a Trustee of Hg foundation, a charity focused on removing barriers to education and skills in technology, and is a Board Director of Boardwave, the networking platform for European Software leaders.
Michael Cox ***Chief Financial Officer*** ***Appointed 1 February 2019*** ***Industry experience: 20+ years***	Michael is Chief Finance Officer at IRIS, having originally joined the business in 2016 heading the financial planning and commercial team. Prior to joining IRIS, Michael held senior leadership roles across both Operational and Commercial Finance at Xura, a PE-backed leading digital communications services provider. During this time, he led international teams and helped take the business through two transformative sale processes under both PE- and US-listed environments. His most recent role was Vice President Corporate Finance. Michael is a Chartered Accountant, having begun his career at PwC focused on technology and software clients before moving into industry.

David Lockie ***Chief Operating Officer*** ***Appointed 16 November 2020*** ***Industry experience: 23+ years***	David Lockie is the Chief Operating Officer and is responsible for a wide range of functions, including Revenue, Customer Success, Systems Transformation and M&A Integration. He joined IRIS in 2018 as Chief Customer Officer, bringing a wealth of experience and knowledge across various sectors and industries, including taking responsibility for software businesses across central and local government, education, financial services and payments. As a seasoned executive, David has a proven track-record for championing customers, providing an exceptional experience and driving innovation and improvement at every step of their journey. Prior to IRIS, David enjoyed a varied tenure with Capita, most recently leading the Capita Software Services Division. David joined Capita as a result of the acquisition of Imasys, where he gained his initial software and payments knowledge and experience.
Non-Executive Directors	
David Packford ***Appointed 6 September 2019***	David is a Chartered Accountant and has been a Non-Executive Director at IRIS since October 2012. David is also a Non-Executive Director of Marston Holdings and Verve Partners. David has a BA in Economics from the University of Liverpool and an MSc in Mathematical Economics from the London School of Economics and Political Science.
Kevin Loosemore ***Appointed 18 May 2018, resigned 30 April 2024***	Kevin is now a Non-Executive Director, having previously served as Chairman of IRIS from August 2017 to August 2019. Prior to this, Kevin was Executive Chairman of Micro Focus from April 2011 until Feb 2020. Kevin served as Non-Executive Chairman of DeLaRue Plc from Sept 2019 until April 2023. He previously held roles as non-executive Chairman of Morse plc, a Non-Executive Director of Nationwide Building Society and a Non-Executive Director of the Big Food Group plc. His most recent executive roles were as Chief Operating Officer of Cable & Wireless plc, President of Motorola Europe, Middle East and Africa and before that, he was Chief Executive of IBM UK Limited. He has a degree in politics and economics from Oxford University.
Chris Jurasek ***Appointed 30 April 2024***	Chris Jurasek, Non-Executive Director at IRIS Software Group, is an American investor and business executive who is the current CEO of English football club Chelsea F.C. Over the past decade, Chris has served as Operating Executive with Clearlake Capital, holding multiple President, CEO and board member roles, including at technology firm EagleView, where he was appointed Executive Chairman last May following three years as CEO.

	Prior to that, Chris was President and CEO for Calero Software, creating a leader in the Telecom Expense Management industry, having previously transformed the way consumers buy private aviation as President of JetSmarter. Earlier in his career, Chris held executive leadership roles at TE Connectivity, ADC Telecommunications, and Rexnord Corporation. Chris earned an MBA at Northwestern University at the Kellogg School of Management and holds a BSBA from Bowling Green State University.
Nic Humphries ***Appointed 18 May 2018***	Nic is a Non-Executive Director of IRIS and led the original buyout of the business by Hg in 2004. Nic is the Senior Partner and Executive Chairman of Hg and Head of the Saturn fund. He has ultimate responsibility for Hg's strategy, management and governance. Nic started his investing career in 1990. He joined Hg in 2001 as founder of the firm's Technology Team. From 1990-2001 he was a director at Barclays Private Equity (now Equistone), Geocapital and 3i plc. He holds a first class degree in Electronic Engineering and was a IEEE and National Engineering Council scholar.
Dan Simon ***Appointed 1 October 2021***	Dan is a Non-Executive Director of IRIS. He joined ICG in 2018 and is part of ICG's UK investment team. Prior to joining ICG, he worked in turnaround investing and at PwC within their financial and operational restructuring team. Dan is a Chartered Accountant and holds a BA in History & Economics from the University of Oxford.
Joe Jefferies ***Appointed 1 October 2021***	Joe is a Non-Executive Director of IRIS. He works for Hg focusing on large-cap investments in the software and services space. Joe joined Hg in 2020 after more than seven years in private equity at Montagu and Three Hills Capital Partners, and before this started his career at J.P. Morgan in investment banking. Joe holds a BA in Economics & Management from the University of Oxford.
Usama Cortas ***Appointed 30 April 2024***	Usama is a Non-Executive Director of IRIS. He is a Partner at Leonard Green & Partners, leading investments in the software and services space. Usama joined LGP in 2003 and started his career at Morgan Stanley in investment banking. He holds a BA in Economics-Political Science from Columbia University.
Tommy Yin ***Appointed 30 April 2024***	Tommy is a Non-Executive Director of IRIS. He is a Principal at Leonard Green & Partners, focused on making investments in the software and services space. Tommy joined LGP in 2015 and started his career at Bain Capital. He holds a BS in Economics from University of Pennsylvania.

Directors' Indemnities

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

Section 172 Statement

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

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

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

The following paragraphs summarise how the Directors fulfil their duties:

Risk Management

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

For details of IRIS' principal risks and uncertainties, and how it manages its risk environment, please see pages 19 to 21.

Employees

Our employees are our most valuable asset and we recognise the importance they play in our success. We therefore need to ensure we are supporting and managing our employees' careers, offering opportunities for learning and development and recognising success – both internally and externally. Common values inform and guide internal behaviour so we can achieve our goals in the right way. We encourage recognition of every success with an emphasis on teamwork, individual contribution, inclusion and diversity. Our values are included on page 4.

We have a committed and skilled workforce and our reward strategy aims to reinforce the link between employee performance and business performance. In addition to a competitive basic salary, total reward may include variable pay elements such as bonuses, commission, recognition awards and employee share schemes. We have listened to feedback on the benefits we offer and continue to enhance flexible benefit schemes which gives our employees the opportunity to choose appropriate benefits to suit their lifestyles while ensuring a core benefit package that supports our duty of care to employees.

Employee Consultation

We place considerable value on the involvement of our employees and we continue to keep them informed on matters affecting them as employees, as well as on the various factors affecting the performance of the wider business. This is achieved through formal and informal meetings including monthly all company update meetings, the IRIS Group's intranet and the CEO's weekly blog. We continue to gain employee feedback through our monthly Peakon surveys, allowing us to understand how employees are feeling. Since we launched these monthly surveys in December 2020, we've had an aggregated participation rate of 88%.

Learning and Development

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

Employee development is encouraged through appropriate training and a dedicated Learning and Development function as well as through informal Lunch and Learn sessions run in various departments. Regular and open communication between management and employees is viewed as essential for motivating a highly educated workforce. Briefings are held regularly to provide business updates and give opportunities for questions and feedback. We maintain a website, which is freely accessible, as well as an intranet site which is accessible to all employees.

We have further developed our learning and development offering, enhancing opportunities for our employees and offering more courses for our people. Many courses are delivered virtually, which makes them accessible to all employees, however, there are some programmes which are specifically run as face-to-face sessions, such as some of our leadership courses. As well as our standard offering of courses, we regularly launch new courses for our employees to participate in.

Disabled Employees

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

Environmental, Social and Governance (ESG)

We are focussed on minimising our environmental impact; engaging with local communities and ensuring we run our business in an ethical, secure and compliant way.

For further details on ESG and how we interact with communities and the environment, please see page 14.

Streamlined Energy and Carbon Reporting

Greenhouse Gas Emissions (GHG) and Energy Consumption

For this reporting period we have managed to make significant energy-saving changes by closing and downsizing some of our offices. This has resulted in the reduction of energy consumption required for lighting, heating, air conditioning and other utilities. Going forward, we can look to introduce further energy-efficient measures e.g. solar panels, motion-sensor lighting and other renewable energy sources.

We measure and monitor our Scope 1, 2 and 3 GHG emissions with the support of a carbon footprint consultancy, Normative. We have collated two years' worth of data and identified our key emissions sources. We are now in the process of setting science-based targets and developing a carbon reduction plan to drive down our emissions.

Our GHG emissions and energy consumption for the year are summarised below.

		Year ended 30 April 2024			Year ended 30 April 2023		
3Type of emission	Source	kWh	tCO_2e	% of total	kWh	tCO_2e	% of total
Scope 1	Natural Gas	27,675	5	1.66%	37,471	7	2.20%
Scope 2	Electricity	644,316	133	38.75%	845,403	163	49.58%
Scope 3	Grey Fleet	990,964	240	59.59%	822,255	203	48.22%
Total gross emissions		**1,662,955**	**378**	**100%**	**1,705,129**	**373**	**100%**
Intensity metric:							
Number of employees within organisational boundary (see below)			2,042			2,014	
Tonnes of CO_2e per employee			0.19			0.19	

Quantification and Reporting Methodology

We have followed the 2019 UK Government Environmental Reporting Guidelines. We have used the 2023 UK Government's Conversion Factors for Company Reporting. The energy efficiency narrative methodology has been created based on energy management best practice.

Organisational Boundary

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

Health and Safety

We have well-developed health and safety policies and procedures, safeguarding employees, contractors and visitors in compliance with applicable registration and practice. Mental health continues to be a key focus for us and our main priority is the wellbeing and safety of our colleagues. We are proud to have 29 mental health first aiders supporting our people.

Customers

Ensuring customers are provided the best quality products and services is fundamental to our strategy. We are constantly looking to develop products to ensure they are in line with the latest regulation and meet customers evolving needs. Customer service is key to success, and a key metric measured in our annual performance. For further details on how we work with customers, please see page 4.

Suppliers

We have an established procurement framework and have policies in place for supplier selection, onboarding and ongoing management. This includes completion of due diligence activities prior to engaging with suppliers, as well as monitoring compliance with regulatory requirements, such as modern slavery and Corporate Criminal Offence, on a periodic basis. At the point of onboarding, suppliers are assigned a risk rating and are managed accordingly. Suppliers are subject to rescreening.

Investors

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

Corporate Governance

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

During the year the Board of the IRIS Group had adopted a schedule of matters, which are specifically reserved for its decision. Such matters included, but were not limited to:

- final approval of the annual budget and strategic plan;
- major acquisitions and disposals;
- material contracts; and
- any changes to the IRIS Group's financing arrangements.

The Board has also adopted a framework of delegated commercial and operational authorities which define the scope of the executive officers' powers and those of subsidiary management.

The IRIS Group Board of Directors' intention is to convene at least six times a year at formal Board meetings, however, has met more often in recent years and a total of ten times during the current financial year.

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

The IRIS Group has an Audit Committee, which consists of members of the IRIS Group Board, including a Non-Executive Chairman, David Packford (see biography on page 27). The Audit Committee meets regularly with the Auditors to review audit planning, audit and non-audit fees and the results of the IRIS Group and PN2 Group audit and financial statements prior to finalisation. The Audit Committee is also responsible for the appointment of the Auditors.

The Board have chosen not to formally apply a specific corporate governance code, such as the UK Corporate Governance Code or the Wates Corporate Governance Principles for Large Private Companies. As a privately held company with a concentrated ownership structure, we have fewer external shareholders or stakeholders compared to a publicly listed company. As a result, many of the formal governance provisions found in external codes, which are designed to protect diverse shareholder interests, are not directly applicable to the IRIS Group.

Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the PN2 Group and the Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the PN2 Group and Company and of the profit or loss of the PN2 Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the PN2 Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the PN2 Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the PN2 Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the PN2 Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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 PN2 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 PN2 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.

Auditors' limited liability agreement

The directors have agreed with the group's auditors that the auditors' liability to damages for breach of duty in relation to the audit of the group's financial statements for the year to 30 April 2024 should be limited to the greater of £5m or 5 times the auditors' fees, and that in any event the auditors' liability for damages should be limited to that part of any loss suffered by the group as is just and equitable having regard to the extent to which the auditors, the group and any third parties are responsible for the loss in question. The shareholders approved this limited liability agreement, as required by the Companies Act 2006, by a resolution dated 31 January 2024.

Approved by the Board and signed on its behalf by:

Michael Cox
Chief Financial Officer
11 October 2024

Independent auditors' report to the members of Perennial Newco 2 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Perennial Newco 2 Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2024 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Parent Company Balance Sheet as at 30 April 2024; the Consolidated Income statement and Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 2024 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 the 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 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 included within EBITDA and applying management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries with the 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/or reduce expenses included within EBTIDA; 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 Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 October 2024

Consolidated Income Statement
for the Year ended 30 April 2024

	Note	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Revenue	4	373,544	319,080
Interest income on client funds	15.1	4,129	-
Cost of sales		(33,720)	(31,416)
Gross profit		**343,953**	**287,664**
Administrative expenses		(328,789)	(270,522)
Operating profit	6	**15,164**	**17,142**
Finance income	7	1,187	4,289
Finance costs	8	(276,961)	(229,669)
Loss before tax		**(260,610)**	**(208,238)**
Income tax credit	9	13,464	3,109
Loss for the year		**(247,146)**	**(205,129)**
Attributable to:			
Equity holders of the parent		(247,975)	(205,731)
Non-controlling interests	33	829	602
		(247,146)	**(205,129)**

		2024 £'000	2023 £'000
Management Revenue	33	**375,078**	**321,673**
Management EBITDA	34	**166,215**	**138,054**

Consolidated Statement of Comprehensive Income
for the Year ended 30 April 2024

	Note	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Loss for the year		**(247,146)**	**(205,129)**
Other comprehensive expense			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(270)	(2,524)
		(270)	**(2,524)**
Total other comprehensive expense		**(270)**	**(2,524)**
Total comprehensive expense for the year		**(247,416)**	**(207,653)**
Attributable to:			
Equity holders of the parent		(248,171)	(208,092)
Non-controlling interests	33	755	439
		(247,416)	**(207,653)**

Consolidated Balance Sheet
As at 30 April 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Intangible assets	10	1,827,906	1,848,508
Property, plant and equipment	11	4,672	4,802
Contract assets	4.1	12,945	10,571
Right-of-use assets	12	10,657	14,106
Deferred tax	18	206	261
		1,856,386	**1,878,248**
Current assets			
Inventories		56	196
Trade and other receivables	14	61,880	78,926
Corporation tax		673	784
Contract assets	4.1	6,385	5,355
Cash and cash equivalents	15	265,268	183,614
		334,262	**268,875**
Total assets		**2,190,648**	**2,147,123**
Current liabilities			
Client obligations	15	189,590	146,073
Trade and other payables	16	27,927	26,866
Corporation tax		996	5,989
Lease liabilities	19.4	2,412	3,279
Contract liabilities	4.1	106,049	111,084
Accruals	23	32,722	48,199
Provisions	20	4,696	53
		364,392	**341,543**
Non-current liabilities			
Borrowings	21	1,222,214	2,374,030
Amounts owed to parent undertakings	17	1,411,193	-
Lease liabilities	19.4	9,748	11,434
Deferred tax	18	117,868	127,963
Provisions	20	1,925	2,821
		2,762,948	**2,516,248**
Total liabilities		**3,127,340**	**2,857,791**
Net liabilities		**(936,692)**	**(710,668)**
Equity			
Called up share capital	24	11	11
Share premium	24	1,202	1,202
Foreign exchange translation reserve		4,468	4,664
Accumulated losses		(946,048)	(719,465)
Equity attributable to equity holders of the parent		**(940,367)**	**(713,588)**
Non-controlling interests	33	3,675	2,920
Total equity		**(936,692)**	**(710,668)**

The consolidated financial statements on pages 37 to 74 of Perennial Newco 2 Limited (registered number 11370428) were approved by the Board of Directors and authorised for issue on 11 October 2024. They were signed on its behalf by:

M Cox
Director

Parent Company Balance Sheet
As at 30 April 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investments	13	44,217	22,825
		44,217	22,825
Current assets			
Trade and other receivables	14	1,222,480	1,091,196
Total assets		**1,266,697**	**1,114,021**
Non-current liabilities			
Borrowings	21	1,222,214	1,090,930
Total liabilities		**1,222,214**	**1,090,930**
Net assets		**44,483**	**23,091**
Equity			
Called up share capital	24	11	11
Share premium	24	1,202	1,202
Retained earnings[1]	28	-	-
Share-based payments reserve	28	43,270	21,878
Total equity		**44,483**	**23,091**

Note:
[1] The result for the financial year dealt with in the financial statements of the Company is £nil (2023: £nil).

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Company's profit and loss account.

The financial statements on pages 37 to 74 of Perennial Newco 2 Limited (registered number 11370428) were approved by the Board of Directors and authorised for issue on 11 October 2024. They were signed on its behalf by:

M Cox
Director

Consolidated Cash Flow Statement
for the Year ended 30 April 2024

	Note	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Operating activities			
Loss before tax		(260,610)	(208,238)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation and loss on disposal of property, plant and equipment		2,374	2,730
Depreciation and profit/loss on right-of-use assets disposed on lease termination		3,573	2,531
Amortisation of acquired intangibles	10	64,877	61,864
Amortisation of other intangible assets	10	15,731	12,041
Share based payments	27	19,904	9,510
Finance income	7	(1,187)	(4,289)
Finance costs	8	276,961	229,669
Foreign currency losses		365	3,297
Working capital adjustments:			
Decrease / (increase) in inventories		140	(83)
Decrease in amounts owed to parent undertakings		(1,559)	-
Decrease / (increase) in trade and other receivables		10,968	(1,043)
(Decrease) / increase in accruals and contract liabilities		(3,274)	13,795
Increase / (decrease) in client obligations		37,758	(24,692)
(Decrease) / increase in trade and other payables		(751)	2,386
Increase in provisions		3,662	255
Cash generated from underlying operations		**168,932**	**99,733**
Income tax paid		(1,627)	(1,138)
Net cash flows generated from operating activities		**167,305**	**98,595**
Investing activities			
Purchase of property, plant and equipment	11	(1,641)	(1,631)
Development expenditure	10	(21,539)	(28,876)
Acquisition of subsidiaries, net of cash acquired	24	(33,167)	(98,402)
Restricted cash (client funds) acquired	24	5,759	56,680
Deferred consideration paid		(12,748)	(18,051)
Interest received		1,055	660
Net cash flows used in investing activities		**(62,281)**	**(89,620)**
Financing activities			
Interest paid		(94,836)	(62,276)
Net loan received from Elements Bidco Limited		1,412,754	-
Proceeds from drawdown of revolving credit facility		32,000	40,850
Repayment of borrowings		(1,370,358)	(38,648)
Net payment to Ocorian Limited	2.27	(497)	(33)
Repayment of capital on lease liabilities		(2,354)	(1,933)
Net cash flows used in financing activities		**(23,291)**	**(62,040)**
Net increase/(decrease) in cash and cash equivalents		**81,733**	**(53,065)**
Cash and cash equivalents at beginning of year	15	183,614	237,239
Effects of exchange rate changes on cash and cash equivalents		(79)	(560)
Cash and cash equivalents at end of year		**265,268**	**183,614**

Changes in liabilities arising from Financing activities	At 1 May 2023 £'000	Cash flow £'000	Non cash flow £'000	At 30 April 2024 £'000
Bank loans	870,000	(870,000)	-	-
PIK notes	420,784	(468,358)	47,574	-
PIK notes interest accrual	7,101	(7,884)	783	-
Borrowing costs	(14,747)	-	14,747	-
Interest accrual	5,971	(86,952)	80,981	-
Preference shares	1,012,036	(497)	121,981	1,133,520
Preference shares interest accrual	78,856	-	9,838	88,694
Amounts owed to parent undertakings	-	1,412,754	(1,561)	1,411,193
Lease liabilities	14,713	(2,354)	(199)	12,160
	2,394,714	**(23,291)**	**274,144**	**2,645,567**

	At 1 May 2022 £'000	Cash flow £'000	Non cash flow £'000	At 30 April 2023 £'000
Bank loans	870,000	2,202	(2,202)	870,000
PIK notes	378,162	-	42,622	420,784
PIK notes interest accrual	6,268	-	833	7,101
Borrowing costs	(18,612)	-	3,865	(14,747)
Interest accrual	4,213	(62,276)	64,034	5,971
Preference shares	903,604	(33)	108,465	1,012,036
Preference shares interest accrual	70,407	-	8,449	78,856
Lease liabilities	12,909	(1,933)	3,737	14,713
	2,226,951	**(62,040)**	**229,803**	**2,394,714**

Non-cash flows for the current and prior years relate to interest, amortisation of borrowing costs, foreign exchange gains and losses, revaluation of derivative financial instruments and the impact of acquisitions. Additionally, the current year non-cash movement in amounts owed to parent undertakings is from the novation of derivative financial instruments from IRIS Bidco Limited to Elements Finco Limited.

Consolidated Statement of Changes in Equity
for the Year ended 30 April 2024

	Called up Share capital	Share Premium	Foreign exchange translation reserve	Accumul-ated losses	Total Equity attributable to equity holders of the Company	Non-Controlling Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 May 2022	**11**	**1,202**	**7,025**	**(523,244)**	**(515,006)**	**2,481**	**(512,525)**
(Loss) / profit for the year	-	-	-	(205,731)	(205,731)	602	(205,129)
Other comprehensive expense	-	-	(2,361)	-	(2,361)	(163)	(2,524)
Total comprehensive (expense)/income for the year	**-**	**-**	**(2,361)**	**(205,731)**	**(208,092)**	**439**	**(207,653)**
Transactions with owners in their capacity as owners:							
Share based payments (Note 27)	-	-	-	9,510	9,510	-	9,510
	-	**-**	**-**	**9,510**	**9,510**	**-**	**9,510**
At 30 April 2023	**11**	**1,202**	**4,664**	**(719,465)**	**(713,588)**	**2,920**	**(710,668)**
(Loss) / profit for the year	-	-	-	(247,975)	(247,975)	829	(247,146)
Other comprehensive expense	-	-	(196)	-	(196)	(74)	(270)
Total comprehensive (expense)/income for the year	**-**	**-**	**(196)**	**(247,975)**	**(248,171)**	**755**	**(247,416)**
Transactions with owners in their capacity as owners:							
Share based payments (Note 27)	-	-	-	11,345	11,345	-	11,345
Capital contribution received towards the settlement of cash-settled share based payments (Note 27) as part of Sale Transaction	-	-	-	10,047	10,047	-	10,047
	-	**-**	**-**	**21,392**	**21,392**	**-**	**21,392**
At 30 April 2024	**11**	**1,202**	**4,468**	**(946,048)**	**(940,367)**	**3,675**	**(936,692)**

Parent Company Statement of Changes in Equity
for the Year ended 30 April 2024

	Called up share capital	Share Premium	Retained earnings	Share-based payments reserve	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 May 2022	**11**	**1,202**	**-**	**12,368**	**13,581**
Result for the year	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	9,510	9,510
	-	**-**	**-**	**9,510**	**9,510**
At 30 April 2023	**11**	**1,202**	**-**	**21,878**	**23,091**
Result for the year	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	11,345	11,345
Capital contribution received towards the settlement of cash-settled share based payments (Note 27) as part of Sale Transaction	-	-	-	10,047	10,047
	-	**-**	**-**	**21,392**	**21,392**
At 30 April 2024	**11**	**1,202**	**-**	**43,270**	**44,483**

Notes to the Financial Statements
for the Year ended 30 April 2024

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The consolidated and Company financial statements have been prepared in accordance with UK-adopted international accounting standards, 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 2024 (including comparatives) were approved and authorised for issue by the Board of Directors on 11 October 2024. Elements Bidco Limited is the PN2 Group's Parent Company and Elements Topco Limited, a company registered in Jersey, is the Group's ultimate Parent Company.

The largest and smallest group of undertakings for which consolidated financial statements are drawn up and of which the Company is a member is of Perennial Newco 2 Limited and copies of these financial statements are available to the public at the Company's registered office set out below.

The Company is a private limited company, limited by shares, incorporated and domiciled in the 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 2024 of £nil (2023: £nil).

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

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each year. 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 year end to result in an immaterial impact to the financial statements.

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

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

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

2.3 Adoption of accounting standards

The following new standards and amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023 have been applied for the first time in the financial statements for the year ending 30 April 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 17 Insurance Contracts;
- Definition of Accounting Estimates – amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1 Non-current Liabilities with Covenants;
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements;
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback; and
- Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules.
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised accounting standards and interpretations that have been published but are not yet effective and in some cases not adopted:

- IFRS 18 Presentation and Disclosure in Financial Statements

Management has performed a preliminary impact assessment of the these standards and do not expect that they will have a material impact on the Company or the Group in the current or future reporting periods and on foreseeable future transactions.

2.4 Going concern

In assessing whether the PN2 Group is a going concern, management consider the IRIS Group, which is headed by Elements Topco Limited, a company registered in Jersey (see page 2).

As part of the Sale Transaction, a new Senior loan facility of £950 million was borrowed by Elements Finco Limited, which is an indirect parent of the Company and was established as part of the Sale Transaction. In addition, the IRIS Group, through its newly established indirect parent undertakings, has access to an additional Revolving Credit Facility of £100 million which was unutilised at the year end. At 30 April 2024, the IRIS Group had very strong liquidity with £75.7 million (2023: £37.5 million) of cash and cash equivalents excluding client funds (note 15), no external debt repayable until 2031 (2023: no external debt repayable until 2025) and a year end leverage ratio of 4.87x (2023: 5.25x) on a £950 million (2023: £870 million) Senior loan facility versus a covenant leverage ratio of 15.06x (2023: 9.6x).

In assessing going concern, management have considered the IRIS Group's budget for the year ended 30 April 2025, as well as on longer term forecasts and growth rates. The strong liquidity position coupled with the recurring and highly cash generative nature of the business model, mean the Group is very stable from an operating profit perspective.

The IRIS Group had Net cash flows generated from operating activities of £169 million for the year ended 30 April 2024 and operating profit before amortisation and depreciation of £106 million.

The ultimate parent of the IRIS Group, Elements Topco Limited, has confirmed that it and other intermediate parent companies will not seek repayment of amounts advanced to the PN2 Group in the 12 months following the date that the financial statements were signed, unless adequate alternative financing has been secured by the PN2 Group.

Following the Sale Transaction (see page 2), the Directors confirm that they have no intention to liquidate the Company in the 12 months following the date that the financial statements were signed.

The Directors are satisfied that the Company, the PN2 Group and the IRIS Group have 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 two cash generating units: the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date), and North America.

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.

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

2.6 Deferred consideration

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

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

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

2.7 Current versus non-current classification

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

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

The Group classifies all other liabilities as non-current.

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

2.8 Fair value measurement

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

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

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

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

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

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

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

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.

- Subscription income which is billed annually up front is deferred at the date of invoicing and released to the profit and loss account over time across the duration of the contract. The balance of subscription income not released to the profit and loss account is carried in the balance sheet within contract liabilities. Subscription and cloud based Software as a Service (SaaS) income which is billed monthly is recognised over time in the month the service is provided.
- Support and maintenance income is deferred at the date of invoicing and released to the profit and loss account over time 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.
- 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 at a point in time in the month the services are performed.
- Perpetual and on premise term 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. 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.

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. There is no element of variable consideration or non-cash consideration included within the transaction price. Also, no adjustment required on the transaction price for the effects of the time value of money because payments terms are less than 12 months.

The Group measures refunds/returns are measured at the original transaction price and has no other obligations to customers other than those reflected in deferred revenue.

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 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.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

2.13 Taxes (continued)

Judgements and estimates

Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, provision is made for the amount that is expected to be settled, where this can be reasonably estimated. Provisions for uncertain income tax positions/treatments are measured at the most likely amount or the expected value, whichever method is more appropriate. Generally, uncertain tax treatments are assessed on an individual basis, except where they are expected to be settled collectively. It is assumed that taxing authorities will examine positions taken if they have the right to do so and that they have full knowledge of the relevant information. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognised in income in the period in which the change occurs. This requires the application of judgement as to the ultimate outcome, which can change over time depending on facts and circumstances. Judgements mainly relate to transfer pricing including inter-company financing and expenditure deductible for tax purposes.

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

Taxation information, including charges and deferred tax assets and liabilities, are presented in Notes 9 and 18.

2.14 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 year. 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.

2.15 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.

2.16 Intangible assets

Intangible assets arising on business combinations are stated at fair value at date of acquisition 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:

Brand	10 years
Development expenditure	5 years
Intellectual property rights	5 to 12 years
Customer relationships	7 to 21 years

Research & development

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

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

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

2.17 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%

2.18 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 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 of 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.

2.19 Investments

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

2.20 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 two cash generating units: the Core IRIS businesses (business acquired in September 2018 plus integrated acquisitions to date), and and North America, which following significant growth in recent years is viewed as a standalone CGU.

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.

2.21 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.

2.22 Financial instruments

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

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

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

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

Trade receivables from contracts with customers

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

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

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.

Interest expense is recognised within Financing Activities on the Consolidated Cash Flow Statement. Interest receivable is recognised within Investing Activities.

The Group also provides certain customers with a managed payroll service whereby the Group receives funds from customers and holds these funds for a period of time before using them to pay the payroll amounts and associated payroll taxes due to those customers' employees and HMRC. The entity has the right to control these funds which are reported as 'Restricted cash - client funds' on the Consolidated Balance Sheet, with a corresponding liability presented as 'Client obligations'. The Group earns interest on the invested funds with this interest being reported in Interest income on customer balances/client monies.

Trade payables

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

Borrowings

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

Derivative financial instruments

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

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

2.23 Borrowing costs

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

2.24 Provisions

General

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

Provisions for dilapidations

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

2.25 Post-employment benefits

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

2.26 Management Exceptional Items (non GAAP measure)

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 underlying trading performance.

2.27 Share based payments

The IRIS Group gives senior management, who are employed by a subsidiary company, the opportunity to acquire shares in the ultimate parent company at market value. These shares, which are administered by Ocorian Limited, following the completion of the takeover of Estera Trust (Jersey) Limited, cannot be traded and must be sold back to the IRIS 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.

2.28 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.

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 costs

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 five year period. The five 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.

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 and 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 inflation, interest rates, the geopolitical situation in Eastern Europe, and the IRIS Group's budget for the year ended 30 April 2025 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”.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Trade and other receivables

There is uncertainty regarding customers who may not be able to pay as their invoices fall due. The Group applies the IFRS 9 simplified approach to measuring expected credit losses for all trade receivables and contract assets. The expected loss rates are estimated using payment profiles of sales and the corresponding historical credit losses experienced. Judgement is used by management in adjusting the expected credit loss rates to incorporate current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables (see note 14).

Uncertain tax provisions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group uses in-house tax experts when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits from the Group to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that we operate either using management's estimate of the most likely outcome where the issues are binary, or the expected value approach where the issues have a range of possible outcomes. Tax figures set out in notes 9 and 18 are stated after provisions for uncertain tax positions.

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.

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

Revenue analysis by class of business	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Support & Subscription	261,205	228,957
Transactional	14,643	10,364
Managed Services	73,249	58,355
Professional Services	16,911	14,790
Licence & Other	7,536	6,614
	373,544	319,080

Revenue analysis by geography	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
United Kingdom	297,581	252,872
North America	70,003	60,491
Rest of the World	5,960	5,717
	373,544	319,080

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. Accrued revenue at 30 April 2024 totalled £2,749,000 (2023: £1,445,000) and is presented within Prepayments and accrued income. Amortisation of contract assets recognised in the Consolidated Income Statement for the year ended 30 April 2024 was £6,258,000 (2023: £4,904,000).

	As at 30 April 2024 £'000	As at 30 April 2023 £'000
Non-current assets relating to contracts	12,945	10,571
Current assets relating to contracts	6,385	5,355
	19,330	15,926

Contract liabilities represent revenue received up front for contracts which are recognised over 12 months. Substantially all of the £111,084,000 recorded as current contract liabilities at 30 April 2023 was recognised as revenue during the year. The Group expects that substantially all of the £106,049,000 recorded as current contract liabilities at 30 April 2024 to be recognised in the next financial year ending 30 April 2025.

	As at 30 April 2024 £'000	As at 30 April 2023 £'000
Contract liabilities	106,049	111,084
	106,049	111,084

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

5 STAFF COSTS

Employee costs (including Directors) during the year were:	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Wages, salaries and bonuses	126,432	108,173
Share based payments	19,904	10,998
Social security costs	11,592	9,900
Other pension costs	3,354	2,577
	161,282	131,648

The amounts above are stated net of employee cost capitalised in respect of development of software assets in the year of £13,239,000 (2023: £15,674,000).
The Company had no employees (2023: none).
The average monthly number of employees (including Directors) of the Group during the year was as follows:

	Year ended 30 April 2024 Number	Restated * Year ended 30 April 2023 Number
Technical	2,083	1,774
Sales	344	316
Administration	559	548
	2,986	2,638

* The comparative figures have been restated as the figures disclosed in the financial statements for the year ended 30 April 2023 incorrectly included the average number of contractors.

Directors' emoluments

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Salaries and bonuses	1,968	1,541
Share based payments	9,205	5,086
Post-employment benefits	41	52
	11,214	6,679

		Restated *
Number of Directors remunerated	6	6
Number of other Directors not remunerated but for whom a management fee is payable (See note 32)	3	3*
Number of Directors who held shares under a long term incentive scheme	6	6

* The comparative figure has been restated because the figure disclosed in the financial statements for the year ended 30 April 2023 was overstated by 1 person.
Four (2023: four) Directors accrued benefits under the Group's defined contribution pension scheme.
The highest paid Director in the year received total emoluments while serving as a director of £642,000 (2023: £425,000) which included £14,000 (2023: £13,000) of contributions to a pension scheme. The highest paid director held shares under a long-term incentive scheme.

Key management remuneration

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Short-term employee benefits	1,968	1,541
Share based payments	9,205	5,086
Post-employment benefits	41	52
	11,214	6,679

		Restated *
Number of key management remunerated	6	6
Number of other key management not remunerated but for whom a management fee is payable (See note 32)	3	3*
Number of key management who held shares under a long term incentive scheme	6	6

* The comparative figure has been restated because the figure disclosed in the financial statements for the year ended 30 April 2023 was overstated by 1 person.
Key management personnel comprises the Board of Directors of the IRIS Software Group.

6 OPERATING PROFIT

	Total Group	
The operating profit is stated after charging/ (crediting):	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Staff costs	161,282	131,648
Research and development expenditure	6,776	10,810
Amortisation of intangible assets	80,608	73,905
Costs in relation to the Sale Transaction (see page 2)	24,075	-
Transaction related costs	7,964	6,426
Depreciation of property, plant and equipment	2,374	2,531
Depreciation of right-of-use-assets	3,696	2,403
Contingent consideration fair value adjustment	-	5,411
Foreign currency losses	365	3,297

Fees payable to the Group's Auditors comprise the following:	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Tax advisory services	2,183	1,001
Tax compliance services	46	40
Other assurance services	121	209
Total non-audit fees	2,350	1,250
Audit fees - for the audit of parent Company and consolidated financial statements	431	381
Audit fees - for the audit of subsidiary companies	289	276
Total fees	3,070	1,907

7 FINANCE INCOME

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Deposit account interest	1,055	660
Foreign currency gains on borrowings	-	2,202
Gain on financial instruments at fair value through profit or loss (note 19.3)	132	1,427
Total finance income	1,187	4,289

8 FINANCE COSTS

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Bank loan interest	79,643	62,563
PIK notes	48,357	43,455
Amortisation of loan issue costs	14,747	3,865
Unwinding of discount	1,034	1,401
Bank facility fees	497	670
Interest expense on lease liabilities	841	801
Preference share interest	131,842	116,914
Total finance costs	276,961	229,669

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

The amortisation of loan issue costs was accelerated due to settlement of the PN2 Group's borrowings on 30 April 2024 as part of the Sale Transaction described on page 2.

9 INCOME TAX CREDIT

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
The major components of income tax credit are:		
Current income tax:		
UK tax charge for the current year	926	6,217
Impact of overseas income tax	3,044	628
Adjustments in respect of prior year current tax liabilities	(5,114)	55
	(1,144)	6,900
Deferred tax:		
Relating to origination and reversal of temporary differences	(12,320)	(10,009)
Relating to effect of change in tax rates	-	-
	(12,320)	**(10,009)**
Income tax credit reported in the income statement	**(13,464)**	**(3,109)**

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Loss before tax	(260,610)	(208,238)

The tax for the year is higher (2023: higher) than the standard rate of corporation tax in the UK of 25% (2023: 19.49%). The differences are explained below.

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Loss before tax multiplied by standard rate of corporation tax in the UK of 25% (2023: 19.49%).	(65,153)	(40,586)
Effects of:		
Expenses non-deductible for tax purposes	41,264	37,177
Effect of overseas tax rates	(243)	(84)
Effect of current year changes in statutory tax rates on deferred tax balances	-	329
Adjustments in respect of derecognition of deferred tax assets	15,782	-
Adjustments in respect of prior year current tax liabilities	(5,114)	55
Total tax credit reported in the income statement	**(13,464)**	**(3,109)**

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

10 INTANGIBLE ASSETS

	Development Expenditure	Brand	Intellectual Property	Customer Relation-ships	Goodwill	Total
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
At 1 May 2022	62,328	24,793	224,959	481,928	1,184,233	**1,978,241**
Arising on acquisition	-	1,711	10,700	66,614	40,721	**119,746**
Additions [1]	28,876	-	-	-	-	**28,876**
Effect of changes in foreign exchange rates	(59)	(73)	(473)	(3,122)	(2,085)	**(5,812)**
Disposals	(45)	-	-	-	-	**(45)**
At 30 April 2023 [2]	91,100	26,431	235,186	545,420	1,222,869	**2,121,006**
Arising on acquisition	-	-	635	14,824	22,544	**38,003**
Additions [1]	21,539	-	-	-	-	**21,539**
Effect of changes in foreign exchange rates	(2)	8	31	245	197	**479**
At 30 April 2024 [2]	112,637	26,439	235,852	560,489	1,245,610	**2,181,027**
ACCUMULATED AMORTISATION / IMPAIRMENT						
At 1 May 2022	15,704	6,579	67,055	109,579	-	**198,917**
Amortisation for the year	12,041	2,522	21,780	37,562	-	**73,905**
Effect of changes in foreign exchange rates	(8)	(13)	(90)	(168)	-	**(279)**
Disposals	(45)	-	-	-	-	**(45)**
At 30 April 2023	27,692	9,088	88,745	146,973	-	**272,498**
Amortisation for the year	15,731	2,605	22,248	40,024	-	**80,608**
Effect of changes in foreign exchange rates	-	2	3	10	-	**15**
At 30 April 2024	43,423	11,695	110,996	187,007	-	**353,121**
NET BOOK VALUE						
At 30 April 2024	**69,214**	**14,744**	**124,856**	**373,482**	**1,245,610**	**1,827,906**
At 30 April 2023	**63,408**	**17,343**	**146,441**	**398,447**	**1,222,869**	**1,848,508**

1) Includes £8.0m (2023: £18.4m) of costs incurred in relation to the development of the Elements product.
2) Includes £13.3m (2023: £21.3m) in relation to assets which are in development and not yet amortised as at the balance sheet date.

The Group tests 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.

Within the above table are the following individually material assets at 30 April 2024:

Asset	Remaining Amortisation Period (Years)	Net Book Value £'000
IRIS HR customer relationships	15.4	80,413
IRIS Accountancy customer relationships	4.4	60,066
IRIS Accountancy intellectual property	5.4	48,510
IRIS Education customer relationships	13.4	42,867
AccountantsWorld customer relationships	17.7	42,415
Apex customer relationships	15.8	31,958
IRIS HR intellectual property	6.4	16,197
Networx customer relationships	12.4	13,722
IRIS Education intellectual property	5.4	13,429
IRIS Elements FY23 capitalised development	4.0	12,749
iSAMS customer relationships	16.5	12,656
FMP International Payroll customer relationships	3.4	11,056
myPay customer relationships	11.5	10,462
IRIS Payroll intellectual property	4.4	9,402
IRIS Payroll customer relationships	3.4	9,011
Every customer relationships	17.6	8,647
Star Professional customer relationships	10.5	8,317
IRIS Elements FY22 capitalised development	3.0	8,242
IRIS Elements FY24 capitalised development	5.0	7,980
Dataplan customer relationships	11.5	7,392
iSAMS intellectual property	6.5	7,173
IRIS brands	4.4	6,311
AccountantsWorld intellectual property	7.7	6,228
Apex intellectual property	8.8	5,794
iSAMS brands	6.5	4,874
		485,871

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". For the purposes of this impairment review, goodwill for continuing operations has been valued on the basis of discounted future cash flows.

The Group has one class of business being the provision of software and related services, with many customers using a number of products. Acquisitions are subsumed into the main Group over time as the product offerings become fully integrated and the Group's centralised systems and policies are fully adopted by the acquired businesses. 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 two cash generating units: the Core Integrated Businesses (primarily generated revenue in the UK) and North America, which following significant growth in recent years is viewed as a standalone CGU. The carrying value of goodwill at the end of the year is shown below:

	2024	2023
	£'000	£'000
Core Integrated Businesses	1,104,114	1,090,535
North America	141,496	132,334
	1,245,610	**1,222,869**

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

10 INTANGIBLE ASSETS (continued)

The IRIS 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 forecasts and the long-term growth rate of net operating cash flows. In all cases, the approved budget for the Financial Year ("FY") 2025 and a Long Term Plan ("LTP") approved by the board in July 2024 covering the period FY25-FY29 formed the basis for the cash flow projections. These assumptions were considered alongside detailed sensitivity analysis to ensure there are no indicators of impairment.

Year ended 30 April 2024

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	North America
Pre-tax adjusted discount rate	13.8%	14.2%
Five year CAGR in adjusted EBITDA to April 2029	13.0%	16.7%
Long-term growth rate of net operating cash flows	2.5%	2.5%

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

The estimated recoverable amount of the IRIS Group’s Core IRIS businesses CGU exceeds its carrying value by £482 million (34%). The estimated recoverable amount of the IRIS Group’s North America CGU exceeds its carrying value by £264 million (84%). 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 2024.

	Change required for carrying value to equal recoverable amount	
	Core IRIS	North America
Pre-tax adjusted discount rate	+3.8%	+8.6%
Five year CAGR in adjusted EBITDA to April 2029	-9.4%	-11.0%
Long-term growth rate of net operating cash flows	-6.2%	-17.3%

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. The enterprise value of the IRIS Group is estimated at £3.15bn based on the completed Sale Transaction on 30 April 2024 (see page 2) further supports that there is no impairment required.

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 2022	964	1,218	11,312	6,249	**19,743**
Additions	-	110	1,480	41	**1,631**
Arising on acquisition	25	122	232	274	**653**
Effect of changes in foreign exchange rates	-	(22)	(68)	1	**(89)**
Disposals	-	(185)	(240)	(223)	**(648)**
At 30 April 2023	989	1,243	12,716	6,342	**21,290**
Additions	-	735	869	37	**1,641**
Arising on acquisition	520	51	466	293	**1,330**
Effect of changes in foreign exchange rates	-	(50)	64	(15)	**(1)**
Disposals	-	-	(141)	(17)	**(158)**
At 30 April 2024	1,509	1,979	13,974	6,640	**24,102**
ACCUMULATED DEPRECIATION					
At 1 May 2022	742	476	9,562	3,271	**14,051**
Charge for the year	7	244	1,546	734	**2,531**
Arising on acquisition	5	82	188	168	**443**
Effect of changes in foreign exchange rates	-	(20)	(67)	(1)	**(88)**
Disposals	-	(15)	(240)	(194)	**(449)**
At 30 April 2023	754	767	10,989	3,978	**16,488**
Charge for the year	18	264	1,289	803	**2,374**
Arising on acquisition	100	51	389	264	**804**
Effect of changes in foreign exchange rates	-	(39)	(24)	(15)	**(78)**
Disposals	-	-	(141)	(17)	**(158)**
At 30 April 2024	872	1,043	12,502	5,013	**19,430**
NET BOOK VALUE					
At 30 April 2024	**637**	**936**	**1,472**	**1,627**	**4,672**
At 30 April 2023	**235**	**476**	**1,727**	**2,364**	**4,802**

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

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

12 RIGHT-OF-USE-ASSETS

GROUP	Property leases £'000	Total £'000
COST		
At 1 May 2022	18,728	**18,728**
Dilapidations provision adjustment	425	**425**
Effect of changes in foreign exchange rates	(256)	**(256)**
Additions	3,444	**3,444**
Arising on acquisition	3,338	**3,338**
Disposals	(1,547)	**(1,547)**
At 30 April 2023	24,132	**24,132**
Dilapidations provision adjustment	320	**320**
Remeasurements	(930)	**(930)**
Effect of changes in foreign exchange rates	(6)	**(6)**
Additions	1,208	**1,208**
Arising on acquisition	507	**507**
Disposals	(3,218)	**(3,218)**
At 30 April 2024	22,013	**22,013**
ACCUMULATED DEPRECIATION		
At 1 May 2022	6,647	**6,647**
Charge for the year	2,403	**2,403**
Effect of changes in foreign exchange rates	(129)	**(129)**
Arising on acquisition	2,524	**2,524**
Disposals	(1,419)	**(1,419)**
At 30 April 2023	10,026	**10,026**
Charge for the year	3,696	**3,696**
Effect of changes in foreign exchange rates	9	**9**
Arising on acquisition	359	**359**
Disposals	(2,734)	**(2,734)**
At 30 April 2024	11,356	**11,356**
NET BOOK VALUE		
At 30 April 2024	**10,657**	**10,657**
At 30 April 2023	**14,106**	**14,106**

Right-of-use assets relate to property leases held by the Group. The interest charge on lease liabilities 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.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

13 INVESTMENTS

Investment in subsidiary undertakings	Company	
	2024	2023
COST AND NET BOOK VALUE	**£'000**	**£'000**
At the beginning of the year	**22,825**	**13,315**
Additions	21,392	9,510
At the end of the year	**44,217**	**22,825**

Additions for the year ended 30 April 2024 comprise £21,392,000 (2023: £9,510,000) of share based payments administered by Ocorian Limited (see note 2.27).
The Group's subsidiary undertakings are shown below. Balances in respect of these subsidiaries have been consolidated line by line.

Undertaking	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held At 30 April 2024 Group	At 30 April 2024 Company	At 30 April 2023 Group	At 30 April 2023 Company
123Comms Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Accountants World LLC[4]	USA	Software development	100%	0%	100%	0%
Apex Holding Software Technologies LLC[9]	USA	Holding company	*Dissolved*	*Dissolved*	100%	0%
Apex Software Technologies ES LLC[9]	USA	Holding company	*Dissolved*	*Dissolved*	100%	0%
Apex Software Technologies LLC[9]	USA	Software development	100%	0%	100%	0%
APS Global Limited[1]	England & Wales	Payroll services	100%	0%	100%	0%
Atomic IT Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Bacsflow Limited[1]	England & Wales	Software development	*Dissolved*	*Dissolved*	100%	0%
Biostore Limited[1]	England & Wales	Software development	*Dissolved*	*Dissolved*	100%	0%
Blayhall Professional Limited[1]	England & Wales	Software development	*Dissolved*	*Dissolved*	100%	0%
Blue Octopus (Group) Limited[1]	England & Wales	Holding company	100%	0%	0%	0%
Blue Octopus HR and Recruitment Limited[1]	England & Wales	Holding company	100%	0%	0%	0%
Blue Octopus Recruitment Limited[1]	England & Wales	Software development	100%	0%	0%	0%
Bridgehead (Europe) Limited[1]	England & Wales	Payroll services	100%	0%	0%	0%
Bridgehead (UK) Limited [1]	England & Wales	Payroll services	100%	0%	0%	0%
Compu-Pay Limited[7]	Ireland	Payroll services	*Dissolved*	*Dissolved*	100%	0%
Conarc Inc[4]	USA	Software development	100%	0%	100%	0%
Creative Solutions Software Corp[11]	USA	Payroll services	100%	0%	100%	0%
Datacode Tech Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Dataplan Holdings Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
Dataplan Payroll Limited[1]	England & Wales	Payroll services	100%	0%	100%	0%
Doc-It Corp[4]	USA	Software development	100%	0%	100%	0%
Doc-It Holdings Inc[4]	USA	Software development	*Dissolved*	*Dissolved*	100%	0%
Doc-It Inc[6]	Canada	Software development	100%	0%	100%	0%
Eurowage Limited[1]	England & Wales	Payroll services	100%	0%	100%	0%
FMP Global Bidco 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%
Gator Blocker Corp[9]	USA	Holding company	*Dissolved*	*Dissolved*	100%	0%
Harper Morris (Payroll) Limited[1]	England & Wales	Payroll services	100%	0%	0%	0%
HMP Associates Limited[1]	England & Wales	Payroll services	100%	0%	0%	0%
Hosted Accountants Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Human Capital Management LLC.[4]	USA	Payroll services	100%	0%	0%	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%
IRIS Americas Inc.[4]	USA	Software development	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 Canada Holdings Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Capital Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
IRIS Global Inc.[4]	USA	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	England & Wales	Holding company	100%	100%	100%	100%
IRIS Payroll Services Limited[1]	England & Wales	Payroll services	100%	0%	0%	0%
IRIS Payroll Software Limited[1]	England & Wales	Software development	*Dissolved*	*Dissolved*	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 and Services Inc. [4]	USA	Software development	100%	0%	0%	0%
IRIS Software Technical Centre S.R.L.[12]	Romania	Software development	100%	0%	0%	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%
IRIS US Holdings Limited[1]	England & Wales	Holding company	100%	0%	100%	0%
iSAMS Limited[1]	England & Wales	Software development	100%	0%	100%	0%
iSAMS Pty Limited[8]	Australia	Software development	100%	0%	100%	0%
Kashflow Software Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Kinetic Marketing & Design Limited[1]	England & Wales	Payroll services	100%	0%	100%	0%
MCN Associates Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Net-Worx (2001) Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Paycheck Plus Payroll Service Ireland Limited[7]	Ireland	Payroll services	100%	0%	100%	0%
Paycheck Plus UK Limited[1]	England & Wales	Payroll services	100%	0%	100%	0%
Payplus Limited[1]	England & Wales	Payroll services	100%	0%	100%	0%
Payroll Data Processing Inc.[4]	USA	Payroll services	100%	0%	0%	0%
Phroot Limited[3]	Guernsey	Software development	100%	0%	100%	0%
Practice Engine Systems Inc.[4]	USA	Software distribution	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%

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

13 INVESTMENTS (continued)

Undertaking	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held At 30 April 2024 Group	At 30 April 2024 Company	At 30 April 2023 Group	At 30 April 2023 Company
Results Squared Limited[1]	England & Wales	Software development	*Dissolved*	*Dissolved*	100%	0%
Sandgate BG Limited[10]	Bulgaria	Software development	100%	0%	100%	0%
Sandgate Systems Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Senta SaaS Limited[1]	England & Wales	Software development	100%	0%	100%	0%
SourceOne Payroll Services, Inc.[4]	USA	Payroll services	100%	0%	0%	0%
Staffology Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Star Professional Software Solutions Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Sweep Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Taxfiller Limited[1]	England & Wales	Software development	100%	0%	100%	0%
The Practice Engine Group Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Troncmasters Limited[1]	England & Wales	Software development	100%	0%	100%	0%
Truancy Call Limited[1]	England & Wales	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: 44 Milton Ave, 212 STE, Alpharetta, GA 30009, USA
[5] Subsidiary registered address: 4200 South Service Rd, #200, Burlington Ontario, L7L 4X5, Canada
[6] 201-1430 Cormorant Rd, Ancaster ON L9G4V5, Canada
[7] Subsidiary registered address: 9 Trinity Street, Dublin 2, Republic of Ireland
[8] Subsidiary registered address: 36 Greycliffe Street, Queenscliff, NSW, 2096, Australia
[9] Subsidiary registered address: 500 Colonial Center Pkwy, Ste 650, Roswell, GA 30076
[10] Subsidiary registered address: Hristo Belchev No18, Fl3, Sofia 1000, Bulgaria
[11] Subsidiary registered address: 6300 Interfirst Drive, Ann Arbor, MI 48108
[12] Subsidiary registered address: Str GEORGE CONSTANTINESCU, Nr. 4B Sl 2-4, CLADIREA B, ETAJ V, CAMERA 18 Bucuresti Sectorul 2, Romania

14 TRADE AND OTHER RECEIVABLES

	2024 Group £'000	2024 Company £'000	2023 Group £'000	2023 Company £'000
Current				
Trade receivables from contracts with customers	48,001	-	65,394	-
Less: provision for impairment of receivables	(4,860)	-	(3,805)	-
Trade receivables from contracts with customers - net	43,141	-	61,589	-
Amounts owed by group undertakings	-	1,222,480	-	1,091,196
Other receivables	5,679	-	5,336	-
Derivative financial assets (note 19.1)	-	-	1,427	-
Prepayments and accrued income	13,060	-	10,574	-
	61,880	1,222,480	78,926	1,091,196

Trade receivables from contracts with customers are non-interest bearing and are generally on terms of 30 days.

Amounts owed by Group undertakings are interest bearing at rate of 12%, unsecured and are repayable on demand.

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

	2024 £'000	2023 £'000
At the beginning of the year	3,805	3,484
Utilised	(2,861)	(1,818)
Charged to the Income Statement	3,916	2,139
At the end of the year	**4,860**	**3,805**

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. 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.

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. There has been no significant increase in the credit risk of financial instruments since initial recognition.

15 CASH AND CASH EQUIVALENTS

	2024 £'000	2023 £'000
Cash at banks and on hand	75,678	37,541
Restricted cash - client funds	189,590	146,073
	265,268	**183,614**

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.

15 CASH AND CASH EQUIVALENTS (Continued)

15.1 Interest income on client funds

The Group provides certain customers with a managed payroll service whereby the Group receives funds from customers and holds these funds for a period of time before using them to pay the payroll amounts and associated payroll taxes due to those customers' employees and the appropriate tax authorities. The entity has the right to control these funds which are reported as 'Restricted cash - client funds' on the Consolidated Balance Sheet, with a corresponding liability presented as 'Client obligations'. The Group earns interest on the invested funds with this interest being reported in Interest income on customer balances/client monies. Interest reported for the year ending 30 April 2024 was £4,129,000 (30 April 2023: trivial)

16 TRADE AND OTHER PAYABLES

	2024		2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Current				
Trade payables	6,688	-	7,050	-
Social security and other taxes	3,815	-	2,883	-
VAT	7,238	-	7,922	-
Other creditors	10,186	-	9,011	-
	27,927	-	26,866	-

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 19.

17 AMOUNTS OWED TO PARENT UNDERTAKINGS

	2024		2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Non-current	1,411,193	-	-	-
Current	-	-	-	-
Amounts owed to parent undertakings	1,411,193	-	-	-

Amounts owed to parent undertakings are unsecured and will bear interest at an arm's length rate which, at the date of signing the financial statements, is yet to be determined by a transfer pricing study. Non-current amounts owed to parent undertakings include a balance of £36,767,000 which is repayable on demand but for which the Group has received assurance from the ultimate parent undertaking that payment will not be demanded within 12 months of the date of signing the financial statements. All other non-current amounts owed to parent undertakings are repayable on 29th April 2031.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

18 DEFERRED TAX

Deferred tax liability

	Acquired Intangible assets	Depreciation in excess of capital allowances	Derivatives	Other timing differences	Total
	£'000	£'000	£'000	£'000	£'000
At 1 May 2022	119,869	5,915	-	(2,868)	122,916
Arising on acquisitions	18,189	1,674	-	(4,198)	15,665
Effect of changes in foreign exchange rates	(849)	(54)	-	33	(870)
(Credited)/charged to the income statement	(11,756)	3,142	357	(1,752)	(10,009)
At 30 April 2023	**125,453**	**10,677**	**357**	**(8,785)**	**127,702**
Arising on acquisitions	2,184	-	-	-	2,184
Effect of changes in foreign exchange rates	23	-	-	73	96
(Credited)/charged to the income statement	(15,825)	6	33	3,466	(12,320)
At 30 April 2024	**111,835**	**10,683**	**390**	**(5,246)**	**117,662**
At 30 April 2023					
Deferred Liability	125,453	10,938	357	(8,785)	127,963
Deferred Asset	-	(261)	-	-	(261)
	125,453	**10,677**	**357**	**(8,785)**	**127,702**
At 30 April 2024					
Deferred Liability	111,835	10,889	390	(5,246)	117,868
Deferred Asset	-	(206)	-	-	(206)
	111,835	**10,683**	**390**	**(5,246)**	**117,662**

The closing deferred tax liability as at 30 April 2024 has been calculated at 25% (2023: 25%) reflecting the tax rate at which the deferred tax liability is expected to be reversed in future periods. Deferred tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

The Group is subject to a Corporate Interest Restriction ("CIR") disallowance of £43m (2023: £26m). The deferred tax on this disallowance has not been recognised on the basis that the Group no longer expects to recover it.

At 30 April 2024, 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 (2023: £nil). It is likely that the unremitted earnings of overseas subsidiaries would qualify for the UK dividend exemption such that no UK tax would be due upon remitting those earnings to the UK. However, £41.6m of those earnings may still result in a tax liability, principally as a result of the dividend withholding taxes levied by the overseas jurisdictions in which those subsidiaries operate. These tax liabilities are not expected to exceed £2.6m of which none has been provided as the Group is able to control the timing of the dividends. It is not expected that further amounts will crystallise in the foreseeable future as the Group has an agreement with its associates that the profits of the associates 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.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

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:

30 April 2024	30 April 2023
- Cash and short term deposits	- Cash and short term deposits
- Trade and other receivables	- Trade and other receivables
- Trade and other payables	- Trade and other payables
- Amounts owed to parent undertakings	
- Client obligations	- Client obligations
- Lease liabilities	- Lease liabilities
- Loans and borrowings	- Loans and borrowings

Financial assets and liabilities by category

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	2024	2023	2024	2023
	£000	£000	£000	£000
Cash and cash equivalents	-	-	265,268	183,614
Derivative financial instruments	-	1,427	-	-
Trade and other receivables	-	-	48,820	66,925
Total financial assets	**-**	**1,427**	**314,088**	**250,539**

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade and other payables	-	-	27,927	26,866
Amounts owed to parent undertakings	-	-	1,411,193	-
Client obligations	-	-	189,590	146,073
Accrued interest	-	-	-	5,971
Deferred consideration	-	12,001	-	-
Lease liabilities	-	-	12,160	14,713
Loans and borrowings	-	-	1,222,214	2,374,030
Total financial liabilities	**-**	**12,001**	**2,863,084**	**2,567,653**

19.2 Financial assets and liabilities not measured at fair value

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables, client obligations, provisions, lease liabilities, accrued interest and accruals approximates to their fair value.

Amount owed to parent undertakings and loans and borrowings are carried at amortised cost which approximates to their fair value.

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 2024			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets measured at fair value:				
Interest rate instruments	-	-	-	-
Total financial assets at fair value	**-**	**-**	**-**	**-**

	At 30 April 2023			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets measured at fair value:				
Interest rate instruments	-	1,427	-	1,427
Total financial assets at fair value	**-**	**1,427**	**-**	**1,427**

	At 30 April 2024			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial liabilities measured at fair value:				
Deferred consideration	-	-	-	-
Total financial liabilities at fair value	**-**	**-**	**-**	**-**

	At 30 April 2023			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial liabilities measured at fair value:				
Deferred consideration	-	-	12,001	12,001
Total financial liabilities at fair value	**-**	**-**	**12,001**	**12,001**

19.3 Financial instruments at fair value (continued)

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

Reconciliation - financial liabilities / (assets)
A reconciliation of the financial liabilities is as follows:

	Interest rate swaps		Deferred consideration		Total	
	2024	2023	2024	2023	2024	2023
	£000	£000	£000	£000	£000	£000
At the beginning of the year	(1,427)	-	12,001	22,102	10,574	22,102
Arising from acquisitions	-	-	-	1,198	-	1,198
Paid during the year	-	-	(12,748)	(18,051)	(12,748)	(18,051)
Changes in fair value to profit or loss	(132)	(1,427)	-	5,411	(132)	3,984
Novated to Elements Finco Limited	1,559	-	-	-	1,559	-
Unwinding of discount	-	-	747	1,341	747	1,341
At the end of the year	**-**	**(1,427)**	**-**	**12,001**	**-**	**10,574**

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 2024, 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. All deferred considerations were settled in the year ending 30 April 2024 with none arising as a result of the acquisitions during the year.

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 enabled 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 22 November 2022, the Group entered a series of fixed SONIA interest rate swaps for a total notional amount of £435,000,000. The effective dates were 31 October 2022 and termination dates are 31 October 2024, with monthly payment dates. The average fixed rates are 4.36%. On 30 April 2024, these instruments were novated by IRIS Bidco Limited to Elements Finco Limited at their estimated fair value of £1,559,000.

There has been no reclassification of financial instruments.

19.4 Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise amounts owed to parent undertakings, provisions, lease liabilities, client obligations and trade and other payables. In the prior year, principal financial liabilities also included loans and borrowings but these were settled in the current year using the proceeds of intercompany loans. 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.

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 based on communication with customers and actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to our customers' ability to meet their obligations. The Directors believe there is a low risk from default (i.e. customers failing to pay debts owed to the Group in full) due to the high number of recurring customers and credit control policies; thus the carrying value is expected to be the final value received. The Group has no significant concentrations of credit risk since the risk is spread over a large number of unrelated counterparties.

Total trade receivables from contracts with customers (net of allowances) held by the Group at 30 April 2024 amounted to £43,141,000 (2023: £61,589,000).

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 by the number of days overdue 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.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

19.4 Financial risk management (continued)

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, whilst ensuring flexibility for potential acquisitions.

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 2024	Amounts owed to parent undertakings	Lease liabilities	Borrowings and accrued interest	Trade and other payables	Client obligations	Total
	£000	£000	£000	£000	£000	£000
In less than 1 year	-	2,412	-	27,927	189,590	219,929
In more than 1 year but not more than 2 years	-	2,525	-	-	-	2,525
In more than 2 years but not more than 5 years	-	5,468	-	-	-	5,468
In more than 5 years	1,411,193	4,951	1,222,214	-	-	2,638,358
Effect of discount/financing rates	-	(3,196)	-	-	-	(3,196)
	1,411,193	**12,160**	**1,222,214**	**27,927**	**189,590**	**2,863,084**

At 30 April 2023	Amounts owed to parent undertakings	Lease liabilities	Borrowings and accrued interest	Trade and other payables	Client obligations	Total
	£000	£000	£000	£000	£000	£000
In less than 1 year	-	3,279	5,971	26,866	146,073	182,189
In more than 1 year but not more than 2 years	-	2,782	-	-	-	2,782
In more than 2 years but not more than 5 years	-	6,332	1,297,885	-	-	1,304,217
In more than 5 years	-	6,220	1,090,892	-	-	1,097,112
Effect of discount/financing rates	-	(3,900)	(14,747)	-	-	(18,647)
	-	**14,713**	**2,380,001**	**26,866**	**146,073**	**2,567,653**

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 amounts owed to parent undertakings (2023: relates primarily to the Group's long-term debt obligations with floating interest rates). The PN2 Group's external borrowings were settled during the year using the proceeds of loans from Elements Bidco Limited. As at the date of signing the financial statements, the interest rate charge by Elements Bidco Limited is yet to be determined by a transfer pricing study, but will be an arm's length rate which is expected to have a variable element tied to floating interest rates. IRIS Group's approach to interest rate risk is described on page 23.

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. As of 30 April 2024, the IRIS Group reduces foreign currency risk by having 20%-25% of the IRIS Group's debt denominated in US Dollars.

Sensitivity analysis

Financial instruments affected by interest rate and foreign currency risks is expected to include amounts owed to parent undertakings (2023: includes 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/ US Dollar, Sterling/Indian Rupee and Sterling/ Canadian Dollar 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 ±1.00% (2023: ±1.00%), based on interest rate history. Similarly, sensitivity to movements in Sterling exchange rates (particularly against the US Dollar, Indian Rupee and Canadian Dollar) of ±10.00% are shown (2023: ±10%) reflecting changes of reasonable proportion in the context of movement in these currency pairs over the last year.

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

	2024		2023	
	Income (losses)/ gains	Equity (losses)/ gains	Income (losses)/ gains	Equity (losses)/ gains
	£000	£000	£000	£000
1% increase in market interest rates (2023: 1%)	(8,695)	(8,695)	(8,649)	(8,649)
1% decrease in market interest rates (2023: 1%)	8,695	8,695	8,649	8,649
10% strengthening of sterling versus other currencies	(976)	(10,604)	(467)	(12,356)
10% weakening of sterling versus other currencies	1,074	11,664	514	13,591

Capital Management

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

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

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

20 PROVISIONS

	Dilapidations		Legal claims		Total	
	2024	2023	2024	2023	2024	2023
	£000	£000	£000	£000	£000	£000
At the beginning of the year	2,874	2,143	-	-	2,874	2,143
Arising on acquisitions	85	476	-	-	85	476
Right-of-use asset additions	320	425	-	-	320	425
Payments on termination of leases	(929)	(162)	-	-	(929)	(162)
Charged to income statement	-	-	3,985	-	3,985	-
Effect of changes in foreign exchange rates	(1)	(68)	-	-	(1)	(68)
Unwinding of discount	287	60	-	-	287	60
At the end of the year	**2,636**	**2,874**	**3,985**	**-**	**6,621**	**2,874**

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. Any difference between expectations and the actual future liability will be accounted for when such determination is made.

During the year, the Group received a legal claim which was in arbitration as at 30 April 2024. A settlement of £3,985,000 was agreed in September 2024 and is due to be paid in October 2024.

21 BORROWINGS

During the year ended 30 April 2024, the Consolidated Facility B loan of £870m remained fully drawn down until 30 April 2024 when the loan was fully repaid as part of the transaction that led to the new lending facilities of the IRIS Group. The preference shares issued by the Company are now owned by Elements Bidco Limited.

	2024	2023
	£'000	£'000
Non-current		
Borrowings	1,222,214	2,374,030
	1,222,214	**2,374,030**

	Effective interest rate	Maturity	Facility Utilised
Preference shares treated as borrowings	12.00% fixed	Sep 2030	1,133,520
Preference shares - accrued interest			88,694
			1,222,214

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

	At 30 April 2024			
Borrowings	Senior	Mezzanine	Preference Shares	Total
	£'000	£'000	£'000	£'000
Amounts falling due between two and five years	-	-	-	-
Amounts falling due in more than five years	-	-	1,222,214	1,222,214
	-	-	1,222,214	1,222,214
Unamortised borrowing costs	-	-	-	-
Amounts falling due after more than one year	-	-	1,222,214	1,222,214
Amounts falling due within less than one year	-	-	-	-
	-	-	1,222,214	1,222,214

	At 30 April 2023			
Borrowings	Senior	Mezzanine	Preference Shares	Total
	£'000	£'000	£'000	£'000
Amounts falling due between two and five years	870,000	427,885	-	1,297,885
Amounts falling due in more than five years	-	-	1,090,892	1,090,892
	870,000	427,885	1,090,892	2,388,777
Unamortised borrowing costs	(7,250)	(7,497)	-	(14,747)
Amounts falling due after more than one year	862,750	420,388	1,090,892	2,374,030
	862,750	420,388	1,090,892	2,374,030

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

22 COMMITMENTS

The Group and Company had no obligations under finance or operating leases aside from properties already disclosed.

22.1 Other capital commitments

The Group and Company had no other capital commitments.

23 ACCRUALS

	Group	
	2024 £'000	2023 £'000
Accruals	32,722	28,739
Accrued interest	-	5,971
Cash settled share based payments	-	1,488
Deferred consideration (note 19.3)	-	12,001
	32,722	48,199

24 CALLED UP SHARE CAPITAL AND SHARE PREMIUM

Group and company:

		Shares authorised, issued and fully paid:			
Class	Nominal value	2024 Number	2023 Number	2024 £'000	2023 £'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	127,455	127,455	1	1
C2[3]	£0.10	6,667	6,667	1	1
				11	11
Share premium				1,202	1,202
				1,213	1,213

[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 Bridgehead

On 8 September 2023, the Group acquired 100 per cent of the issued share capital of HMP Associates Ltd, Harper Morris Ltd, Bridgehead (UK) Ltd and Bridgehead (Europe) Ltd, which are registered in England and Wales and are collectively referred to as "Bridgehead". The fair value of the total consideration net of cash acquired was £3,197,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 8 September 2023 to 30 April 2024.

Bridgehead provides an extensive range of fully managed payroll services and its close-knit team of experienced specialists is dedicated to providing friendly, responsive and supportive service. This closely aligns with IRIS' mission to take the pain out of payroll and HR processes so professionals can get it right first time, every time and focus on delivering value to their business.

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 - Customer relationships	674	1,133	1,807
Restricted cash - client funds	1,142	-	1,142
Property, plant and equipment	18	-	18
Right-of-use assets	24	-	24
Trade receivables from contracts with customers	276	-	276
Other receivables	27	-	27
Corporation tax	17	-	17
Total assets	**2,178**	**1,133**	**3,311**
Liabilities			
Trade payables	251	-	251
Client obligations	1,142	-	1,142
Accruals	12	-	12
Lease liabilities	21	-	21
Other payables	42	-	42
Provisions	9	-	9
Deferred tax	-	452	452
Total liabilities	**1,477**	**452**	**1,929**
Total identifiable net assets at fair value, net of cash acquired	**701**	**681**	**1,382**
Goodwill			1,815
Purchase consideration transferred			**3,197**
Satisfied by			
Cash consideration			4,594
Cash acquired			(1,397)
			3,197

The acquired business contributed revenues of £646,000 and net profit of £150,000 to the Group for the period from 8 September 2023 to 30 April 2024.

25.2 Blue Octopus

On 21 November 2023, the Group acquired 100 per cent of the issued share capital of Blue Octopus Recruitment Ltd, Blue Octopus HR & Recruitment Ltd and Blue Octopus (Group) Ltd, which are registered in England and Wales and are collectively referred to as "Blue Octopus". The fair value of the total consideration net of cash acquired was £8,521,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 21 November 2023 to 30 April 2024.

Blue Octopus specialises in innovative recruitment and onboarding technology, managed recruitment services and customised careers microsites for over 200 companies, primarily in the public sector, construction, manufacturing and retail industries. Blue Octopus' cutting-edge talent acquisition platform empowers in-house recruitment teams and HR professionals to efficiently source top talent, enhance the candidate experience, drive engagement and optimise processes. This closely aligns with IRIS' commitment to streamline business operations and give professionals more time to do what's valued

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 - Customer relationships	-	1,895	1,895
Intangible assets - Technology	1,486	(851)	635
Property, plant and equipment	437	-	437
Trade receivables from contracts with customers	326	-	326
Contract assets	37	(37)	-
Other receivables	74	-	74
Total assets	**2,360**	**1,007**	**3,367**
Liabilities			
Trade payables	126	-	126
Accruals	89	-	89
Contract liabilities	1,520	(533)	987
Other payables	1,108	-	1,108
Corporation tax	334	-	334
Deferred tax	3	632	635
Total liabilities	**3,180**	**99**	**3,279**
Total identifiable net assets at fair value, net of cash acquired	**(820)**	**908**	**88**
Goodwill			8,433
Purchase consideration transferred			**8,521**
Satisfied by			
Cash consideration			8,844
Cash acquired			(323)
			8,521

The acquired business contributed revenues of £1,060,000 and net profit of £62,000 to the Group for the period from 21 November 2023 to 30 April 2024.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

25 ACQUISITIONS (continued)

25.3 Bishop Fleming

On 10 November 2023, the Group acquired 100 per cent of the issued share capital of Bishop Fleming Payroll Services Ltd, which is registered in England and Wales. The name of Bishop Fleming Payroll Services Ltd was changed to IRIS Payroll Services Ltd on 1 December 2023. The fair value of the total consideration net of cash acquired was £5,224,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 10 November 2023 to 30 April 2024.

Bishop Fleming's 900 managed payroll clients will join customers taking advantage of IRIS Fully Managed Payroll, our BACS-approved bureau service, using the latest technology, and run by our expert team of experienced CIPP-accredited payroll managers. Bishop Fleming's Payroll Services brings a wealth of expertise and quality service to the market. Combined with the breadth and scale of IRIS, Bishop Fleming's clients will continue to receive a tailored and exceptional service.

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 - Customer relationships	-	2,052	2,052
Trade receivables from contracts with customers	255	-	255
Other receivables	152	-	152
Corporation tax	-	-	-
Total assets	**407**	**2,052**	**2,459**
Liabilities			
Accruals	102	-	102
Other payables	25	-	25
Deferred tax	-	513	513
Total liabilities	**127**	**513**	**640**
Total identifiable net assets at fair value, net of cash acquired	**280**	**1,539**	**1,819**
Goodwill			3,405
Purchase consideration transferred			**5,224**
Satisfied by			
Cash consideration			5,725
Cash acquired			(501)
			5,224

The acquired business contributed revenues of £1,103,000 and net profit of £74,000 to the Group for the period from 10 November 2023 to 30 April 2024.

25.4 CAVU HCM

On 15 December 2023, the Group acquired 100 per cent of the issued share capital of Human Capital Management LLC which is registered in Delaware, USA and trades as "CAVU HCM" and "CAVU". The fair value of the total consideration net of cash acquired was £10,923,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 15 December 2023 to 30 April 2024.

CAVU serves more than 1,600 businesses and its solutions are used by 23,000 employees across all 50 states in the US. This acquisition is a crucial step in our strategic plan to expand our HCM solutions and foster further growth in the region. CAVU's dedication to helping businesses thrive with comprehensive services perfectly aligns with our mission to streamline operations and empower professionals to focus on what truly matters.

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 - Customer relationships	3,766	788	4,554
Restricted cash - client funds	2,264	-	2,264
Property, plant and equipment	38	-	38
Right-of-use assets	69	-	69
Trade receivables from contracts with customers	17	-	17
Other receivables	121	-	121
Total assets	**6,275**	**788**	**7,063**
Liabilities			
Trade payables	60	-	60
Accruals	988	-	988
Lease liabilities	54	-	54
Client obligations	2,264	-	2,264
Other payables	38	-	38
Provisions	56	-	56
Deferred tax	-	-	-
Total liabilities	**3,460**	**-**	**3,460**
Total identifiable net assets at fair value, net of cash acquired	**2,815**	**788**	**3,603**
Goodwill			7,320
Purchase consideration transferred			**10,923**
Satisfied by			
Cash consideration			10,603
Borrowings settled			1,183
Cash acquired			(863)
			10,923

The acquired business contributed revenues of £1,880,000 and net profit of £371,000 to the Group for the period from 15 December 2023 to 30 April 2024.

25 ACQUISITIONS (continued)

25.5 Payroll Data Processing

On 9 January 2024, the Group acquired 100 per cent of the issued share capital of Payroll Data Processing Inc, which trades as "PDP" and is registered in Delaware, USA. The fair value of the total consideration was £1,967,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 9 January 2024 to 30 April 2024.

The acquisition of PDP brings IRIS another exceptional team of experts focused on providing payroll and HR services to small and mid-sized businesses seamlessly across the US.

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 - Customer relationships	-	2,121	2,121
Restricted cash - client funds	1,848	-	1,848
Property, plant and equipment	2	-	2
Right-of-use assets	55	-	55
Other receivables	2	-	2
Total assets	**1,907**	**2,121**	**4,028**
Liabilities			
Trade payables	-	-	-
Lease liabilities	43	-	43
Client obligations	1,848	-	1,848
Other payables	12	-	12
Provisions	20	-	20
Deferred tax	-	584	584
Total liabilities	**1,923**	**584**	**2,507**
Total identifiable net assets at fair value	**(16)**	**1,537**	**1,521**
Goodwill			446
Purchase consideration transferred			**1,967**
Satisfied by			
Cash consideration			**1,967**

The acquired business contributed revenues of £442,000 and net profit of £141,000 to the Group for the period from 9 January 2024 to 30 April 2024.

25.6 SourceOne Payroll Services

On 2 January 2024, the Group acquired 100 per cent of the issued share capital of SourceOne Payroll Services Inc which is registered in Delaware, USA. The fair value of the total consideration net of cash acquired was £3,335,000. The acquisition was accounted for under the acquisition method. The first period of account covers the period from 2 January 2024 to 30 April 2024.

SourceOne HCM is a premier organisation specialising in providing exceptional payroll and HR services to more than 420 small businesses in California. This marks a significant milestone in our strategic plan to expand our HCM solutions and drive further growth in the region.

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 - Customer relationships	-	2,395	2,395
Restricted cash - client funds	505	-	505
Other receivables	9	-	9
Total assets	**514**	**2,395**	**2,909**
Liabilities			
Trade payables	72	-	72
Accruals	44	-	44
Client obligations	505	-	505
Other payables	78	-	78
Deferred tax	-	-	-
Total liabilities	**699**	**-**	**699**
Total identifiable net assets at fair value, net of cash acquired	**(185)**	**2,395**	**2,210**
Goodwill			1,125
Purchase consideration transferred			**3,335**
Satisfied by			
Cash consideration			3,457
Cash acquired			(122)
			3,335

The acquired business contributed revenues of £780,000 and net profit of £254,000 to the Group for the period from 2 January 2024 to 30 April 2024.

25 ACQUISITIONS (continued)

25.7 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. There was no deferred consideration on acquisitions made during the year ended 30 April 2024.

25.8 Pro-forma effect of acquisitions on revenue and profit

If the acquisitions had occurred on 1 May 2023, consolidated pro-forma revenue and net loss before tax for the Group for the year ended 30 April 2024 would be £380,797,000 and £258,812,000 respectively. The figures include IFRS3 fair value adjustments 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 2023. No adjustment has been made for additional financing that was required to finance the acquisition.

26 EVENTS AFTER THE BALANCE SHEET DATE

On 14 May 2024, the IRIS Group successfully completed the acquisition of Swipeclock LLC, acquiring 100% of its shares for cash consideration of $192 million. Swipeclock is a US technology leader in SME workforce management solutions, best known for its cloud platform WorkforceHub. WorkforceHub connects core human resources, time and attendance, scheduling, PTO applicant tracking, onboarding and hiring tools within one unified solution. The acquisition was funded via a partial draw down of the new £500 million acquisition facility that was entered into on 30 April 2024. The IRIS Group also entered into new hedging arrangement to cover the new debt facilities. Further information on the IRIS Group's financing can be found on page 13. At the date the financial statements were authorised for issue, the balance sheet of Swipeclock LLC is still being reviewed for alignment with the IRIS Group's accounting policies as are assessments of fair value of material assets such as customer relationships and technology.

During the year, the Group received a legal claim which was in arbitration as at 30 April 2024. A settlement of £3,985,000 was agreed in September 2024 and is due to be paid in October 2024. Provision for this settlement has been made as at 30 April 2024 (see note 20).

A share-based payment enquiry with HMRC was concluded in September 2024 which has resulted in a corporate tax provision of £4.7m being released. This amount has been credited to the Income Statement and is included in "Adjustments in respect of prior year current tax liabilities" in note 9.

27 SHARE BASED PAYMENTS

In prior years the former ultimate parent company issued equity settled shares to management, who are employed by a subsidiary company 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. In the year ended 30 April 2024, the ultimate parent company set aside 8,417 cash settled C1 shares (2023: 6,356 C1 Shares) for management, who are employed by a subsidiary company. The employees will be entitled to receive a cash bonus equivalent to sale proceeds on the sale of the business. In general, employees who leave before a sale transaction will forfeit their shares.

These shares fall under the definition of share based payments and are reported under IFRS2.

The fair value of the shares issued in prior years was 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:

Settlement method	2024 Grant A Cash	2023 Grant A Cash	2022 Grant B Equity	2022 Grant A Equity	2021 Grant A Equity	2020 Grant A Equity	2019 Grant A Equity
Share price on issue	£600	£793	£16	£10	£5	£5	£1
Price paid per share	-	-	£16	£10	£5	£5	£1
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	3.0%	3.0%	3.0%	3.0%	3.0%	1.3%	1.3%
Forecast maturity	30/04/2024	30/04/2024	30/04/2024	30/04/2024	30/04/2024	30/04/2024	30/04/2024
Volatility	32.9%	32.9%	39.5%	32.9%	38.2%	35.1%	36.7%
Fair value of shares when issued	£5,747,128	£5,038,147	£2,608,334	£5,153,084	£8,560,026	£11,506,000	£23,080,000
	Number of shares	**Number of shares**	**Number of shares**	**Number of shares**	**Number of shares**	**Number of shares**	**Number of shares**
At 1 May 2022	-	-	8,512	18,668	20,065	32,805	43,605
Granted in the year	-	6,356	-	-	-	-	-
Forfeited in the year	-	-	(1,500)	(2,650)	(517)	-	-
Outstanding at 30 April 2023	**-**	**6,356**	**7,012**	**16,018**	**19,548**	**32,805**	**43,605**
Granted in the year	8,417	-	-	-	-	-	-
Forfeited in the year	(175)	(275)	(750)	(1,109)	-	-	-
Vested in the year	(8,242)	(6,081)	(6,262)	(14,909)	(19,548)	(32,805)	(43,605)
Outstanding at 30 April 2024	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The expected price volatility is based on a benchmark of observable similar companies.

The equity settled share-based payment cost charged to the income statement for the year ended 30 April 2024 was £11,345,000 (2023: £9,510,000).

The cash settled share-based payment cost charged to the income statement for the year ended 30 April 2024 was £8,559,000 (2023: £1,488,000). These were settled out of the sale proceeds of the sale of the business on 30 April 2024 and therefore have been credited to equity as a capital contribution.

On 30 April 2024, shares held by management which had not been forfeited prior to that date were purchased by Elements Topco Limited as part of the Sale Transaction described on page 2.

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

28 RESERVES

	Company	
	Share based payment reserve	**Retained earnings**
	£'000	**£'000**
At 1 May 2022	12,368	-
Result for the year	-	-
Equity settled share based payments	9,510	-
At 30 April 2023	**21,878**	**-**
Result for the year	-	-
Equity settled share based payments	11,345	-
Capital contribution from Elements Bidco Limited in form of settlement of cash-settled share based payments	10,047	-
At 30 April 2024	**43,270**	**-**

Perennial Newco 2 Limited recognises additional equity in respect of share-based payments and a corresponding asset comprising a capital contribution to IRIS Group Limited. The costs of share-based payments are recognised in the income statement of IRIS Group Limited.

29 CONTINGENT LIABILITIES

There are no contingent liabilities (2023: 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 £3,354,000 (2023: £2,577,000). Pension contributions unpaid at the year end were £709,000 (2023: £733,000).

31 DIVIDENDS PER SHARE

The Company did not declare or pay a dividend in the year (2023: £nil).

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

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 personnel 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 and preparing the Group for securing new investment . During the year ended 30 April 2024, £2,534,000 (2023: £431,000) related to these transactions was charged through administrative expenses. There were outstanding amounts payable of £159,000 at 30 April 2024 (2023: £25,000).

During the year ended 30 April 2024, Perennial Newco 2 Limited charged interest on amounts owed by IRIS Midco Limited totalling £131,284,000 (2023: £116,885,000) and there were outstanding amounts due of £1,222,480,000 at 30 April 2024 (2023: £1,091,196,000) as set out in note 14. In addition, during the year ended 30 April 2024, Perennial Newco 2 Limited was charged interest on preference shares held by the Company's controlling party (see note 34) totalling £131,284,000 (2023: £116,885,000) which is included within borrowings.

As part of the Sale Transaction (see page 2) on 30 April 2024, Elements Bidco Limited loaned £898,187,000 to IRIS Bidco Limited to settle its external borrowings. This amount is reflected in amounts owed to parent undertakings. This transaction took place at the close of the year ended 30 April 2024 and therefore no interest has been recognised in the Consolidated Income Statement. The balance will bear interest at an arm's length rate which, at the date of signing the financial statements, is yet to be determined by a transfer pricing study.

As part of the Sale Transaction (see page 2) on 30 April 2024, Elements Bidco Limited loaned £476,242,000 to IRIS Midco Limited to settle its external borrowings. This amount is reflected in amounts owed to parent undertakings. This transaction took place at the close of the year ended 30 April 2024 and therefore no interest has been recognised in the Consolidated Income Statement. The balance will bear interest at an arm's length rate which, at the date of signing the financial statements, is yet to be determined by a transfer pricing study.

As part of the Sale Transaction on 30 April 2024, IRIS Bidco Limited novated its interest rate swaps to Elements Finco Limited. The fair value of the interest rate swaps as at 30 April 2024 was £1,559,000. This transaction took place at the close of the year ended 30 April 2024 and therefore no interest has been recognised in the Consolidated Income Statement. The parties have agreed that Elements Bidco Limited will settle this debt, therefore the balance of £1,559,000 is presented within (and as a reduction to) amounts owed to parent undertakings.

As part of the Sale Transaction on 30 April 2024, Elements Bidco Limited paid £36,250,000 to IRIS Capital Limited in order for IRIS Capital Limited to make payments on behalf of Elements Bidco Limited relating to buy-side costs of the Sale transaction. On 30 April 2024, IRIS Capital Limited made payments of £18,146,000 on behalf of Elements Bidco Limited relating to buy-side costs of the Sale transaction. On 30 April 2024, £20,222,000 was paid by Elements Bidco Limited on behalf of IRIS Capital Limited relating to sell-side costs of the Sale transaction. As at 30 April 2024, £38,326,000 was owed by IRIS Capital Limited to Elements Bidco Limited with this balance reflected in amounts owed to parent undertakings. These transactions took place at the close of the year ended 30 April 2024 and therefore no interest has been recognised in the Consolidated Income Statement. The balance will bear interest at an arm's length rate which, at the date of signing the financial statements, is yet to be determined by a transfer pricing study.

As part of the Sale Transaction on 30 April 2024, Elements Bidco Limited purchased 100% of the ordinary share capital of the Company and 100% of the Company's preference shares. As at 30 April 2024, the amount payable to Elements Bidco Limited in respect of preference shares and aggregate accrued interest thereon is £1,222,214,000 (see note 21). The preference shares will continue to accrue interest at a rate of 12% per annum.

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.

	2024 £'000	2023 £'000
At the beginning of the year	2,920	2,481
Effect of movement in exchange rates	(74)	(163)
Non-controlling interest’s share of profit for the year	829	602
At the end of the year	**3,675**	**2,920**

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

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:

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Revenue	**373,544**	**319,080**
Effect of fair value of contract liabilities on acquisition	672	2,402
Impact of deferring of revenue on certain professional services income streams	57	163
Impact of deferring of revenue on certain licence income streams	805	28
Management Revenue	**375,078**	**321,673**

MANAGEMENT EBITDA

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

	Note	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Operating profit		**15,164**	**17,142**
Depreciation and amortisation			
Depreciation and loss on disposal of property, plant and equipment	11	2,374	2,730
Depreciation and profit/loss on right-of-use assets disposed on lease termination	12	3,573	2,531
Amortisation of intangibles	10	80,608	73,905
		86,555	79,166
Acquisition related items			
Transaction related costs	6	7,964	6,426
Post-acquisition integration costs		1,439	2,515
Revisions to deferred consideration for prior year acquisitions		-	5,411
Effect of fair value of contract liabilities on acquisition		672	2,402
		10,075	16,754
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		(2,678)	(2,558)
Impact of recognising rents as they fall due		(3,205)	(2,625)
Impact of share based payments		19,904	10,998
		14,021	5,815
Material non-recurring investment expenditure			
Transformational projects including Next Generation Elements Product Suite		8,688	8,355
Costs relating to the implementation of a single, integrated group wide ERP		1,178	5,832
		9,866	14,187
Other adjustments			
Costs in relation to the Sale Transaction (see page 2)		24,075	-
Restructuring and one off legal costs including redundancies and office closures		6,094	1,693
Foreign exchange losses recognised below EBITDA		365	3,297
		30,534	4,990
Management EBITDA		**166,215**	**138,054**

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. Management exceptional items include transaction related costs, post-acquisition integration costs, impact of deferral of sales commissions & licence revenue (IFRS15), recognition of rental expense (IAS17 vs IFRS16), share based payments' expense (IFRS2), material non-recurring expenditure on transformational projects, and restructuring costs. 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 banks. The impact of recognising sales commissions and certain income streams as they fall due of £2,678,000 (2023: £2,558,000) and the impact of recognising rents as they fall due of £3,205,000 (2023: £2,625,000) has also been removed as this impact was not included in the Management Accounts for the year ended 30 April 2024 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 before tax, and after 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:

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Net cash flows generated from operating activities	**167,305**	**98,595**
Acquisition related items paid	11,832	9,077
Costs paid for transformational projects including Next Generation Elements Product Suite	9,977	7,216
Restructuring costs paid	388	1,175
Costs paid relating to the implementation of a single, integrated group wide ERP	1,753	6,143
Costs in relation to the Sale Transaction (see page 2)	23,852	-
Taxation paid	1,627	1,138
(Increase) / decrease in client funds	(37,758)	24,692
Decrease in amounts owed to parent undertakings	1,559	-
Purchase of tangible assets	(1,641)	(1,631)
Development expenditure	(9,210)	(7,620)
Rent paid	(3,195)	(2,734)
Management operating cash flow	**166,489**	**136,051**

Notes to the Financial Statements (continued)
for the Year ended 30 April 2024

35 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) and Leonard Green & Partners, L.P., ("LGP") (holding through a limited partnership), held a significant interest in the ordinary shares of the Group's ultimate Parent Company, Elements Topco Limited, at 30 April 2024 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 or LGP has an ownership of more than 25% of the issued share capital of the Company.

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

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

Perennial Newco 2 Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under section 479A of the Companies Act 2006 in respect of the year ended 30 April 2024:

	Registration number
IRIS Midco Ltd	11367962

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