REGISTERED NUMBER: 129565

Report and

Consolidated Financial Statements

For the Year Ended 28 February 2021

for

Aston Midco Limited

Contents of the Consolidated Financial Statements
for the Year Ended 28 February 2021

Company Information
for the For the Year Ended 28 February 2021

DIRECTORS:	A R Alonso M S Saroya C Arhanchiague B Hung M Richards T Ragagnon
REGISTERED OFFICE:	13-14 Esplanade St Helier Jersey JE1 1EE
REGISTERED NUMBER:	129565
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Registered Auditor & Chartered Accountants One Chamberlain Square Birmingham, B3 3AX

Directors' Report
for the Year Ended 28 February 2021

PRINCIPAL ACTIVITIES & OBJECTIVES

The Group's (also referred to as "Advanced") principal activity is the provision of software and IT services which enable organisations to drive efficiencies, savings and growth opportunities through focused software solutions that evolve with the changing needs of our customers' organisations and the markets they operate in. The Group achieves this by taking a market led approach to software development and delivering excellent customer service that ensures high retention levels and growth. This is complemented with carefully selected acquisitions to create further value for the Group's customer base.

The Group is a leading provider of enterprise and market focused business solutions to Private and Public Sector organisations predominantly in the United Kingdom but also with selected international presence. Its solutions help to care for 65 million patients in the UK, send 10 million sports fans through the turnstiles, manage over £1bn in charity donations, support 2.5 million students and get over 1.2 billion passengers to their destinations on time. Advanced's All Market Solutions include Financial Management, Human Capital Management, Spend Management and Field Service Management. The Group also provides Specific Solutions to Health and Social Care organisations, to Charities and Memberships, to Law firms and to Educational establishments. All solutions are supported by the Group's internal hosting and managed services capabilities.

RESEARCH AND DEVELOPMENT ACTIVITY

During the period, research and development gross expenditure before capitalisation was £29.4 million (2020: £9.8 million). A successful research and development agenda is a strategic priority of the Group. The markets in which the Group operates are complex requiring an effective research and development strategy to support and maintain the competitive advantage the Group enjoys. The Group remains committed to the continuous development of a portfolio of market relevant products. This agenda will continue into the next financial year. Ongoing investment in new technology and functionality has, and will continue to, enable the Group to maintain and strengthen its market leading position.

Directors' Report continued
for the Year Ended 28 February 2021

FINANCIAL REVIEW

Results
During the year the Group reported revenue of £256.7 million (2020: £103.3 million) and Adjusted EBITDA of £90.2 million (2020: £37.9 million). Operating Profit for the year was £40.8 million (2020: £52.2 million loss). The Directors review various Key Performance Indicators (KPIs) for the Group, one of which is recurring revenue as percentage of revenue. For the year the Group reported recurring revenue at 72% of total revenue compared to the initial trading period to Feb 20 which was 63% recurring revenue. All comparatives are for the initial 7 months to the 29th February 2020.

Reconciliation of adjusted EBITDA

	Year Ended 28 Feb 21	Period from 2 Aug 19 to 29 Feb 20
	£'m	£'m
Operating Profit/(Loss)	40.8	(52.2)
Net foreign exchange gain	(28.6)	(14.4)
Amortisation	50.7	18.1
Depreciation	9.1	3.8
One-off acquisition and restructuring costs	18.2	82.4
Disposal of property, plant and equipment	-	0.2
Adjusted EBITDA	**90.2**	**37.9**
Capitalised development costs	(7.9)	(2.3)
Adjusted EBITDAC	**82.3**	**35.6**

Acquisition Accounting
At acquisition Advanced applies, as part of the accounting for acquisitions, the guidance set out in IFRS3 'Business Combinations'. This requires, at acquisition, the carrying values of the acquired assets and liabilities to be adjusted to their fair value. Specifically, for deferred revenue, this results in the business reducing the book values. This non-cash adjustment consequently means the recognised revenue and reported EBITDA for the year are lower than the underlying contractual values by £18.4m. The underlying customer contracts are not impacted.

Cash Flow
Cash generated from operating activities was £125.8 million (2020:£50.1 million), at the end of the period the Group had a cash balance of £24 million (2020:£29.5m). Financing inflows of £74.2 million includes £138.9 million from issuing new share capital, a payment of dividends of £57.2 million, £126.5 million from new loans and repayment of loans of £74.8 million.

Net Debt
The resulting net debt position as at 28 February 2021 was £892.0 million (2020:£775.3 million). The interest rates on the first and second Lien loans vary between 4.25% and 8.25% over LIBOR. Issue related costs capitalised in connection to refinancing activities within the year were £3.9million (2020: £14.3million and $17.9 million). The unamortised amounts remaining in the balance sheet at 28 February 2021 amounted to £18.4 million (2020:£26.3 million).

	Year Ended 28 Feb 21	Period from 2 Aug 19 to 29 Feb 20
Type	£'m	£'m
Cash	24.0	29.5
Lien 1	(631.9)	(542.3)
Lien 2	(257.3)	(264.6)
Other	(0.8)	(0.8)
Cross currency swaps	(26.0)	2.9
Net Debt	**892.0**	**775.3**

One-off acquisition and restructuring costs
During the period the Group incurred £18.2 million (2020: £82.4 million) of one-off acquisition and restructuring costs. The Group undertook various transformation projects, consolidating office space and right sizing the operational board to align with our strategic focus. The costs can be analysed as follows:

	Year Ended 28 Feb 21	Period from 2 Aug 19 to 29 Feb 20
Type	£'m	£'m
Acquisition costs	12.1	74.0
Transformation projects	4.5	7.1
Property rationalisation	1.6	0.9
Board appointments	-	0.2
Loss on disposal of fixed Assets	-	0.2
One-off costs	**18.2**	**82.4**

Tax
The Group reported tax income of £0.5 million (2020: £10.4 million) as a result of £4.5 million (2020: £0.9 million) current year UK tax charge, 0.1 million (2020: £0.1 million) in respect of RDEC claims, (£6.1 million) (2020: (£11.7 million)) of deferred tax timing differences and £0.9 million of foreign taxes. The Group has £11.8 million (2020: £7.9 million) of trading losses and has recognised a deferred tax asset of £2.2 million (2020: £0.7 million) in relation to all (2020: £3.6 million) of these losses as it is estimated they will use them in the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk category	Specific risks	Mitigation
Economic	The Group's markets fall into decline. Weak economic conditions affect the ability of the Group's clients to do business The United Kingdom exited the European Union on the 31 January 2020. The UK government and the EU reached an agreement on their ongoing trading relationship. This agreement has reduced the uncertainty and any potential impact on the broader UK economy. There however remains ongoing risk on the implementation and other consequential impacts which might arise. The UK economy has been impacted for an extended period from the downturn resulting from impact of Covid -19. This risk is slowly reducing as the vaccine role out and other government measures. As a result, the UK economy is currently expected to have strong growth during 2021	The Group has a diversified portfolio of products, services, and markets, so as to mitigate dependence on any one product, service or market. Innovative solutions are offered in a variety of ways to best suit each customer's business needs, including the traditional licence and services model or payment by subscription via Software as a Service. A significant portion of the Group's revenue is recurring from existing customers which provides highly predictable cash flows. The company has expanded into a portfolio of markets, products and services which overall reduces the risk on any single element. The business is not directly dependent on sales between the UK and the EU as the business is focused materially on UK businesses and enterprises.
Strategic	The Group fails to execute its M&A strategy successfully or to properly integrate acquisitions made.	The Group applies clearly defined criteria to identify and make earnings-enhancing acquisitions, with strong recurring revenue streams, that are complementary to the Group's existing portfolio. Due diligence appropriate to the size and complexity of the large company, is carried out before any acquisition is made. The Group has extensive experience of integrating acquisitions.
Product development	The Group operates in highly competitive markets characterised by rapidly changing technology and increasingly sophisticated customer requirements. Failure to respond promptly and effectively may lead to loss of market share.	Significant investment is made in product development. Dedicated development resource centres exist in Bangalore and Baroda, India, which continually review and update products. Use of third-party software is kept to a minimum.
Systems failure	The loss, failure, or external intrusion of the company's systems which both support the Group operations to our customers and internal activities. Failure to have appropriate controls and oversight related to cyber security and systems stability risk would have a significant impact on business performance and security of customer and business information and data.	All critical new business and client focussed systems have High Availability built in by design. Regular testing of business continuity/ disaster recovery plans is carried out, including annual full live scheduled testing The company has an ongoing team focused on and reviewing and establishing procedures which reduce Cyber security risk.
Project delivery	The Group contracts for multiple projects each year to deliver products and services to clients. Failure to deliver large or even smaller projects can result in significant financial loss.	The Group has proven procedures and policies for project delivery and regularly measures and reviews project progress. Problem projects involve senior management at an early stage.
Financial reporting	Incomplete management/ financial information informing Board/ management decisions could result in the business being managed sub-optimally and adversely affect performance.	Detailed management information on each division is circulated monthly and reviewed by the management board and Group Board.

Liquidity risk	The Group may have insufficient cash reserves and working capital to pay its debts as they fall due or to finance growth or acquisitions.	The Group is highly cash generative. Further information on liquidity risk is set out in note 21 to the financial statements. The Directors opinion on going concern is set out in note 1 and below.
People	The Group's success relies on recruiting, developing and incentivising senior management and other key employees, the loss of whom may affect the financial performance of the Group.	A comprehensive vetting and recruitment process exists. There is continual development of employees through objective setting and regular appraisals. An in-house development and training facility provides a structured learning environment for the professional development of all staff. Key employees are incentivised via bonus plans and share schemes. Management have implemented a strategy to limit the impact of Covid-19 on employees. The company's policy is to broadly follow government guidelines as in lines as applicable to each jurisdiction it operates.

DIRECTORS
The Directors of the Company throughout the year and at date of signing the consolidated financial statements were as follows:

A R Alonso
M S Saroya
C Arhanchiague
B Hung
M Richards
T Ragagnon

None of the directors hold any interest in the shares of the company.

GOING CONCERN
The directors' have considered it is appropriate to adopt the going concern basis in preparing the financial statements. In reaching this position, a downside severe cash flow scenario has been reviewed. The assumptions modelled in this scenario are based on an estimated potential impact of Covid-19 restrictions and regulations, and also considering the Group's potential responses over the next 12 months.

The downside scenario assumptions include a range of estimated impacts primarily based on the rate of acquiring new software contracts and professional services assignments while also assessing the retention of the existing client base. The business has positively traded throughout the Covid period; however, it has seen a lower level of new business activity than in the pre-Covid period. For this downside assessment scenario revenue, profit and cash flow are assumed not to return to the pre-Covid levels within the next 12-month period.

Advanced operates business divisions which are focused on key market segments. Each unit has experienced sensitivity in its results arising from the impact on their markets due to Covid-19. Overall, as a portfolio of markets the business has remained consistent with Health and Care outperforming expectations and others such as Legal operating below historic levels.

Additional further areas could be assessed in mitigating the downside scenario. These are within management's control and could include reductions to discretionary spend, delaying recruitment and reducing other controllable spend. We have assumed no significant structural changes to the business will be needed in the scenario modelled and any mitigations are not considered to have any significant impacts on customer experience.

As at 28 February 2021, the consolidated Statement of Financial Position reflects a net asset position of £1,190m, with cash of £24m and the liquidity of the Group remains strong. The maturity date of almost all (96%) of its borrowings of £890 million having a term date in over 5 years' time. In the scenarios modelled the business' minimum operating liquidity requirement is covered by available cash, at the most sensitive low point. This cash headroom indicates the ability to operationally trade and would also indicate that the business would not need to draw down on remainder of the £75m revolving credit facility which currently totals £24.5m it has available to it.
On the basis of these reviews, the directors consider it is appropriate for the going concern basis to be adopted in preparing the annual report and financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

Acquisitions

Subsequent to the year end the business has acquired both BKSB Limited and Smart Apprentices Limited.

BKSB is the leading provider of cloud-based eLearning for essential GCSE Maths and English, and Functional Skills qualifications in English, Maths and Digital (ICT).

Smart Apprentices is the market leader in apprenticeship learning technology, providing a cloud-based portfolio of recruitment, administration, compliance, virtual learning and point assessment software to both education providers delivering apprenticeships in the classroom and employers in the workplace. (ICT).

These acquisitions demonstrate Advanced's commitment to the skills development sector in line with the Government's plans to give education and training an overhaul post Covid-19. Measures revealed in the recent Queen's Speech include a Skills and Education Bill which will legislate that training providers and colleges must align the courses they offer to local employers' needs. These acquisitions open up opportunities to expand the businesses already leading position in the Further Education market to also take a strong position in both the Private Training Provider and Apprenticeship market, at a time where skills development, education and learning in this country is being given a much-needed renewed focus.

BKSB was acquired for £19.3m from a combination of cash generated from the business of £3.3m and utilisation of the RCF of £16m.
Smart apprentices was also acquired which was funded from funds drawn from the RCF of £28m.

The drawn RCF position is currently £50.5m.
Due to the timing of these acquisitions the detailed disclosure of the key components of the acquisition accounting are not yet available.

On 22nd June additional borrowings were agreed of £50m with funds being received by the business net of expenses of £48.5m. These funds are expected to be used to pay down a material amount of the utilised portion of the RCF

SUBSIDIARY COMPANIES

The Group conducts its activities through subsidiary companies predominately in the United Kingdom. A list of all subsidiaries is shown in note 11 to the consolidated financial statements.

FINANCIAL INSTRUMENTS

The Group uses financial instruments to manage certain types of risks including those relating to credit, market, interest rates, currency exchange and liquidity. Details of the objectives and management of these instruments and an indication of the exposure of the Group to such risks are contained in note 21 to the financial statements.

The business has within its borrowing USD denominated debt. This is disclosed in note 20. The foreign currently fluctuation risk is mitigated by the Derivative Financial Instruments disclosed in note 12.
The cross-currency swaps have been extended to 2024 and will continue to hedge 100% of the USD currency fluctuations.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards / International Financial Reporting Standards ("IFRS") as adopted by the EU.

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial period, which gives a true and fair view of the state of affairs of the company and the profit and loss for that period.

In preparing those financial statements the directors should:

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

The directors confirm they have complied with all the above requirements in preparing the financial statements and comply with the Companies (Jersey) Law 1991.

Additionally, the Directors are responsible:

- for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the appropriate framework
- 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
- have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Environmental, social and corporate governance statement
The Group recognise the opportunity and responsibility we have as a business to make a positive impact in the world. The transformative power of technology is key to creating a healthier planet, diverse and inclusive communities, access to education and a better standard of living for all.

We endeavour to conduct our business in an ethical manner, achieving sustainable growth whilst honouring our commitment to corporate social responsibility. Our ESG goals are an integral part of the Group. They are inherent in providing a safe, fair and inspiring working environment for our employees, and in delivering benefits to the wider community. Our innovative solutions and services help our customers as they deliver their own unique and powerful contributions to society.

The Group exists to make a difference, and we always act with our core values in mind. We deliver excellence in everything we do, act with pace as a unified organisation and are fearless in doing the right thing. We value and demand diversity in the workplace and expect mutual respect and understanding.

Fairness, responsibility, and Code of Conduct
The Group is committed to doing business in a fair, responsible manner and we expect our supplier and partners to share this commitment. This includes upholding certain principles on human rights, labour practices, and other areas of corporate responsibility.

Going forward, the Group will only wish to work with suppliers and partners who share our values, within their own business and their respective supply chains as follows:
- Ethics: The Group encourages a principle of fair market behaviour. This includes protecting the confidential nature of information exchanged whilst doing business and only using that information for the purpose it was supplied
- Legislative Compliance: All transactions must be conducted in accordance with all applicable international, national, and regional laws and regulations. Health and Safety: The Group endeavours at all times to operate responsibly, adhering to best practice health and safety standards and relevant legislation. In this way, the Group aims to protect its employees, contractors, customers, and the wider community
- Anti-Bribery and Corruption: A zero-tolerance approach is applied and as such no form of bribery, including improper offers for payments, commissions or kickbacks in whatever form is tolerated
- Human Rights and Modern Slavery: Abuse of any human right, any form of modern slavery, involvement in any human trafficking activity, any child, forced, bonded or compulsory labour or servitude, by or in relation to the Suppliers employees, or the Supplier's suppliers will not be tolerated
- Workplace: The Group supports a position of social sustainability in relation to its employees with a view to contributing to quality of life and job satisfaction. This includes treating employees with respect and dignity, providing a safe and respectful workspace

Customers and suppliers
True partnership is what differentiates us from our competition. We deliver focused solutions for public sector, enterprise, commercial and health & care organisations that simplify complex business challenges and deliver immediate value. Our solutions support enable our customers to deliver their strategic goals such as care to 40 million people throughout the UK, send 10 million sports fans through the turnstiles, manage over £1 billion in charity donations, support 2.5 million students and get over 1.2 billion passengers to their destinations on time.

As mentioned above we have a zero-tolerance approach on bribery, inappropriate offers and any other item of this nature both with our Customers and suppliers.

Our core ESG principles are also applied to the way we select and work with customers and suppliers and we expect would only engage with Customers and Suppliers who uphold a similarly high level of ethical and professional standards as we expect of ourselves.

Supplier terms would normally be set at 30 days.

Inclusivity
Cultivating a diverse workforce and inclusive culture is a priority for Advanced. Diversity of experience, age, race, ethnicity, culture, gender and sexual orientation provides a wide range of talent from entry level through to our leadership teams creating richer perspectives and a powerful frame of reference.

Not only is it right to recognise and celebrate differences, and ensure everyone has the opportunity to thrive, but creating a culture that is genuinely committed to a meritocratic workplace is important to our success. Ensuring all our employees understand and engage with our values, and have the opportunity to realise their full potential, is fundamental to our business.

Our commitment and achievements have been recognised as one of the top 100 Diversity Leaders of 2020 across UK businesses following an independent survey carried out on behalf of the Financial Times. The award assesses diversity across gender, age, ethnicity, disability, and sexual orientation, and ranks organisations in Europe on the extent to which they offer diverse and inclusive workplaces.

The survey focused on two broad areas, looking at the scale in which employers promoted diversity within the workforce, and identifying companies that stood out when it came to encouraging diversity and equal opportunities. We are delighted to have been recognised in this way but know we can do more and will continue to strive towards this.

Gender and Ethnicity
The Advance group continually strives to ensure diversity within the business in all aspects.

Gender Pay data:
Figure 1. Mean and median gender pay gap between the calendar years 2017 and 2020 (UK).

Gender pay gap	Mean	Median
2020	16.8%	16.3%
2019	17.9%	15%
2018	20.2%	25.7%
2017	22.8%	19.8%

Figure 2. Mean and median gender bonus gap between the calendar years 2017 and 2020 (UK).

Gender bonus gap	Mean	Median
2020	36.3%	20.8%
2019	41.0%	12.0%
2018	57.0%	18.0%
2017	40.0%	25.0%

Figure 3. Percentages of men and women who received a bonus in the 12 months prior to April 2020 (UK)

Female	Male
82.8%	80.3%

Representative by Career Framework Level
Figure 4. The gender makeup of each level of the Career Framework (Global)

	Entry-level roles					Most senior roles	
Gender	1	2	3	4	5	6	7
Male	40%	75.2%	78.2%	77.1%	78.9%	83.7%	75%
Female	60%	24.8%	21.8%	22.9%	21.1%	16.3%	25%

Figure 5 The pay gap between White and Ethnic minority employees (UK).
Ethnicity data:

Mean pay gap	Median pay gap
18.8%	30.0%

Figure 6. The pay gap for each ethnicity

Ethnicity	Mean pay gap*	Median pay gap*	Average hourly pay
Asian	19.5%	28.5%	£14.24
Black	25.6%	37.1%	£13.16
Mixed race	9.2%	33.4%	£16.07
Other	33.8%	27.6%	£11.71
Prefer not to say	9.7%	3.1%	£15.99
White	0%	0%	£17.70

* Pay gap when compared to white employees

Figure 7. The bonus gap for each ethnicity

Ethnicity	Bonus gap%*	Proportion receiving bonus
Asian	67.3%	76%
Black	79.4%	71%
Mixed race	13.3%	81%
Other	75.2%	75%
White	0%	86%
Prefer not to say	42.8%	89%

* when compared to white employees

We as a business focus on all areas of inclusivity and in addition to the above we focus on and support the inclusion from an aspect of disability, sexual orientation, and education levels.

Aston Midco Limited (Registered number: 129565)

Directors' Report continued
for the Year Ended 28 February 2021

Protecting Our Planet
The directors are committed to undertaking the business in a way to minimise as far as is appropriate the adverse impact on the environment of its activities. The objective is to continually improve its performance by reducing the impact against the environments.

Our vision is underpinned by five core principles:
- to protect the environment by reducing our carbon footprint
- to reduce the environmental impact of our operational activities through effective management of our estate
- to create and maintain a positive environmental sustainability culture
- to maximise the positive impact of our sustainability actions through effective communication, collaboration, and partnership
- to fulfil all environmental compliance obligations and seek to exceed regulatory requirements

To achieve this vision, we have a multi-step sustainability strategy, containing details of the overarching objectives, performance targets, key performance indicators and implementation mechanisms. It is continuously reviewed to ensure it is as strong as it can be. Our success also relies on effective engagement with staff, customer and suppliers utilising and developing their skills, knowledge and understanding.

Our plans and initiatives continue to evolve and develop. Our active plans focus on the following areas:
- Property Management - We are proactive in our property management, maintaining a strategy of working with landlords and staff to ensure energy efficiency
- Remote working - Home working is facilitated and encouraged. We trust and empower our employees, with mobile technology enabling effective communication through audio and video meetings, as well as webinars and online training. For our customers, we seek to offer our consulting, implementation, and training services remotely where appropriate and when necessary placing our consultants on customer sites which are closest to home minimising unnecessary travel
- Recycling -Reducing the amount of paper we generate is a key focus, and we use recycled paper - which we then recycle ourselves. We have also taken steps to recycle other materials such as plastics and cardboard. We comply with WEEE regulations and recycle our electrical items. Our corporate responsibility to the environment is central to how we run our business. We minimise our consumption of natural resources and manage waste through responsible disposal - reusing and recycling materials wherever possible
- Software solutions for our customers - From invoicing departments using our electronic document imaging with optical character recognition (OCR) to medical practices and the many venues of care transferring critical patient data securely via the Cloud, we are enabling our customers with solutions and services that support the transformation to a paperless society. We are focused on our transition to a Cloud service company ensuring our customers have solutions which are future proofed and don't require costly or energy inefficient hardware

We closely manage key sustainability elements - water, gas and electricity consumption, waste disposal and green procurement. Energy efficiency is a priority when purchasing appliances and office equipment, and we select suppliers who promote environmental solutions.

The business has identified areas of impact on the environment: - energy consumption, emissions to air, use of resources, waste to landfill, the environmental impacts of suppliers, design, and development customer IT solutions.

SECRETARY
The corporate secretary of the Company during the Year Ended 28 February 2021 and subsequently was Estera Secretaries (Jersey) Limited.

POLITICAL DONATIONS AND EXPENDITURE
There were no political donations or related expenditure for the Year Ended 28 February 2021 (2020: £nil)

DIVIDENDS
The Directors have approved a dividend of £57.2m (2020: £nil)

INDEPENDENT AUDITOR
PricewaterhouseCoopers LLP

REGISTERED OFFICE
13-14 Esplanade
St Helier
Jersey
JE1 1EE

ON BEHALF OF THE DIRECTORS:

Côme Arhanchiague
Director

28th June 2021

Independent auditors' report to the members of Aston Midco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aston Midco Limited's group financial statements:

- give a true and fair view of the state of the group's affairs as at 28 February 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position as at 28 February 2021; the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated Statement 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, as applicable to entities, 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 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 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, 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.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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 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 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 Tax legislation, Employment laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies (Jersey) Law 1991. 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 posting inappropriate journals impacting revenue to manipulate the financial performance of the business, and management bias in complex accounting estimates of business combinations. Audit procedures performed by the engagement team included:

- Discussions with the management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; Consideration of any changes to the control environment as a result of Covid-19; Identifying and testing unusual journals impacting revenue to manipulate the financial performance of the business; Assessing key estimates made by management, including review of accounting for business combinations, to evidence any management bias.

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 Article 113A of the Companies (Jersey) Law 1991 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 (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 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
- proper accounting records have not been kept by the group; or
- the group financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Alex Hookway
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
28 June 2021

Aston Midco Limited (Registered number: 129565)

Consolidated Statement of Profit or Loss
For the Year Ended 28 February 2021

	Note	Year Ended 28 Feb 21 £'000	Period from 2 Aug 19 to 29 Feb 20 £'000
CONTINUING OPERATIONS			
Revenue	2	256,678	103,278
Administrative expenses		(215,872)	(155,462)
Adjusted EBITDA		**90,228**	**37,933**
One-off acquisition and restructuring costs	27	**(18,236)**	**(82,426)**
Loss on disposal of Fixed asset	10	-	**(161)**
Amortisation	9	**(50,695)**	**(18,157)**
Depreciation	10	**(9,065)**	**(3,800)**
Net foreign exchange gain		**28,574**	**14,425**
OPERATING PROFIT/(LOSS)		**40,806**	**(52,185)**
Finance costs	4	(93,170)	(61,020)
LOSS BEFORE INCOME TAX	5	(52,364)	(113,205)
Income tax expense	6	528	10,381
LOSS FOR THE FINANCIAL PERIOD		(51,836)	(102,824)
Loss attributable to :			
Owners of the parent		**(51,836)**	**(102,824)**

Aston Midco Limited (Registered number: 129565)

Consolidated Statement of Comprehensive Income
For the Year Ended 28 February 2021

	Year Ended 28 Feb 21 £'000	Period from 2 Aug 19 to 29 Feb 20 £'000
LOSS FOR THE PERIOD	**(51,836)**	**(102,824)**
OTHER COMPREHENSIVE EXPENSE		
Item that may be reclassified to profit or loss:		
Foreign exchange translation differences	(2,763)	(1,460)
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF INCOME TAX	(2,763)	(1,460)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	**(54,599)**	**(104,284)**
Total comprehensive expense attributabel to:		
Owners of the parent	**(54,599)**	**(104,284)**

Aston Midco Limited (Registered number: 129565)

Consolidated Statement of Financial Position
as at 28 February 2021

		As at	As at
		28 Feb 2021	29 Feb 2020
ASSETS	**Note**	**£'000**	**£'000**
NON-CURRENT ASSETS			
Property, plant and equipment	10	9,809	9,586
Right-of-use assets	10	16,007	15,701
Intangible assets	8,9	2,214,881	2,007,766
Investments	11	517	517
Derivative financial instruments	12	-	10,874
Deferred tax asset	22	364	361
Total non-current assets		2,241,578	2,044,805
CURRENT ASSETS			
Inventories	13	733	489
Trade and other receivables	14	105,434	102,917
Current income tax assets		8,398	8,029
Cash and cash equivalents	15	23,970	29,540
Total current assets		138,535	140,975
TOTAL ASSETS		**2,380,113**	**2,185,780**
EQUITY			
SHAREHOLDERS EQUITY			
Share capital	16	12,669	12,669
Share premium	17	1,335,913	1,254,185
Translation reserve	17	(4,223)	(1,460)
Accumulated losses	17	(154,660)	(102,824)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**1,189,699**	**1,162,570**
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	20	861,945	779,999
Lease liabilities	10	16,626	16,012
Derivative financial instruments	12	26,041	7,988
Deferred tax liabilities	22	115,365	106,417
Provisions	23	5,007	2,527
		1,024,984	912,943
CURRENT LIABILITIES			
Trade and other payables	18	61,053	51,256
Deferred income	19	91,279	54,508
Loans and borrowings	20	9,654	1,369
Lease liabilities	10	3,444	3,134
		165,430	110,267
TOTAL LIABILITIES		1,190,414	1,023,210
TOTAL EQUITY AND LIABILITIES		**2,380,113**	**2,185,780**

The financial statements on pages 13 to 46 were approved by the Board of Directors on 28th June 2021 and were signed on its behalf by:

Côme Arhanchiague
Director

Aston Midco Limited (Registered number: 129565)

Consolidated Statement of Changes in Equity
For the Year Ended 28 February 2021

	Called up share capital £'000	Share premium account £'000	Translation reserve £'000	Accumulated losses £'000	Total equity £'000
At 2 August 2019	-	-	-	-	-
Issue of share capital	12,669	1,254,185	-	-	1,266,854
Total comprehensive expense	-	-	(1,460)	(102,824)	(104,284)
At 29 February 2020	12,669	1,254,185	(1,460)	(102,824)	1,162,570

	Called up share capital £'000	Share premium account £'000	Translation reserve £'000	Accumulated losses £'000	Total equity £'000
At 29 February 2020	12,669	1,254,185	(1,460)	(102,824)	1,162,570
Issue of share capital	-	138,906	-	-	138,906
Dividends Paid	-	(57,178)	-	-	(57,178)
Total comprehensive expense	-	-	(2,763)	(51,836)	(54,599)
At 28 February 2021	12,669	1,335,913	(4,223)	(154,660)	1,189,699

Consolidated Statement of Cash Flows
For the Year Ended 28 February 2021

	Year Ended 28 Feb 2021 £'000	Period from 2 Aug 19 to 29 Feb 20 £'000
Cash flows from operating activities		
Loss for the period	(51,836)	(102,824)
Adjusted for:		
Depreciation	9,065	3,800
Amortisation of intangible assets	50,695	18,157
Loss on sale of property, plant and equipment	-	161
Net foreign exchange gain	(28,574)	(14,027)
One-off acquisition costs	18,236	82,426
Net finance costs	93,170	61,020
Tax	(528)	(10,381)
Operating cash inflow before movements in working captial	90,228	38,333
(Decrease) / Increase in trade and other payables	(8,835)	27,960
(Decrease) / Increase in Deferred income	29,403	-
Decrease / (Increase) in trade and other receivables	15,291	(15,775)
Decrease / (Increase) in inventory	(244)	(6)
	35,615	12,579
Cash generated from operating activities	125,843	50,112
Corporation tax paid	(5,673)	(1,601)
Net cash generated from operating activities	120,170	48,910
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,512)	(1,759)
Proceeds from sale of property, plant and equipment	-	445
Acquisition of subsidiaries (net of cash acquired)	(170,498)	(601,418)
One-off acquisition cost	(16,951)	(80,819)
Payment for intangible assets	(7,945)	(2,311)
Net cash out from investing activities	(200,906)	(685,862)
Cash flows from financing activities		
Proceeds from long term borrowings	126,500	827,789
Payment of lease liabilities	(4,942)	(1,674)
Repayment of borrowings	(74,784)	(1,385,436)
Finance costs	(52,368)	(40,645)
Proceeds from issuance of share capital	138,902	1,266,858
Dividends Paid	(57,178)	-
Net cash generated from financing activities	76,130	666,892
(Decrease) / Increase in cash and cash equivalents	(4,606)	29,940
Movement from change in Foreign exchange rates	(964)	(400)
Cash and cash equivalents at beginning of period	29,540	-
Cash and cash equivalents at end of period	23,970	29,540

The notes on pages 18 to 46 form part of these financial statements

Notes to the Consolidated Financial Statements
For the Year Ended 28 February 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Aston Midco Limited is a limited company registered in Jersey.

Nature of entity operations and principal actives
The principal activity of the Group is the provision of software and IT services.

Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The Company's country of incorporation is Jersey and its address is 13-14 Esplanade, St Helier, Jersey, JE1 1EE. The Group's principal place of business is Ditton Park, Riding Court Road, Datchet, Slough, Berkshire, SL3 9LL, United Kingdom.

These consolidated financial statements present results for the Group for the year ended 28 February 2021.

Measurement convention
The consolidated financial statements are prepared on the historical cost basis as modified by certain financial assets and liabilities measured at fair value through profit and loss.

Subsidiary basis of consolidation
Inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. The company consolidates the results of the acquisitions from the date of effective control.

Functional and presentation currency
The consolidated financial statements are presented in sterling, which is also the functional currency, as the primary economic environment in which the subsidiaries operate is sterling.
All financial information presented in sterling has been rounded to the nearest thousand.

Going Concern
The directors' have considered it is appropriate to adopt the going concern basis in preparing the financial statements. In reaching this position, a downside severe cash flow scenario has been reviewed. The assumptions modelled in this scenario are based on an estimated potential impact of Covid-19 restrictions and regulations, and also considering the Group's potential responses over the next 12 months. The directors' have considered it is appropriate to adopt the going concern basis in preparing the financial statements. In reaching this position, a downside severe scenario has been reviewed. The assumptions modelled in this scenario are based on an estimated potential impact of Covid-19 restrictions and regulations, and also considering the Group's potential responses over the next 12 months.

The downside scenario assumptions include a range of estimated impacts primarily based on the rate of acquiring new software contracts and professional services assignments while also assessing the retention of existing client base. The business has positively traded throughout the Covid period; however, it has seen a lower level of new business activity than in the pre-Covid period. For this downside assessment scenario revenue, profit and cash flow are assumed not fully return to the pre-Covid levels within the next 12-month period.

The Group operates business divisions which are focused on key market segments. Each unit has experienced sensitivity in its results arising from the impact on their markets due to Covid-19. Overall, as a portfolio of markets the business has remained consistent with each Cash generating unit being impacted either positively or negatively in line with their customer experiences.

Additional further areas could be assessed in mitigating the downside scenario. These are within management's control and could include reductions to discretionary spend, delaying recruitment and reducing other controllable spend. We have assumed no significant structural changes to the business will be needed in the scenario modelled and any mitigations are not considered to have any significant impacts on customer experience.

As at 28 February 2021, the statement of financial position reflects a net asset position of £1,190m, with cash of £24m and the liquidity of the Group remains strong. The maturity date of almost all (96%) of its borrowings of £890 million having a term date in over 5 years' time. In the scenarios modelled the business' minimum operating liquidity requirement is covered by available cash, which at the most sensitive low point is by a factor of over 3 times. This cash headroom indicates the ability to operationally trade and would also indicate that the business would not need to draw down on remainder of the £75m revolving credit facility which currently totals £24.5m it has available to it.
On the basis of these reviews, the directors consider it is appropriate for the going concern basis to be adopted in preparing the annual report and financial statements.

A summary of the accounting policies adopted for the preparation of the Group's annual financial statements for the Year Ended 28 February 2021 is given below.

1. **ACCOUNTING POLICIES - continued**

Revenue recognition
IFRS 15 'Revenue from Contracts with Customers' establishes a single model to account for revenue arising from contracts with customers. Revenue in the course of ordinary activities is measured and recognised using the five-step approach outlined in IFRS 15:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when the entity satisfies the performance obligations

The Group determines how and when to recognise revenue, and at what value, when control of goods or services is transfer to the customer and amount to which the Group is entitled to is known. Depending on whether certain criteria are met, revenue is recognised over time in a manner which reflects the Group's performance or at a point in time, when control is transferred to the customer (i.e. when performance obligation is satisfied).

The Group's revenues are derived from the sale of software licences, associated professional services, support and maintenance, hosting and SaaS arrangements, managed services and supplies of hardware and third-party software. All revenue is reported exclusive of value added tax.

Software licences
The Group grants its customers licences to use its software products. Revenue for software licences is based on a right to use licence where a fee relates to the right to use the software product, including significant unspecified upgrades or enhancements pertaining to customers purchasing new modules or user rights.

When a licence is not subject to material modification or customisation certain criteria must be met before revenue is recognised:

- persuasive evidence that a contract exists, typically through a signed contract or customer purchase order
- control of the license passes to the customer
- collectability is reasonably assured and there are no material outstanding conditions or contingencies attaching to the receipt of monies due
- when the customer has the right to use the licence
- the price of the transaction can be measured reliably

In instances where significant vendor obligations exist, revenue recognition is deferred until the obligation has been satisfied.

Professional services
The Group provides a number of professional services for its customers. These include implementation, configuration of software and training of customer's staff. Contracts are priced on either a time and materials or fixed price basis. Revenue on fixed price contracts is recognised over time on a percentage of completion approach, in accordance with the measuring progress rules applicable in IFRS 15. This involves a comparison of costs incurred to date with total expected costs of the contract. Losses on contracts are recognised in full at the point at which a loss is foreseen on a contract.

Support and maintenance
Support and maintenance fees provide customers with rights to unspecified product upgrades enhancements and help desk access during a defined support period. Revenue arising from support and maintenance fees is recognised proportionately over the duration of the contract.

In addition to the revenue streams outlined above, the Group earns other revenue as follows:

- hardware - revenue is recognised on delivery of the goods, which is when the performance obligation is considered to be met
- hosting and Software as a Service ("SaaS") - revenue is recognised proportionately over the duration of the contract
- managed services - where the Group provides hosting services, revenue is recognised rateably over the duration of the contract
- airtime - the Group recognises revenue from airtime which is incorporated into agreements with customers. This revenue is recognised once the connection has been made as this is the point when the performance obligation is satisfied

Multiple element arrangements
Many of the arrangements the Group enters into include multiple distinct performance obligations that have different patterns or timing off delivery of the goods or services. Depending on the product solution, this can include software licences, hosting, SaaS, maintenance, professional services and other related services.

Revenue from these arrangements are generally unbundled and accounted for separately. The factors considered in determining whether revenue should be accounted for separately depends on whether the promised goods or services are considered distinct or non-distinct. Commonly, software related goods or services are considered distinct if they are regularly sold separately in comparable transactions.

Revenue from multiple element arrangements is then allocated to the distinct performance obligations based on their standalone selling price. The standalone selling price is the price at which the Group sells a promised good or service separately to a customer.

1. **ACCOUNTING POLICIES - continued**

The Group derives fair value for its consultancy services based on day rates for consultants and for product maintenance based on maintenance renewal prices. Where software is included within a bundled arrangement, the residual value of the contract is ascribed to the software after a fair value has been allocated to all other components.

Deferred revenue primarily relates to managed services and customer support fees, which have been invoiced to the customer prior to the performance of these services. Deferred revenue is generally recognised over a period of one years.

Accounting for costs
Commission costs are expensed as incurred on an accruals basis unless the commissions relate specifically to revenue which has been recognised over a period of time. Where this occurs, commission costs are capitalised and amortised over the same time period as revenue. Unamortised commission costs have been amortised over the life of the respective contracts, being 2 to 7 years.

Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which effective control is transferred to the company.

At the acquisition date, the company recognises goodwill as:
- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed

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

Transaction costs
Acquisition-related costs are expensed as incurred.

Goodwill & Intangible assets
Goodwill and intangible assets are allocated to the Cash Generating Units (CGU's) management have determined for the business.

These CGU's are:
- Business management software solutions for the private sector
- Business management software solutions for the public sector
- Patient management software solutions for the Health & Social Care sector
- Student management software solutions for the Education sector
- Practice and case management solutions for the Legal sector
- IT managed services to Private and Public sector organisation
- Application Modernisation services to global private and public sector organisations

Goodwill arising on the acquisition of an entity represents the excess of the consideration over the fair value of tangible and intangible assets acquired. The carrying value of goodwill is reviewed at each reporting date, with any impairment charged to the statement of profit or loss.

For the acquisitions in the year the each is assessed and considered whether they are an additional CGU or when combined with the existing business they would be considered combining with an existing CGU.

In reaching this conclusion a number of considerations are assessed such as management structure, product portfolio, customer applicability and similarity and target market.

Based on the companies review no additional CGU's were considered to have been established. Specifically, Tikit and National Wills register are part of Practice and Case Management solutions for the Legal Sector CGU and Mitrefinch and Clear Review have been combined into the Business management software solutions for the Private Sector CGU.
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1. **ACCOUNTING POLICIES - continued**

Intangibles

Research and development

Development activities involve a plan or design for the production of new or substantially improved computer software. Development expenditure is capitalised only if development costs can be measured reliably, the software program is technically and commercially feasible, future economic benefits are probable, and the Group has sufficient resources available to complete development and to use, lease or sell the asset. The expenditure capitalised includes only the cost of gross direct labour that is directly attributable to preparing the asset for its intended use or third-party costs incurred directly on the development activities above.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. Other research and development expenditure not meeting the above criteria is recognised in the statement of profit or loss as incurred.

Acquired intangibles

Following business combinations (see note 7) the assets acquired are classified into property, plant and equipment and intangible assets and fair values applied using the principles of IFRS3. Purchased intangible assets are recognised on the consolidated balance sheet and are amortised over their estimated useful lives with the exception of In-progress research and development ("IPR&D") which is initially recorded at fair value and amortised over its estimate useful life. Upon completion of development, the R&D intangible asset will be amortised over its estimated useful life. The assets typically recognised are:

1. Customer contracts and relationships
2. Technology assets
3. Brand name
4. IPR&D

Amortisation

Amortisation is recognised in the income statement within operating expenditure on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use. The estimated useful lives for each period are different depending on the profile of the acquisition.

The amortisation policy for each class of intangible asset is as follows:

- capitalised development costs, including any IPR&D related to software development, are amortised over the period from the date the development is released as generally available to the Group's customer base and capable of generating revenue. This period is estimated by management as between four and eight years
- brand names recognised on acquisition are amortised over a period of five years
- technology assets recognised on acquisition are amortised over a period of five to ten years
- customer contracts and relationships recognised on acquisition are amortised over a period of five to ten years, based on the useful life of the contract or relationship

Impairment of intangibles and property, plant, and equipment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairments of goodwill are never reversed.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation policies for each class of asset are as follows:

- Land and buildings - 2% straight-line
- Computer equipment and other - 20% to 25% straight-line
- Fixtures and Fittings - 20% to 33 1/3% straight-line, leasehold improvements – over the period of the lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

1. **ACCOUNTING POLICIES - continued**

Leases
The group leases various offices and equipment. Rental contracts are typically made for fixed periods of 4 to 15 years. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for lease of buildings for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interest in the leased assets that are held by the lessee. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the group under residual value guarantees
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:
- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Adjusts specific to the lease, for example term, country, currency and security

The group is exposed to potential future increase in variable lease payments based on an index or, which are not included in the lease liability until they taken effect, When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset.

Lease payment are allocated between principal and finance cost comprising the following:
- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs; and
- Restoration costs

Right of use assets are generally depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the asset's useful life.
Payments associated with short term lease of equipment and vehicles and all leases of low value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short term leases are lease with a lease term of 12 months or less, Low value assets comprise IT equipment and small items of office furniture.

Financial instruments
The Group's financial instruments comprise cash and various items such as trade receivables and trade payables that arise directly from its operations. Finance payments associated with financial liabilities are dealt with as part of finance expenses.

<u>Financial assets</u>
Financial assets primarily include trade receivables, cash and cash equivalents (comprising cash at bank). These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (trade receivables), but also incorporate other types of contractual monetary asset such as deposits on rental property and prepayments, which are contractually recoverable. They are initially recognised at fair value and subsequently carried at amortised cost. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Derivative financial assets are measured fair value through the profit and loss (FVPL).
Derivatives are measured at FVPL are categorised by valuation method. The fair value hierarchy is as follows:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices)
- or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data

1. **ACCOUNTING POLICIES - continued**

Financial liabilities

Financial liabilities primarily consist of trade payables, borrowings, and derivatives.

The classification of financial liabilities under IFRS 9 is unchanged with respect to the previous requirements under IAS 32. The Group's financial liabilities are trade payables and other borrowings. These liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values. Cash flows associated with refinancing have been discounted using the effective interest rate mode.

Impairment of financial assets

IFRS 9 codifies the basis for the accounting of expected credit losses (ECLs) on financial assets and contract assets resulting from transactions within the scope of IFRS 15. The Group has adopted the simplified approach to provide for ECLs, measuring the loss allowance at a probability weighted amount that considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions of the customers. Since adoption, there have been no material changes in estimates and assumptions that have led to a significant change in the ECLs allowance. See note 21 for more details.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Further information on the Group's financial instruments can be found in note 21.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, call deposits and short-term deposits with a maturity of less than three months.

Inventories

Finished goods

Finished goods are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Corporation tax

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

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

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

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

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year, where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from the translation of foreign operations are taken directly to the exchange revaluation reserve and are released into the income statement upon disposal of the foreign operation in due course.

1. **ACCOUNTING POLICIES - continued**

Employee benefit costs
Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short term benefits
Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
Any government grants received relating to furlough are under IFRS, offset against the salary expense.

Critical accounting estimates and judgements
The preparation of financial statements requires the use of accounting estimates and for management to exercise judgement in applying the Group's accounting policies. Assumptions and accounting estimates are subject to regular review.
Any revisions required to accounting estimates are recognised in the year in which the revisions are made including all future periods affected. The Group assessed its critical accounting estimates and judgements to ensure these are the only estimates which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, and judgements when applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Material judgements and estimates

Judgements
Intangible assets
The Group has assessed and consider that there are 7 CGU's within the business as set out in the directors' report. Against each of these CGU's the Group has considered the future expectations in generating cash flows which underpin and support the carrying value of the intangible assets maintained by the business totalling £2.2billion for all CGUs.

Estimates
Impairment of goodwill
The Group is required to identify CGUs and test the goodwill for potential impairment on an annual basis or if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill is allocated to each identified CGU which is the lowest level at which goodwill is monitored for internal management purposes. The carrying amount of each CGU is compared to the recoverable amount, which is determined based on value in use calculations which require the estimation of future cash flows and the selection of a discount rate. In establishing the prediction of future cash flows the Group has made estimates of many factors which include but not limited to market opportunity, growth expectations, product lifecycle, R&D requirements and the ability of the business to execute on its opportunities.

Each CGU maintains a level of recurring revenue which is quite predictable and over the medium term is relatively stable with index-based price increases which each CGU manages.
There is a different level of sensitivity of these judgements by CGU which are influenced by the level of installed base, growth expectation, predictable retention, product lifecycle and indexation.

Acquired intangible assets
On acquisition of a business, the Group is required to value the assets acquired and recognise intangible assets on the balance sheet. The valuation of these assets relies on various assumptions, including future revenue and costs derived from those assets and the selection of an appropriate discount rate in order to calculate the present value of those cash flows. Further information including the carrying value of intangibles acquired is given in note 9.

Taxation
The Group is subject to UK corporate taxation and judgement is required in determining the provision for income and deferred taxation. The Group recognises taxation assets and liabilities based upon estimates and assessments of many factors including past experience, advice received on the relevant taxation legislation and judgements about the outcome of future events. To the extent that the final outcome of these matters is different from the amounts recorded, such differences will impact on the taxation charge made in the consolidated income statement in the period in which such determination is made.

Leases
Judgement is required to determine whether periods covered by an option to extend a lease are reasonably certain to be exercised and whether periods covered by an option to terminate a lease are reasonably certain not to be exercised, when assessing the lease term. In making this assessment, the Group applies judgement to all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend or terminate the lease. These include past practice regarding the period over which it has typically used particular types of assets, the length of the non-cancellable period of the lease, contractual terms and conditions for the optional periods compared with market rates, the location of the underlying asset and the availability of suitable alternatives, the length of the non-cancellable period of the lease, significant leasehold improvements undertaken over the term of the contract, and costs relating to terminating or extending the lease. Past practice regarding the period over which it has typically used particular types of assets is the most significant factor in this decision.

New standards and interpretations not yet adopted
There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. **REVENUE**

Revenue for the Group was generated from subsidiaries of which 91% of all revenue is from customers based in the UK and Ireland (2020:87%), 7% from customers based in the US (2020:6%). Revenue can be split into recurring (managed services and software and hardware support contracts) and non-recurring (services and sale of software licenses and hardware). The split of revenues for the period to 28 February 2021 is shown below.

	Year Ended 28 Feb 21	Period from 2 Aug 19 to 29 Feb 20
	£'000	£'000
Maintenance and managed services	183,620	65,122
Consultancy, training and other	47,038	23,660
Licences	26,020	14,495
	256,678	103,277

Contract balances
The following provides information about receivables and contract liabilities from contracts with customers:

	As at 28 Feb 2021	Period from 2 Aug 19 to 29 Feb 20
	£'000	£'000
Trade receivables	71,717	62,602
Contract assets, which are included in 'Prepayments'	9,779	8,728
Contract assets, which are included in 'Accrued Income'	7,404	18,494
Contract liabilities, which are included in 'Deferred Income'	91,279	54,508

Payment terms and conditions in customer contracts may vary. In some cases, customers pay in advance of the delivery of solutions of services; in other cases, payment is due as services are performed or in arrears following the delivery of the solutions or services.

Differences in timing between revenue recognition and invoicing result in trade receivables, contract assets or contract liabilities.

Contract assets result when amounts allocated to distinct performance obligations are recognised when or as control of a good or service is transferred to the customer, but invoicing is contingent on satisfying other performance obligations or on completion of contractual milestones. Contract assets are transferred to receivables when the rights become unconditional, typically upon invoicing of the related performance obligations in the contract or upon achieving the requisite project milestone.

Contract liabilities result from customer payments in advance of the satisfaction of the associated performance obligations and relates primarily to prepaid maintenance or other recurring service. Deferred revenue is released as revenue is recognised. Contract assets and deferred revenues are reported on a contract-by-contract basis at the end of each reporting period.

Contract costs

The following table provides information about contract costs by category of asset:

	Year Ended 28 Feb 21	Period from 2 Aug 19 to 29 Feb 20
	£'000	£'000
Commission fees	9,779	8,728
Amounts charged to the profit and loss for the period	3,435	1,261

Management expects that incremental commissions fees paid to employees, as a result of obtaining contracts, are recoverable. The Group has therefore, capitalised these fees as contract costs. Capitalised fees are amortised when the related revenues are recognised.

Transaction price allocated to the remaining performance obligations
The total amount of revenue allocated to unsatisfied performance obligations is £223m. We expect to recognise approximately £219m in the next 12 months and £4m in 2 to 3 years. No amounts have been excluded from these amounts using possible practical expedients. The amount represents our best estimate of contractually committed revenues that are due to be recognised as we satisfy the contractual performance obligations in these contracts. A large proportion of the Group's revenue is transactional in nature or is annually renewed maintenance and these are not included where there is no contractual commitment.

3. EMPLOYEE COSTS

	Year Ended 28 Feb 21 £'000	Period from 2 Aug 19 to 29 Feb 20 £'000
Wages and Salaries	86,262	32,820
Social security costs	10,048	3,575
Other pension costs	3,767	1,601
	100,077	37,996

The average monthly number of employees of the Group during the period was:

	No.	No.
Operations	1,128	1,136
Development	791	786
Sales and marketing	359	361
Management and administration	165	163
	2,443	2,446

During the period, the Group received £771k in government grants in relation to the UK Government's Coronavirus Job Retention scheme. These grants have been offset against the salary costs above.

4. NET FINANCE COSTS

	Year Ended 28 Feb 21 £'000	Period from 2 Aug 19 to 29 Feb 20 £'000
Finance costs:		
Fair value loss on interest rate swaps	28,880	19,492
Capitalised borrowing costs written off	7,047	12,047
Amortisation of capitalised borrowing costs	3,455	7,569
Interest payable on borrowings	52,368	21,343
Interest on leases	1,420	569
	93,170	61,020

5 LOSS BEFORE INCOM E TAX

The loss before income tax is stated after charging:	As at 28 Feb 2021 £'000	Period from 2 Aug 19 to 29 Feb 20 £'000
Amortisation of intangible assets		
Amortisation of acquired intangible assets	48,277	17,923
Amortisation of capitalised development costs	2,418	234
Depreciation of property, plant and equipment		
Depreciation - owned asses	9,065	2,257
Depreciation - leased assets	4,084	1,543
Net foreign exchange gain	(28,732)	(14,427)
Third party products and services	40,353	16,323
Research and development expenditure	21,450	7,494

During the period, the Group obtained the following services from the Company's auditors and their associates

	£'000	£'000
Fees payable to PricewaterhouseCoopers LLP for the audit of the:		
- consolidated financial statements	106	107
- subsidiary financial statements	468	393
Non-audit fees payable to PricewaterhouseCoopers LLP	205	1,110

6. INCOME TAXATION

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Analysis of Income tax		
Corporation Tax		
Current tax	2,901	1,295
Adjustments for prior period	2,622	-
Total corporation tax	5,523	1,295
Deferred Tax		
Current tax	(5,348)	(11,676)
Adjustments for prior period	(703)	-
Total deferred tax	(6,051)	(11,675)
Total income tax in consolidated statement of profit or loss	(528)	(10,381)

Factors affecting the tax expense

The current taxation assesed for the period is higher (2020:higher) than the standard rate of corporation tax in the UK.
The difference is explained below:

	£'000	£'000
Loss on ordinary activities before income tax	(52,364)	(113,205)
Loss on ordinary activities Tax rate of 19%	(9,949)	(21,509)
Effects of:		
Expenses non deductible for tax purposes	1,853	9,301
Other timing differences	(1,309)	972
Income not taxable	(5,880)	-
Difference in deferred tax rate	12,497	984
Difference in overseas tax rates	341	-
Adjustments from previous periods	1,919	-
Tax reliefs and claims	-	(128)
Total income tax	(528)	(10,381)

Factors that may affect future tax charges

At the Budget on 11 March 2020, it was announced that the rate of corporation tax will remain at 19% and on 17 March 2020, a resolution having statutory effect was passed under the Provisional Collection of Taxes Act 1968, setting the rate at 19%. At the Budget on 5 March 2021, it was announced that there will be an increase in the rate of corporation tax from 19% to 25% with effect from 1 April 2023.

Deferred taxes at the statement of financial position date have been measured using the enacted tax rates (19%) and reflected in the financial statements.

7. **BUSINESS COMBINATION**
TIKIT Group

On 23rd March 2020 the Group acquired all of the ordinary shares of Tikit Limited for total cash consideration of £46.8m.

	Book Value	Adjustment	Fair Value at Acquistion
	£'000	£'000	£'000
Property plant equipment	120	-	120
Cash and cash equivalents	3,164	-	3,164
Current assets	5,039	-	5,039
Current liabilities	(2,768)	-	(2,768)
Deferred revenue	(5,622)	1,969	(3,653)
Trademarks	-	800	800
Customer relationships	-	11,800	11,800
Technology	5,178	2,722	7,900
Deferred tax liabilities	-	(4,269)	(4,269)
	5,111	13,022	18,133
Goodwill on acquistion			28,691
Consideration paid			46,824
Cash acquired			(3,164)
Net cash outflow			**43,660**

The goodwill arising on the acquisition of Tikit is attributable to the assembled workforce and increased profitability planned to be achieved through broadening its market opportunity to include the top 100-200 UK law firms, and adds a complementary software solution to its existing presence within small to medium sized law firms.

On acquisition, the fair value of all assets and liabilities were reviewed and adjusted where appropriate following the principles of IFRS3. Management identified three separately identifiable intangible asset being customer relationships, technology and trademarks.

A deferred tax liability relating to these intangible assets was recognised on acquisition. The fair value adjustments on intangible assets are based on an independent valuation as of the date of the acquisition. The key assumptions applied to calculate the fair value of the intangible assets acquired are set out below:

Customer relationships
A discounted cash flow model incorporating charges for use of contributory assets has been used to calculate the fair value of customer relationships on acquisition. Management have determined that the Group will receive cash flows from the relationships acquired over a 4-year period and have not applied a growth rate. An attrition rate of 10% has been applied to projected sales each year and a discount rate of 15% has been used to calculate the present value of future cash flows.

Trademarks
Trademarks have been valued on a relief-from-royalty method of the income approach. Management believe the trademarks have a useful life of 3 years and therefore the intangible assets will be recognised over this period. A royalty rate of 2% and discount rate of 5.1% have been used.

Technology
The relief from royalty method has been used to calculate the fair value of technology arising on acquisition. This method assesses the history and longevity of the technology, the market share and forecast sales over the next five years. A royalty rate of 15% has been applied to the technology acquired based on the median range of the market royalty rates and group margin. A discount rate of 20% has been used.

Acquired receivables
The fair value of acquired trade receivables is £3.0m. The gross contractual amount for trade receivables due is £3.0m which is all collectible.

Revenue and profit contribution
The acquired Tikit group contributed revenues of £14.1m and operating profit of £4.6m to the group for the period from 23rd March 2020 to 28th February 2021. If the acquisition happened on 1st March 2020, the revenue and operating profit impact on the combined group would have been £15.2m and £4.6m respectively.

7. BUSINESS COMBINATION (continued)

Clear Review Group

On 17th October 2020 the Group acquired all of the ordinary shares of Clear Review Limited for total cash consideration of £26m.

	Book Value	Adjustment	Fair Value at Acquistion
	£'000	£'000	£'000
Property plant equipment	19	-	19
Cash and cash equivalents	789	-	789
Current assets	761	-	761
Current liabilities	(567)	-	(567)
Deferred revenue	(1,508)	372	(1,136)
Trademarks	-	300	300
Customer relationships	-	4,900	4,900
Technology	1,150	650	1,800
Deferred tax liabilities	-	(1,401)	(1,401)
	644	4,821	5,465
Goodwill on acquistion			20,505
Consideration paid			25,970
Cash acquired			(789)
Net cash outflow			**25,181**

The goodwill arising on the acquisition of Clear Review is attributable to the assembled workforce and increased profitability planned to be achieved through acceleration of the Group's Human Capital Management Capability centred around Cloud Human Resources, enabling it to support the entire employee lifecycle from recruitment to retirement. The transaction further supports the Groups ambition to become the number one provider of business solutions software in the UK while expanding its global reach.

On acquisition, the fair value of all assets and liabilities were reviewed and adjusted where appropriate following the principles of IFRS3. Management identified three separately identifiable intangible asset being customer relationships, technology and trademarks.

A deferred tax liability relating to these intangible assets was recognised on acquisition. The fair value adjustments on intangible assets are based on an independent valuation as of the date of the acquisition. The key assumptions applied to calculate the fair value of the intangible assets acquired are set out below:

Customer relationships
A discounted cash flow model incorporating charges for use of contributory assets has been used to calculate the fair value of customer relationships on acquisition. Management have determined that the Group will receive cash flows from the relationships acquired over a 3-4-year period and have not applied a growth rate. An attrition rate of 6-7% has been applied to projected sales each year and a discount rate of 14% has been used to calculate the present value of future cash flows.

Trademarks
Trademarks have been valued on a relief-from-royalty method of the income approach. Management believe the trademarks have a useful life of 3 years and therefore the intangible assets will be recognised over this period. A royalty rate of 2% and discount rate of 13% have been used.

Technology
The relief from royalty method has been used to calculate the fair value of technology arising on acquisition. This method assesses the history and longevity of the technology, the market share and forecast sales over the next five years. A royalty rate of 15% has been applied to the technology acquired based on the median range of the market royalty rates and group margin. A discount rate of 14% has been used.

Acquired receivables
The fair value of acquired trade receivables is £0.8m. The gross contractual amount for trade receivables due is £0.8m which is all collectible.

Revenue and profit contribution
The acquired Clear Review group contributed revenues of £1.1m and operating profit of £0.1m to the group for the period from 17th October 2020 to 28th February 2021. If the acquisition happened on 1 March 2020, the revenue and operating profit impact on the combined group would have been £2.9m and £(0.5)m respectively.

7. **BUSINESS COMBINATION (continued)**

Mitrefinch Group

On 15th October 2020 the Group acquired all of the ordinary shares of Mitrefinch Holding Limited for total cash consideration of £90.6m.

	Book Value	Adjustment	Fair Value at Acquistion
	£'000	£'000	£'000
Property plant equipment	2,845	552	3,397
Right to use assets	820	-	820
Cash and cash equivalents	4,181	-	4,181
Current assets	11,844	-	11,844
Current liabilities	(11,166)	-	(11,166)
Deferred revenue	(3,490)	911	(2,579)
Loans and Borrowings	(58,605)	-	(58,605)
Trademarks	-	2,200	2,200
Customer relationships	-	28,800	28,800
Technology	3,438	7,962	11,400
Deferred tax liabilities	-	(8,334)	(8,334)
	(50,132)	32,092	(18,041)
Goodwill on acquistion			108,635
Consideration paid			90,594
Cash acquired			(4,181)
Net cash outflow			**86,413**

The goodwill arising on the acquisition of Mitrefinch is attributable to the assembled workforce and increased profitability planned to be achieved through acceleration of the Groups market share in Human Capital Management (HCM) and further strengthens its offering with cloud HR at its core, further supporting the Groups ambition to become the number one provider of business software solutions in the UK and broadening its global reach. Immediately following acquisition, the loans were repaid.

On acquisition, the fair value of all assets and liabilities were reviewed and adjusted where appropriate following the principles of IFRS3. Management identified three separately identifiable intangible asset being customer relationships, technology and trademarks.

A deferred tax liability relating to these intangible assets was recognised on acquisition. The fair value adjustments on intangible assets are based on an independent valuation as of the date of the acquisition. The key assumptions applied to calculate the fair value of the intangible assets acquired are set out below:

Customer relationships
A discounted cash flow model incorporating charges for use of contributory assets has been used to calculate the fair value of customer relationships on acquisition. Management have determined that the Group will receive cash flows from the relationships acquired over a 10-year period and have not applied a growth rate. An attrition rate of 11.6% has been applied to projected sales each year and a discount rate of 11.5% has been used to calculate the present value of future cash flows.

Trademarks
Trademarks have been valued on a relief-from-royalty method of the income approach. Management believe the trademarks have a useful life of 3 years and therefore the intangible assets will be recognised over this period. A royalty rate of 2% and discount rate of 11.5% have been used.

Technology
The relief from royalty method has been used to calculate the fair value of technology arising on acquisition. This method assesses the history and longevity of the technology, the market share and forecast sales over the next five years. A royalty rate of 15% has been applied to the technology acquired based on the median range of the market royalty rates and group margin. A discount rate of 11.5% has been used.

Acquired receivables
The fair value of acquired trade receivables is £4.8m. The gross contractual amount for trade receivables due is £4.8m which is all collectible.

Revenue and profit contribution
The acquired Mitrefinch group contributed revenues of £7.9m and operating profit of £3.4m to the group for the period from 15th October 2020 to 28th February 2021. If the acquisition happened on 1 March 2020, the revenue and operating profit impact on the combined group would have been £24.3 and £7.5m respectively.

7. **BUSINESS COMBINATION (continued)**
Certainty Group

On 3rd February 2021 the Group acquired all of the ordinary shares of Certainty Ltd for total cash consideration of £16.3m.

	Book Value	Adjustment	Fair Value at Acquistion
Property plant equipment	241	-	241
Cash and cash equivalents	1,034	-	1,034
Current assets	164	-	164
Current liabilities	(203)	-	(203)
Trademarks	-	2,200	2,200
Customer relationships	-	2,400	2,400
Technology	-	2,200	2,200
Deferred tax liabilities	-	(1,292)	(1,292)
	1,236	5,508	6,744
Goodwill on acquistion			9,534
Consideration paid			16,279
Cash acquired			(1,034)
Net cash outflow			**15,245**

The goodwill arising on the acquisition of Certainty is attributable to the assembled workforce and increased profitability planned to be achieved through addition to the Groups client base of over 1200 law firms, and adjacent services further strengthening the Groups offering in the legal space.

On acquisition, the fair value of all assets and liabilities were reviewed and adjusted where appropriate following the principles of IFRS3. Management identified three separately identifiable intangible asset being customer relationships, technology and trademarks.

A deferred tax liability relating to these intangible assets was recognised on acquisition. The fair value adjustments on intangible assets are based on an independent valuation as of the date of the acquisition. The key assumptions applied to calculate the fair value of the intangible assets acquired are set out below:

Customer relationships
A discounted cash flow model incorporating charges for use of contributory assets has been used to calculate the fair value of customer relationships on acquisition. Management have determined that the Group will receive cash flows from the relationships acquired over a 10-year period and have not applied a growth rate. An attrition rate of 9.8% has been applied to projected sales each year and a discount rate of 16% has been used to calculate the present value of future cash flows.

Trademarks
Trademarks have been valued on a relief-from-royalty method of the income approach. Management believe the trademarks have a useful life of 15 years and therefore the intangible assets will be recognised over this period. A royalty rate of 10% and discount rate of 15% have been used.

Technology
The relief from royalty method has been used to calculate the fair value of technology arising on acquisition. This method assesses the history and longevity of the technology, the market share and forecast sales over the next twenty years. A royalty rate of 15% has been applied to the technology acquired based on the median range of the market royalty rates and group margin. A discount rate of 16% has been used.

Acquired receivables
The fair value of acquired trade receivables is £0.2m. The gross contractual amount for trade receivables due is £0.2m which is all collectible.

Revenue and profit contribution
Certainty Limited contributed £0.3m revenue and £0.1m operating result to the group for the period. If the acquisition happened on 1st March 2020, the revenue and operating profit impact on the combined group would have been £3.6m and £1.2m respectively.

8. GOODWILL

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
COST		
At 29 February 2020	1,379,123	-
Additions (see note 7)	167,365	1,379,123
Amendments during lookback period for previous acquisitions	5,802	
At 28 February 2021	1,552,290	1,379,123
NET BOOK VALUE		
At 28 February 2021	1,552,290	1,379,123

Cash generating units and impairment tests of goodwill
Goodwill has been allocated across the Group's cash generating units which are:

- Business management software solutions for the private sector
- Business management software solutions for the public sector
- Patient management software solutions for the Health & Social Care sector
- Student management software solutions for the Education sector
- Practice and case management solutions for the Legal sector
- IT managed services to Private and Public sector organisation
- Application Modernisation services to global private and public sector organisations.

£28.7m of the goodwill relates to the acquisition of The Tikit Group in this financial period and the fair value was determined based on the valuations and assumptions disclosed in note 7 The trading performance of this business in the post-acquisition period has been substantially consistent with the cash flows assumed in the valuations.

£20.5m of the goodwill relates to the acquisition of The Clear Review Group and the fair value was determined based on the valuations and assumptions disclosed in note 7. The trading performance of this business in the post-acquisition period has been substantially consistent with the cash flows assumed in the valuations.

£108.6m of the goodwill relates to the acquisition of The Mitrefinch Group and the fair value was determined based on the valuations and assumptions disclosed in note 7. The trading performance of this business in the post-acquisition period has been substantially consistent with the cash flows assumed in the valuations.

£9.5m of the goodwill relates to the acquisition of The Certainty Group and the fair value was determined based on the valuations and assumptions disclosed in note 7. The trading performance of this business in the post-acquisition period has been substantially consistent with the cash flows assumed in the valuations.

During the 12-month period following acquisition the Group assesses all information within the company and where identified and appropriate adjustments are made to the opening goodwill calculation. Of the £5.8m, £5m relates to the establishment of an onerous contract provision, and £0.8m relates to the recognition of a deferred consideration payment.

Impairment Assessments
The key assumptions used in the value-in-use calculations were:

- Forecast operating cash flows - the forecast operating cash flows are based on the annual budget for FY 22 and extrapolated based on the growth projections for later years
- Long-term expected growth rates - 9% for all CGUs
- Discount rates - 1.9% for all CGUs

The Group undertakes impairment assessments in reviewing the carrying value of the assets related to each CGU. As part of these assessments the Group undertakes sensitivity tests on the material assumptions. The following table demonstrates the impact of changes in the long-term expected growth and discount rates, in isolation, for CGU's deemed to be sensitive to such changes.

			Underlying assumption		Reduction in recoverable amount of 100 BPS change in the discount rate	Reduction in recoverable value of 38 BPS change in long term growth rate
	Recoverable amounts £m	Excess of value in use over recoverable amount	Discount Rate	Long Term growth rate	£m	£m
· Private sector	925	48	9%	2%	113	37
· Public sector	207	12	9%	2%	25	8
· Health & Social Care sector	479	14	9%	2%	57	19
· Application Modernisation services	270	17	9%	2%	33	11

Potential variability in the amounts and timing of the cashflows was considered in the calculation of the operating cashflows.

9. INTANGIBLE ASSETS

	Customer contracts and relationships £'000	Technology £'000	Trademarks £'000	IPR&D and Other £'000	Research and Development £'000	Favourable leases £'000	Total £'000
Cost							
At 2 August 2019	-	-	-	-	-	-	-
Acquisitions through business combinations	350,761	196,595	96,032	1,000	-	101	644,489
Eligible development costs capitalised	-	-	-	-	2,311	-	2,311
At 29 February 2020	350,761	196,595	96,032	1,000	2,311	101	646,800
Acquisitions through business combinations	47,899	23,299	5,500	-	-	-	76,698
Eligible development costs capitalised	-	-	-	-	7,945	-	7,945
At 28 February 2021	398,660	219,894	101,532	1,000	10,256	101	731,443
Accumulated Amortisation							
At 2 August 2019	-	-	-	-	-	-	-
Charged in period	7,036	7,807	2,868	197	234	15	18,157
At 29 February 2020	7,036	7,807	2,868	197	234	15	18,157
Charged in period	19,247	21,292	7,432	266	2,418	39	50,695
At 28 February 2021	26,283	29,099	10,300	463	2,652	54	68,852
Net book balue							
At 29 February 2020	**343,725**	**188,788**	**93,164**	**803**	**2,077**	**86**	**628,643**
At 28 February 2021	**372,377**	**190,795**	**91,232**	**537**	**7,604**	**48**	**662,591**

Expenditure on research and development in the period was £25,073k (2020: £9,805k) of which £7,945k (2020: £2,311k) relating to the development of new products was capitalised in accordance with IFRS.

10. PROPERTY, PLANT AND EQUIPMENT, AND RIGHT OF USE ASSETS

	Land and buildings £'000	Computer equip and other £'000	Fixtures and fittings £'000	Total £'000
COST				
As at 2 August 2019	-	-	-	-
Acquisitions through business combinations	992	7,909	1,787	10,688
Additions	-	1,591	168	1,759
Disposals	(575)	(12)	(51)	(638)
Foreign Exchange	-	-	2	2
At 29 February 2020	417	9,488	1,906	11,811
Acquisitions through business combinations (note 7)	2,540	1,088	149	3,776
Additions	697	2,134	2,681	5,512
At 28 February 2021	**3,654**	**12,710**	**4,736**	**21,100**
ACCUMULATED DEPRECIATION				
As at 2 August 2019	-	-	-	-
Charge for the period	17	1,859	381	2,257
Eliminated on disposal	-	(12)	(20)	(32)
At 29 February 2020	17	1,847	361	2,225
Charge for the period	737	5,787	2,541	9,065
At 28 February 2021	**754**	**7,634**	**2,902**	**11,290**
NET BOOK VALUE				
At 29 February 2020	**400**	**7,641**	**1,545**	**9,586**
At 28 February 2021	**2,900**	**5,076**	**1,834**	**9,809**

The below is the detail for leases where the group acts as a lessee
Amounts recognised in the balance sheet
The balance sheet shows the following amounts relating to leases

Right of use assets	Land and buildings £'000	Computer equipment and other £'000	Total £'000
COST			
As at 2 August 2019	-	-	-
Acquisitions through business combinations	16,441	803	17,244
At 29 February 2020	16,441	803	17,244
Additions	3,636	820	4,456
Disposal	-	(66)	(66)
At 28 February 2021	20,077	1,557	21,634
ACCUMULATED DEPRECIATION			
As at 2 August 2019	-	-	-
Charge for the period	1,447	96	1,543
At 29 February 2020	1,447	96	1,543
Charge for the period	3,875	209	4,084
At 28 February 2021	5,322	305	5,627
NET BOOK VALUE			
At 29 February 2020	**14,994**	**707**	**15,701**
At 28 February 2021	**14,755**	**1,252**	**16,007**

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Lease liabilities		
As at beginning of the year / period	19,146	-
Additions	4,485	20,252
Payments	(4,942)	(1,675)
Interest	1,420	569
Exchange	(39)	-
As at end year / period	20,070	19,146
Current	3,444	3,134
Non-current	16,626	16,012
At 28 February 2021	20,070	19,146

The incremental borrowing rate used to calculate the right of use asssets in 7.05%

Amounts recognies in the statement of profit or loss	**£'000**	**£'000**
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of Right of use assets	4,084	1,447
Buildings	209	96
Equipment	3,875	1,543
Interest expense (included in finance cost)	1,420	568

The total cash outflow for leases in the period was £4,942k (2020: £1,674k).

Notes to the Consolidated Financial Statements - continued
For the Year Ended 28 February 2021

11. INVESTMENTS

	Shares in Joint Ventures £'000
COST	
At 29 February 2020	517
At 28 February 2021	517
NET BOOK VALUE	
At 28 February 2021	517

The investment is the cost of the Group's holding in Intercede 2445 Limited.

The Group's subsidiary undertakings at 28 February 2021 of more than 20%, either directly or indirectly, are as disclosed below:

Undertaking	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held Directly	Indirectly
Air Bidco Limited	England & Wales	Holding company	-	-
Intercede 2445 Limited	England & Wales	Investment company	-	50%
5 Star Computer Systems Limited*	England & Wales	Dormant	-	100%
A.S.R Computers Limited*	England & Wales	Dormant	-	100%
ADV Management Services Limited	England & Wales	Non-Trading	-	100%
Advanced 365 Limited	England & Wales	IT managed service	-	100%
Advanced Business and Healthcare Solutions India Private Limited	India	Software development	-	100%
Advanced Business Software and Solutions Limited	England & Wales	Software development	-	100%
Advanced Business Software and Solutions Pte Limited	Singapore	Software development	-	100%
Advanced Business Solutions CRM Limited*	England & Wales	Dormant	-	100%
Advanced Chorus Application Software Limited	England & Wales	Dormant	-	100%
Advanced Communications Software and Solutions ltd*	England & Wales	Dormant	-	100%
Advanced Computer Software Group Limited	England & Wales	Holding company	-	100%
Advanced CS Australia Pty Limited	Australia	Dormant	-	100%
Advanced Enterprise Software Limited*	England & Wales	Dormant	-	100%
Advanced Field Service Solutions Limited*	England & Wales	Dormant	-	100%
Advanced Health and Care Limited	England & Wales	Software development	-	100%
Advanced Legal Solutions Limited	Canada	Software development	-	100%
Advanced Sharpowl Software Limited*	England & Wales	Dormant	-	100%
Advanced Ticketing Limited	England & Wales	Software development	-	100%
AIM Group Holdings Limited*	England & Wales	Holding company	-	100%
Alphalaw Limited	England & Wales	Holding company	-	100%
Applied Computer Expertise Limited*	England & Wales	Dormant	-	100%
Aston Finco SARL	Luxembourg	Group services	-	100%
Aston Bidco (Holding) Limited	Jersey	Holding company	100%	-
Belmin Group Limited	England & Wales	Dormant	-	100%
Business Systems Group Holdings Limited	England & Wales	Holding company	-	100%
Careworks Technology Limited	Ireland	Holding company	-	100%
Careworks Limited	Ireland	Software development	-	100%
Careworks(UK) Limited	England & Wales	Software development	-	100%
CareDirector USA LLC	USA	Software development	-	100%
Cedar Group (US) Inc	USA	Software development	-	100%
Charity Software Limited*	England & Wales	Dormant	-	100%
Cobaltside Limited	Ireland	Software development	-	100%
Compass Computer Consultants Limited	England & Wales	Software development	-	100%
Computer Software Group Limited	England & Wales	Software development	-	100%
Computer Software Holdings Limited	England & Wales	Holding company	-	100%
Consultcrm Limited	England & Wales	Software development	-	100%
Consultgrp Limited*	England & Wales	Dormant	-	100%
CSG Bidco Limited	England & Wales	Holding company	-	100%
CSG EquityCo Limited	England & Wales	Holding company	-	100%
CSG Midco Limited	England & Wales	Holding company	-	100%

Notes to the Consolidated Financial Statements - continued
For the Year Ended 28 February 2021

11. INVESTMENTS – continued

CSG Shareholder Debtco Limited	England & Wales	Holding company	-	100%
Drury Lane (Jersey) Limited	Jersey	Holding company	-	100%
Exchequer 365 Solutions Ltd*	England & Wales	Dormant	-	100%
Fabric Technologies Limited	England & Wales	Property subletting	-	100%
G B Systems Limited*	England & Wales	Dormant	-	100%
Goldcrest Solutions Limited*	England & Wales	Dormant	-	100%
Healthy Software Limited*	England & Wales	Dormant	-	100%
KHL Newco Limited	England & Wales	Holding company	-	100%
Kirona Holdings Limited	England & Wales	Holding company	-	100%
Kirona Solutions (Commercial) Limited*	England & Wales	Dormant	-	100%
Kirona Solutions Limited	England & Wales	Software development	-	100%
Kirona Limited*	England & Wales	Dormant	-	100%
Kirona Group Limited*	England & Wales	Dormant	-	100%
Kirona France SARL	France	Software development	-	100%
Xmbrace Limited	England & Wales	Dormant	-	100%
Konnekt IT software limited*	England & Wales	Dormant	-	100%
Laserform International Limited	England & Wales	Dormant	-	100%
Lawwwdiary Limited*	England & Wales	Dormant	-	100%
Meridian Law*	England & Wales	Dormant	-	100%
ModSys International Limited	Israel	Holding Company	-	100%
Liraz Systems Limited	Israel	Holding Company	-	100%
Liraz Systems Export (1990) Limited	Israel	Holding Company	-	100%
MS Modernisation Services UK Limited	England & Wales	Software development	-	100%
Modern Systems LM SRL	Italy	Holding company	-	100%
BluePhoenix I-TER SRL	Italy	Holding company	-	100%
Modern Systems Corporation	USA	Holding company	-	100%
MS Modernisation Services Inc	USA	Software development	-	100%
Modernization Services SRL	Romania	Dormant	-	100%
Advanced Application Modernisation Inc	Canada	Software development	-	100%
Opsis Limited	Ireland	Software development	-	100%
Opsis Practice Management Solutions Limited	England & Wales	Software development	-	100%
Oyez Professional Services Limited	England & Wales	Software development	-	100%
Penfold Heath Media Limited*	England & Wales	Dormant	-	100%
Plain Healthcare*	England & Wales	Dormant	-	100%
Prolog Systems Ltd*	England & Wales	Dormant	-	100%
PCTI Technologies Limited	Ireland	Dormant	-	100%
PCTI Investments Limited	England & Wales	Dormant	-	100%
PCTI Solutions Limited	England & Wales	Software development	-	100%
Redac Limited	England & Wales	Holding company	-	100%
Staffplan Limited*	England & Wales	Dormant	-	100%
Strand Technology Limited*	England & Wales	Dormant	-	100%
Science Warehouse Limited	England & Wales	Software development	-	100%
Science Warehouse Pty Limited	Australia	Software development	-	100%
Transoft Group Limited	England & Wales	Software development	-	100%
Transoft Inc	USA	Software development	-	100%
V1 Document Management Inc	USA	Software development	-	100%
V1 Limited	England & Wales	IT managed service	-	100%
Videss Limited*	England & Wales	Dormant	-	100%
Waterlow Business Supplies Limited	England & Wales	Dormant	-	100%
Tikit Limited	England & Wales	Software development	-	100%
Tikit Inc	USA	Software development	-	100%
Clear Review Limited	England & Wales	Software development	-	100%
Clear Review Inc	USA	Software development	-	100%
The National Will Register	England & Wales	Software development	-	100%
Certainty National Will Register	England & Wales	Software development	-	100%
Will Data Limited	England & Wales	Software development	-	100%
Mitrefinch Holdings Ltd	England & Wales	Holding Company	-	100%
Mitrefinch Limited	England & Wales	Software development	-	100%
Mitrefinch LLC	USA	Software development	-	100%
Mitrefinch US Holdings Inc	USA	Holding company	-	100%
Mintrefinch Inc	USA	Software development	-	100%
Mitrefinch Australia Pty	Australia	Software development	-	100%
Advance Systems International Ltd	Ireland	Software development	-	100%
Advance Systems Access Control Solutions	Ireland	Software development	-	100%

*Companies in liquidation

11. **INVESTMENTS – continued**

The registered address of all subsidiary undertakings incorporated in England and Wales is Ditton Park, Riding Court Road, Datchet, Berkshire, SL3 9LL.The registered address of the other subsidiary undertakings are as follows:

Undertaking:	**Registered Address:**
Advanced Application Modernisation Inc	Suite 1700, Park Place, 666 Burrard Street, Vancouver BC,V6C 2XB, Canada
Advanced Business Software and Solutions Pte Limited	10 Anson Road, 33-04 International Plaza, Singapore, Malaysia 079903
AIM Group Holdings Limited	6 Queens Road, Aberdeen, AB15 4ZT
Cedar Group (US) Inc.	1165 Northchase Parkway, Suite 225, Marietta, GA 30067
Cobaltside Limited	Unit 5B, Sandyford Business Centre, Blackthorn Road, Dublin 18
GB Systems Limited	CMS Cameron McKenna, 6 Queens Road, Aberdeen, AB15 4ZT
Liraz Systems Export (1990) Ltd	Holon 5886 Israel L3
Liraz Systems Ltd	Holon 5886 Israel L3
Modern Systems Corporation	Dallas, TX 75240, USA
Modern Systems LM SRL	Via Flaminia 171, 47923 Rimini (RN)
ModSys International Ltd	Holon 5886 Israel L3
MODSYS-Modernizaion Services SRL	Strada Slt. Cristescu Dima Nr. 3BBucharest
MS Modernisation Services Inc	Dallas, TX 75240, USA
Opsis Limited	Unit 5B, Sandyford Business Centre, Blackthorn Road, Dublin 18
One Advanced Inc.	1165 Northchase Parkway, Suite 225, Marietta, GA 30067
V1 Document Management Inc.	1165 Northchase Parkway, Suite 225, Marietta, GA 30067
Mitrefinch Inc (US)	79A Chapel Street, Newton, Boston, Massachusetts
Mitrefinch LLC	8 The Green, Ste. A, DE, 19901
Mitrefinch (Canada)	Suite 1005, 5500 North Service Road, Burlington, Ontarios, L7L 6W6
Mitrefinch Australia	Unit 30, Homebush Business Village, 11-21 Underwood Road, Homebush, NSA 2140, Australia
Advance Systems International Limited	Unit 4L, The Square Industrial Complex, Tallaght, Dublin 24
Clear Review Inc	874 Walker Road, Suite C, Dover, Kent, 19904, US
Tikit Inc	200 King Street W, Suite 1904, Toronto ON M5H 3TA, Canada
Advanced Legal Solutions Inc	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE 19801

12. **DERIVATIVE FINANCIAL INSTRUMENTS**

	As at 28 Feb 2021 £'000	**As at 29 Feb 2020 £'000**
Derivative financial instruments asset - cross currency swaps	-	10,874
Derivative financial instruments liability - cross currency swaps	(26,041)	(7,988)

In October 2019 the Group entered into multicurrency financing facilities and an agreement was reached with Morgan Stanley, Goldman Sachs and HSBC to hedge 100% of the USD debt in a cross-currency swap thus limiting the Group's exposure to USD/GBP exchange variances.

Changes in the fair value are recorded to Finance Income or Finance Costs. The swaps are classified as level 2 in the fair value hierarchy.

13. **INVENTORIES**

There are no provisions against this inventory at 28 February 2021 (2020:£36k).

	As at 28 Feb 2021 **£'000**	As at 29 Feb 2020 **£'000**
Finished goods	733	489
	733	489

14. **TRADE AND OTHER RECEIVABLES**

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Current:		
Trade receivables	71,717	62,602
Other debtors	2,546	1,533
Prepayments	23,767	20,288
Accrued income	7,404	18,494
	105,434	102,917

Trade debtors are stated after provisions for impairment of £4,336,365 (2020:£2,655,000)

15. **CASH AND CASH EQUIVALENTS**

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Bank deposit accounts	23,970	29,540

16. **CALLED UP SHARE CAPITAL**

Allotted, authorised, issued and fully paid:

Number:	Class:	Nominal Value	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
	Ordinary shares	£0.01	12,669	12,669

During the year, the Company issued 1 new £0.01 share for a consideration of £138.9m to Aston Intermediateco Limited, a company incorporated in Jersey. The premium paid was recorded in reserves (see Note 17).

17. **RESERVES**

	Share premium account £'000	Translation reserve £'000	Accumulated losses £'000	Totals £'000
At 2 August 2019	-	-	-	-
Loss for the period	-	-	(102,824)	(102,824)
Issue of share capital	1,254,189	-	-	1,254,189
Exchange revaluation	-	(1,460)	-	(1,460)
At 29 February 2020	1,254,189	(1,460)	(102,824)	1,149,905
Loss for the period	-	-	(51,836)	(51,836)
Issue of share capital	138,902	-	-	138,902
Dividends Paid	(57,178)	-	-	(57,178)
Exchange revaluation	-	(2,763)	-	(2,763)
At 28 February 2021	**1,335,913**	**(4,223)**	**(154,660)**	**1,177,030**

Share premium reserve
This represents the amounts subscribed for share capital in excess of the nominal value of those shares.

Accumulated losses
This represents cumulative net gains and losses recognised in the consolidated income statement.

Translation reserve
The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

18. TRADE AND OTHER PAYABLES

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Current:		
Trade creditors	7,434	10,085
Other taxation and social security	2,901	2,272
Other creditors	2,987	2,980
Amounts owed to related undertakings	3,844	-
Accruals	19,014	30,147
VAT	24,873	5,772
	61,053	51,256

The increase in VAT includes £15.4m relating to the VAT deferral scheme, which will be paid in instalments over the next 12 months

19. DEFERRED INCOME

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Current:		
Deferred income	91,279	54,508
	91,279	54,508

Deferred income primarily relates to managed services and customer support fees, which have been invoiced to the customer prior to the performance of these services. Deferred income is generally recognised over a period of one year.

20. LOANS AND BORROWINGS

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Current:		
Current portion of bank loans	12,814	5,692
Unamortised loan issue costs	(3,160)	(4,323)
	9,654	1,369

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Non-current:		
Bank loans	877,148	802,002
Unamortised loan issue costs	(15,203)	(22,003)
	861,945	779,999

Bank loans

The group funding facilities are held by Aston Finco Sarl, a group undertaking registered in Luxembourg. These facilities comprise of:

- A first Lien loan of:
  - $330m ($326.7m outstanding as at 28 February 2021) with quarterly principal repayments of 1%, the balance payable on 9 October 2026
  - £395m (£391.4m outstanding as at 28 February 2021) with quarterly principal repayments of 1%, the balance payable on 9 October 2026 and
  - £75m revolving credit facility (the group drew £6.5m down in February 2021 and a further £44m after the year end to fund further acquisitions)
- A second Lien loan of:
  - $115m ($115m outstanding as at 28 February 2021) falling due on 9 October 2027
  - £175m (£175m outstanding as at 28 February 2021) falling due on 9 October 2027

The interest rates on the first and second Lien loans vary between 4.25% and 8.25% over LIBOR.

First Lien Leverage Ratio. Except with the written consent of the Required Revolving Lenders, the First Lien Leverage Ratio as of the last day of and for any Test Period may not be greater than 7.65 to 1.00. However, this provision is only in effect when the aggregate principal amount of outstanding Revolving Loans (solely to the extent in excess of £10,000,000 in the aggregate) exceeds 40% of the aggregate Revolving Commitments of all Lenders on the last day of the test period i.e. exceeds £30m.

In October 2019, an agreement was reached with Morgan Stanley, Goldman Sachs and HSBC to hedge 100% of the USD debt in a cross-currency swap thus limiting the Group's exposure to USD/GBP exchange variances (note 12).

20. LOANS AND BORROWINGS – continued

Refinancing

On 27 March 2020 the Group refinanced its bank loans. Lead arrangers for the transaction were Morgan Stanley Senior Funding Inc and Goldman Sachs Lending Partners LLC. The Group drew down £50m from the £75m revolving credit facility on 20 March 2020 and then on the 27 March 2020, to reinstate the £75m credit facility, the first lien GBP was increased by £50m to £335m. The proceeds of the refinancing were used to fund the acquisition of the Tikit Group.

New issue related costs of £1.6m and $0.4m have been capitalised in connection with the March 2020 refinancing of the first lien GBP term loan and the net book value of previously capitalising financed costs of £6.6m and $0.6m were immediately recognised as an expense due to an extinguishment of the first lien GBP term.

On 6 November 2020 the Group refinanced its bank loans. Lead arrangers for the transaction were Morgan Stanley Senior Funding Inc and Goldman Sachs Lending Partners LLC. The Group drew down £50m from the £75m revolving credit facility on 14 October 2020 and then on the 6 November 2020, to reinstate the £75m credit facility, the first lien GBP was increased by £60m to £395m. The proceeds of the refinancing were used to fund the acquisition of the Mitrefinch Group and the Clear Review Group.

New issue related costs of £2m have been capitalised in connection with the new first lien GBP term loan as a result of the modification of the first lien USD loan and are being amortised over the term loan.

The unamortised amounts of fees capitalised remaining in the statement of financial position at 28 February 2021 amounted to £18.4m (2020: £26.3m).

On the 2 February 2021 the Group drew £16m from the revolving credit facility to fund the acquisition of the Certainty Group and £10m of this was repaid by 28 February 2021.

On the 27 April 2021 the Group drew £16m from the revolving credit facility to fund the acquisition of BKSB Limited and then on 14 May 2021 a further £28m was drawn down to fund the acquisition of Smart Apprentices Limited.

21. **FINANCIAL INSTRUMENTS**

The following table shows the maturity analysis of the undiscounted remaining contractual cash flows of the Group's non-derivative financial liabilities for the Year Ended 28 February 2021.

	Within the next 12 months £'000	Within one to two years £'000	Within two to five years £'000	More than five years £'000	Total financial liabilities £'000
Loans and borrowings					
Term loan - Lien 1 £395m	3,946	3,946	11,837	371,206	390,935
Term loan - Lien 1 $330m	2,368	2,368	7,103	222,576	234,415
RCF - Lien 1	6,500	-	-	-	6,500
Term loan - Lien 2 £175m	-	-	-	174,814	174,814
Term loan - Lien2 $115m	-	-	-	82,515	82,515
Other non-derivative financial liabilities					
Other loans	316	241	84	141	782
Trade Creditors	7,434	-	-	-	7,434
Accruals and other creditors	25,845	-	-	-	25,845
Lease liabilities	3,444	2,760	6,780	7,087	20,070
	49,853	**9,315**	**25,804**	**858,339**	**943,310**
Future interest payments	1,214	1,038	2,131	1,324	5,707
	51,067	**10,353**	**27,935**	**859,663**	**949,016**

For the Year Ended 29 February 2020

	Within the next 12 months £'000	Within one to two years £'000	Within two to five years £'000	More than five years £'000	Total financial liabilities £'000
Loans and borrowings					
Term loan - Lien 1 £285m	2,849	2,849	8,546	270,623	284,867
Term loan - Lien 1 $330m	2,574	2,574	7,723	244,566	257,437
RCF - Lien 1	-	-	-	-	-
Term loan - Lien 2 £175m	-	-	-	174,918	174,918
Term loan - Lien2 $115m	-	-	-	89,713	89,713
Other non-derivative financial liabilities					
Other loans	269	277	213	-	759
Trade Creditors	10,085	-	-	-	10,085
Accruals and other creditors	33,127	-	-	-	33,127
Lease liabilities	3,134	2,375	5,218	8,419	19,146
	52,038	**8,076**	**21,700**	**788,239**	**870,051**
Future interest payments	61,147	61,081	181,743	124,511	428,482
	113,184	**69,157**	**203,443**	**912,750**	**1,298,532**

The future interest payments have been calculated based on the forecasts maturity of the term loan and revolving credit facility shown above, using estimated interest rates of 5.98% for Lien 1 GBP, 7.14% for Lien 1 USD, 9.61% for Lien 2 USD, 10.96% for Lien 2 GBP and 3.0% on other loans.

21. **FINANCIAL INSTRUMENTS - continued**

Interest sensitivity analysis
If the interest rates were to vary by 50 points, the effect of the future interest payment would be as follows for 28 February 2021:

	Within the next 12 months £'000	Within one to two years £'000	Within two to five years £'000	More than five years £'000	Total future interest payments £'000
Sensitivity on interest rate					
-0.5%	59,401	59,202	176,786	60,589	355,978
+0.0%	63,729	63,510	189,611	64,486	381,336
+0.5%	68,058	67,817	202,436	68,383	406,694

For 29 February 2020

	Within the next 12 months £'000	Within one to two years £'000	Within two to five years £'000	More than five years £'000	Total future interest payments £'000
Sensitivity on interest rate					
-0.5%	(56,016)	(56,135)	(167,839)	(115,125)	(395,115)
+0.0%	59,930	60,047	179,479	122,661	422,117
+0.5%	63,805	63,936	191,113	130,197	449,051

The above analysis represents a 50-point movement in interest rates only and does not represent movements in exchange rates which may occur on foreign currency denominated loans.

Cash and receivables	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Trade and other receivables	81,667	82,629
Cash and cash equivalents	23,970	29,540
	105,637	**112,169**

The above balance represents the Group's maximum exposure to credit risk.

The fair value of the financial instruments is equal to the carrying value. In the normal course of the Group's business and in common with other businesses, the Group encounters risks that arise from financial instruments. This note describes the Group's objectives, policies and processes in managing these risks and the methods used to measure them.

Credit risk
Credit risk is the risk that a counterparty to a transaction with the Group fails to discharge its obligations in respect of the instrument. The Group's credit risk arises on (i) transactions with customers following delivery of goods and/or services or (ii) cash and cash equivalents placed with banks and financial institutions.

Customers
The Group provides services to Government-backed organisations and commercial businesses. A small proportion of revenue is generated outside of the UK.

21. **FINANCIAL INSTRUMENTS - continued**

Management focusses strongly on working capital management and the collection of due invoices. Regular reports of overdue invoices are circulated amongst senior management and the Board reviews debtor days each month as part of the monthly reporting cycle. The risk with any one customer is limited by constant review of debtor balances and action to resolve any issues preventing discharge of obligations.

The table below shows the ageing of trade debtors that as at 28 February 2021.

Ageing of trade receivables:

	Current £'000	1-3 months £'000	>3 months £'000
Trade receivables	13,321	50,321	8,075

Trade receivables is stated after allowance for expected credit loss of £4.3m at 28 February 2021 which is after a release in the period of £0.3m. 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 the trade and other receivables in the balance sheet.
In determining the recoverability of a trade receivable, the Group considers all currently available and forward-looking information to assess the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.
Receivables provided for as uncollectible and charged to the Income Statement are included in administrative expenses. A loss allowance is recognised at an amount equal to the lifetime expected credit losses over the life of the contract if credit quality of the receivable has declined since initial recognition.

Dividend policy
The Board's dividend policy is to balance the distribution of profits with the Group's working capital requirements, the ongoing needs of the business, and its plans for merger and acquisition activities.

Market risk
Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in interest rates and foreign exchange would have an impact on consolidated earnings. At the balance sheet date there were no significant concentrations of market risk.

Interest rate risk
As part of the Acquisition the Group entered into multicurrency financing facilities (note 21). The interest rates on both loans vary between 4.25% and 8.25% over LIBOR. In October 2019, an agreement was reached with Morgan Stanley, Goldman Sachs and HSBC to hedge 100% of the USD debt in a cross-currency swap thus limiting the Group's exposure to USD/GBP exchange variances.

	2021 %
Weighted average interest rate payable	5.96

At the balance sheet date there were no significant concentrations of interest rate risk.

Currency risk
The Group earns very small levels of revenue from outside the UK. The value of recurring revenues is converted at each invoice date from a fixed sterling value to a varied USD and EUR values, thereby minimising the currency risk to the Group. It is Group policy not to enter into hedging arrangements to mitigate currency risk due to the disproportionate cost versus risk.

Cash and cash equivalents at 28 February 2021 included £4 million and £1 million denominated in USD and EUR respectively. If the exchange rate was to vary by 10% the effect would be as follows:

Sensitivity on exchange rate	USD £'000	EUR £'000
10%	363	93

At the balance sheet date there were no significant concentrations of currency risk.

Liquidity risk
Liquidity risk is the risk that the Group cannot meet financial liabilities when they fall due. The Group's policy for managing liquidity risk is to ensure that the business has enough financial resources to meet its day-to-day activities at any point in time. Management believes that the cash resources on hand, together with the profits of the business, more than cover the resources needed to meet the financial liabilities of the Group.

Capital management
The Group manages its capital structure to safeguard the going concern of the Group and provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group consists of equity (including share capital, retained earnings and other reserves) and debt. The Group may maintain or adjust capital structure in the future by issuing new shares, repaying debt, returning capital to shareholder or by paying dividends.

22. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using the weighted average taxation rate of 19%. Deferred tax assets have been recognised on temporary differences where the management believe that it is probable that these assets will be recovered.

	Asset/(liability) As at 28 February 2021 £'000	(Charged/credited) to profit or loss As at 28 February 2021 £'000	Asset/(liability) As at 29 February 2020 £'000	(Charged/credited) to profit or loss As at 29 February 2020 £'000
Capital allowance in excess of depreciation	2,329	-	1,684	-
Non trading timing difference	-	-	170	-
Acquired intangible assets	(125,720)	-	(109,278)	-
Taxation losses	2,250	-	685	-
Origination and reversal of timing differences	-	(17,845)	-	(11,427)
Change in rate	-	12,497	-	-
Prior year adjustment to deferred tax	-	(703)	-	(249)
Short term temporary difference - asset	6,140	-	1,173	-
Short term temporary difference - liabilities	-	-	(490)	
	(115,001)	(6,051)	(106,056)	(11,676)

The following is an analysis of the deferred tax balances:

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Deferred tax asets	364	361
Deferred tax liabilities	(115,365)	(106,417)
	(115,001)	(106,056)

The Group reported tax income of £0.5 million (2020: £10.4 million) as a result of £4.5 million (2020: £0.9 million) current year UK tax charge, £0.1 million (2020: £0.1 million) in respect of RDEC claims, (£6.1 million) (2020: (£11.7 million)) of deferred tax timing differences and £0.9 million of foreign taxes.

The Group has £11.8 million (2020: £7.9 million) of trading losses and has recognised a deferred tax asset of £2.2 million (2020: £0.7 million) in relation to all (2020: £3.6 million) of these losses as it is estimated they will use them in the foreseeable future.

At the Budget on 11 March 2020, it was announced that the rate of corporation tax will remain at 19% and on 17 March 2020, a resolution having statutory effect was passed under the Provisional Collection of Taxes Act 1968, setting the rate at 19%. At the Budget on 5 March 2021, it was announced that there will be an increase in the rate of corporation tax from 19% to 25% with effect from 1 April 2023. This would result in an increase to the Corporation tax charge of £0.6m and an increase in the deferred tax charge of £30.1m if applied from the effective date.

Deferred taxes at the statement of financial position date have been measured using these enacted tax rates and reflected in the financial statements.

23. PROVISIONS

	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Dilapidations provision	2,299	2,467
Onerous lease provision	60	60
Onerous contract provision	2,648	-
	5,007	2,527
Analysed as follows:		
Non-current	5,007	2,527

The non-current provision relates to dilapidations and onerous leases in respect of buildings leased by the Group, and provision for onerous acquired contracts (note 29). The provision for dilapidations is in respect of property leases that contain a requirement for the premises to be returned to their original state on the conclusion of their lease terms. The amounts provided are based on management's best estimate of this cost at the point of exit from the related properties.

	Onerous lease provision £'000	Dilapidations provision £'000	Onerous Contract Provision £'000	Totals £'000
As at 2 August 2019	-	-	-	-
Amounts arising from acquisitions	60	2,287	-	2,347
Amounts provided for during the year	-	180	-	180
As at 29 February 2020	60	2,467	-	2,527
Amount utilised during the period	-	(168)	(338)	(506)
Additions	-	-	2,987	2,987
As at 28 February 2021	60	2,299	2,648	5,007

24. PENSION COMMITMENTS

The Group has no defined benefit pension schemes in place. The Group pays defined contributions into a Group Personal Pension Plan and certain individual pension plans. The assets of each of these plans are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group in the period and amounted to £3,767k (2020: £1,601k).

25. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking is Aston Intermediateco Limited.

On 9 October 2019, the group was jointly acquired by Aston Lux Acquisition S.à.r.l. (which is owned funds advised or managed by BC Partners LLP and funds within the Vista Fund VII Limited Partnership). There is no ultimate controlling party as each of the majority shareholders own the same percentage of the shares and the voting rights.

26. RELATED PARTY DISCLOSURES

The expenditure with Vista Equity Partners, Vista Consulting Group and BC Partners relate to consulting services incurred by them in supporting the business with its operational improvement programme. The remaining companies are portfolio companies of Vista Equity partners and BC Partners and the expenditure relates to the supply of services.

The balances payable as at 28 February 2021 are not material.

The Group and Vin Murria, a previous CEO of Advanced, each own 50% of the issued share capital of Intercede 2445 Limited.

The Group has identified £1m of expenses from related parties during the period.

An amount of £3.8 million included in note 18 relates to amounts owed to related undertakings payable to Aston Intermediate Co. Ltd., in relation to funding received for acquisitions.

The aggregate amount of remuneration and benefits of key management personnel of the Group, compromising of the Directors within the Group during the period was £1.1m, including other benefits of £0.2m.

Related party	Year Ended 28 Feb 21 Incurred £'000	Year Ended 28 Feb 21 Outstanding £'000	Period from 2 Aug 19 to 29 Feb 20 Incurred £'000	Period from 2 Aug 19 to 29 Feb 20 Outstanding £'000
Services from:				
Vista Equity Partners	13	-	10,029	-
Vista Consulting Group	509	145	130	130
BC Partners	36	-	10,000	-
Cvent Europe	68	-	8	8
Finastra Ireland	31	-	23	1
Tibco	143	-	69	2
Neopost	29	2	-	-
Office Depot	10	2	-	-
Datto Autotask	22	-	-	-
Logic Monitor	99	99	-	-
Smartbear Ireland	84	84	-	-
Xactly	34	34	34	33
	1,078	366	20,293	174

Transaction with related parties are conducted at arm's length and on normal commercial terms.

27. ONE-OFF ACQUISITION AND RESTRUCTURING COSTS

During the period, the Group incurred the following one-off and restructuring costs:

Type	Year Ended 28 Feb 21 £'000	Period from 2 Aug 19 to 29 Feb 20 £'000
Acquisition costs	12,102	74,044
Transformation projects	4,516	7,232
Property rationalisation	1,619	915
Board Appointments	-	235
Total one-off acquisition and restructuring costs	18,236	82,426

Transformation projects primarily relate to information technology systems implementation and finance transformation.

Property rationalisation costs include the consolidation of the Group's office properties and those of the businesses acquired.

28 POST BALANCE SHEET EVENTS

Acquisitions

Subsequent to 28th February 2021 BKSB Limited and Smart Apprentices Limited were acquired 28th April 2021 and 14th May 21 respectively. These companies and their underlying businesses were acquired for £48m. It has not been practical to include Fair Value accounting at this point. These businesses add to the existing portfolio of solutions to our customers and are forecast to generate positive cash flows.
On 22nd June additional borrowings were agreed of £50m with funds being received by the business net of expenses of £48.5m. These funds are expected to be used to pay down a material amount of the utilised portion of the RCF

29 CONTINGENT LIABILITY

As part of a prior acquisition a group of contracts were acquired. Additional information relating to the level of commitment to the customer has been identified which was not disclosed to the business during the acquisition of that business by the sellers.

Adjustments were made within these financial statements which has required an onerous contract provision to be established of £3.0m and reduced accrued revenue by £2.0m. Goodwill has increased by £5.0 million related to the onerous contract provision.

No receivables have been established for the possible recovery of all or part of the impact of this issue from the original company sellers as it is very early in the discussions.