NorthgateArinso

NORTHGATEARINSO UK LIMITED

Annual report and financial statements

Registered number 1587537

30 April 2015

Contents

Directors

Edouard Pillot	
Adel Al-Saleh	
Kugan Sathiyanandarajah	(resigned 27 November 2015)
Joerg Metzner	(appointed 27 November 2015)
John R Stier	(resigned 20 April 2015)
Stuart Ross	(appointed 1 April 2015)
David A Whitehead	
Nick Wain	

Secretary

Daniel Schenck

Registered Office

Peoplebuilding 2
Peoplebuilding Estate
Maylands Avenue
Hemel Hempstead
Hertfordshire HP2 4NW

Auditor

KPMG LLP
15 Canada Square
London E14 5GL

Strategic report

PRINCIPAL ACTIVITY

NorthgateArinso UK Limited is a member of the Northgate Information Solutions Limited group ('Northgate' or 'group').

Throughout the year the principal activities of the company were the provision of outsourced payroll and HR services, the development and supply of IT solutions & software, and the provision of related consultancy and support services for Human Resources departments.

TRADING REVIEW

Highlights for the year

Turnover for the year end 30 April 2015 declined by 11.8% to £111,124,000 (2014: £125,951,000)

The operating profit before exceptionals and the amortisation of intangibles and depreciation was £22,014,000 (2014: profit of £29,541,000), and the profit after tax for the financial year was £6,180,000 (2014: £9,723,000).

NorthgateArinso UK Limited is part of the group's NGA Human Resources division (NGA). The majority of the UK business focuses on serving the UK midmarket sector although there remains a small proportion of 2015 revenue that is associated with global enterprise clients. During 2014 implementation activity associated with one of those enterprise clients was successfully completed leading to a decline in revenues from that client in 2015 and an overall year on year decline in enterprise client revenues of £16,979,000. The core midmarket focused business grew by 3.2% in 2015.

NGA is a leader in the UK midmarket, helping organisations to align their people strategy to their business strategy. The trusted partner of Human Resources decision makers when it comes to improving HR service delivery, through smarter processes and more efficient technology.

NGA's Intellectual Property (IP) remains a key differentiator, as well as the foundation for our HR and Payroll service offerings. The flagship and go forward platform in the UK, NGA ResourceLink is an integrated and end-to-end solution for managing the entire employee and talent lifecycle. NGA offers its best of breed HR and Payroll technology as an on-premise solution, as part of a cloud based Software-as-a-Service or as part of an outsourced Managed Service.

NGA has over 40 years' experience of serving UK organisations in the public and private sector and currently has over 1,000 UK customers. This includes 39 of the FTSE 100 and equates to 4.5m employees served and 54m payslips per year.

As Market leaders in the UK midmarket, NGA has focussed on delivering additional value to existing customers through new services and modules, whilst targeting new business organisations in key sectors. This strategic evolution allows NGA to focus on its core strengths in the UK, combining new solutions and enhancements with an impressive heritage and dominant market share.

An additional focus on the lower end of the UK mid-market through the ResourceLink Express sub-brand has seen a number of new wins in this area. There is further potential for NGA in this market space for both software and outsourcing sales.

As markets transform under the influence of new technologies, changing delivery models and client buying behaviour, we're also accelerating the transformation of our offerings. In 2015 NGA continued its program to further enhance and future-proof ResourceLink with a focus on the overall user experience, in addition to a comprehensive development roadmap for the next 3 years and beyond.

These refinements in our go-to-market also affect how we invest our money and shift our R&D investments to focus more on innovation, new technologies and new service lines that are relevant to the market segments we serve. NGA Human Resources continues to evolve, and the management team are confident NorthgateArinso UK Limited will continue to grow in the UK midmarket through 2015/16. A reduction in the size of some large global enterprise contracts offset the growth in the UK midmarket during 2014/15.

The business continues to focus on certain key performance indicators, namely divisional turnover, earnings before interest, tax, depreciation and amortisation (EBITDA), and order book total contract value.

Strategic Report *(continued)*

Business Model and Strategy

NGA globally operates a market segment-focused approach through which we go to market following three strategic segments: small & medium-sized business, mid-market and enterprise. These segments will play an increasingly important role in our growth strategy and in our overall go-to-market approach. NorthgateArinso UK Limited will primarily be focused on the mid-market in the UK including large local enterprises.

A market segment-based structure will allow us to combine a deep focus on local and regional customer requirements with an integrated sales and delivery organisation, for each market around the world. For each segment we have put detailed growth plans and integrated sales and delivery organisation structures in place. We feel confident about our future growth strategy, built on a solid delivery footprint and a market segment-focused view on the HR services market place. This change in go-to-market also affects how we invest our money and shift our R&D investments to focus more on innovation, new technologies and new service lines – such as application management.

Customer satisfaction has continued to be a focus area in FY15. Service Level Agreement (SLA) performance hit the highest level in four years and we have witnessed a company-wide delivery improvement, both in terms of quality and efficiency.

For the year ahead we want to build on the foundation which was laid in the last three years with a single objective: growth. Customer satisfaction, delivery quality, and innovation will continue to drive our investment focus and our value proposition to the markets in which we operate.

Risks and uncertainties

The Board has overall responsibility for the company's approach to assessing risk and recognises that creating value is the reward for taking and accepting risk. Executive management implements the Board's policies on risk and control and provides assurance on compliance with these policies. Further independent assurance is provided by an internal audit function which operates across the group, and through the external auditor. This system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The company's financial assets and liabilities mainly comprise cash, trade payables and receivables and other payables and receivables arising directly from operations.

The main operational risks are:

- Economic and market risk

The economic environment can affect the performance of the company's businesses in terms of both sales and costs. Through development of our products and services the company works to ensure that we deliver value to all our customers. The company works hard to mitigate the impact of external cost pressures on our customers and the company's overall profitability through the delivery of cost savings.

- Credit risk

The directors review and agree policies for managing credit risk, which is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's trade and other receivables from customers. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The company does not require collateral in respect of financial assets.

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

By order of the board

Stuart Ross
Director
8 April 2016

Peoplebuilding 2
Peoplebuilding Estate
Maylands Avenue
Hemel Hempstead
Hertfordshire, HP2 4NW

Directors' report

The directors submit their report and the financial statements of NorthgateArinso UK Limited ('the company') for the year ended 30 April 2015.

Proposed dividend

The directors do not propose a dividend (2014: £nil).

Directors

The current directors of the company and all changes since the start of the financial year are listed on page 1.

Disabled Persons

It is the company's policy to treat people with disability on an equal basis for employment, development and promotion. Opportunities also exist for employees of the company who become disabled to continue their employment or to be trained for other positions in the company. An Equality Survey is conducted every two years.

Employees

The company places considerable value on the involvement of its employees and uses a variety of methods, including regular discussion platforms and the periodic publication of internal information, to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. The group conducts biennial employee surveys through a professional employee opinion consultancy to maintain a strong employee dialogue.

Pensions

The company participates in a defined contribution scheme, the assets of which are held separately from those of the company in independently administered funds.

The company also operates two defined benefit schemes, the Northgate HR Pension Scheme and the Rebus Group Pension Scheme, both of which are closed to new entrants. The trustee of the schemes is the corporate trustee, Northgate Pension Trustees Limited.

Actuarial valuations of the schemes are carried out triennially. The last valuation was as at 31 October 2013. The account deficit was updated to 30 April 2015 by an independent qualified actuary, which disclosed a deficit in the schemes of £42,029,000 (2014: £24,450,000). Extra contributions have been made and will continue to be made until 2017 to the schemes by the company to reduce the deficit.

The Company has established a joint working group with the Investment Sub-Committee of the Trustee to carry out a detailed review of investment strategy in light of current market conditions. The outcome of this review has led to the adoption of a liability driven investment strategy aimed at protecting returns over the long term whilst mitigating the effects of short term volatility. The Company is committed to working with the Trustee to keep the investment strategy under regular review and to explore ways of managing the pension assets and liabilities efficiently in the current economic climate.

Political contributions

During the year the company made no charitable or political donations (2014: £ nil).

Payments to suppliers

Business units are responsible for agreeing the terms and conditions under which they conduct transactions with their suppliers. The company does not have a code or standard concerning payment to suppliers. At 30 April 2015 there were 128 days (2014: 56 days) purchases in trade creditors.

Directors' Report *(continued)*

Disclosure of information to auditor

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

Auditor

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

By order of the Board

Stuart Ross
Director
9 April 2016

Peoplebuilding 2
Peoplebuilding Estate
Maylands Avenue
Hemel Hempstead
Hertfordshire HP2 4NW

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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

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

Independent auditor's report to the members of NORTHGATEARINSO UK LIMITED

We have audited the financial statements of NorthgateArinso UK Limited for the year ended 30 April 2015 set out on pages 7 to 33. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2015 and of its profit for the year then ended ;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

CH le Strange Meakin

Charles le Strange Meakin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

8th April 2016

Profit and Loss account
for the year ended 30 April 2015

	Note	2015 Total £000	2014 Total £000
Turnover	*3*	**111,124**	125,951
Operating costs	4	**(99,375)**	(110,199)
Operating profit		**11,749**	15,752

Operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, and depreciation		**22,014**	29,451
Amortisation of intangible assets	*10*	**(4,196)**	(4,280)
Depreciation of tangible fixed assets	*11*	**(1,370)**	(1,660)
Impairment of investment in subsidiary	*12*	**(1,061)**	-
Significant restructuring, one-off items and property provisions	*4*	**(3,638)**	(7,759)
Operating profit		11,749	15,752

Loss on disposal of tangible and intangible fixed assets		(150)	(66)
Finance income	*7*	62	152
Finance costs	*8*	(4,452)	(3,356)
Profit on ordinary activities before taxation		7,209	12,482
Tax on profit on ordinary activities	*9*	(1,029)	(2,759)
Profit for the financial year		6,180	9,723

The notes on page 11 to 33 are an integral part of these financial statements.

Other Comprehensive Income
for year ended 30 April 2015

	Note	**2015 £000**	2014 £000
Profit for the year		**6,180**	9,723
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain recognised in pension schemes	22	**(20,471)**	3,106
Deferred tax arising on the actuarial (loss)/gain recognised in the pension schemes	22	**4,094**	(651)
Changes in the tax rate	22	**(373)**	(746)
Total comprehensive (expenditure)/ income for the year		**(10,570)**	11,432

The notes on page 11 to 33 are an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 30 April 2015

	Share capital	Capital contribution reserve	Retained earnings	Total equity
	£000	**£000**	**£000**	**£000**
Balance at 30 April 2013	40,010	3,361	(1,024)	42,347
Total comprehensive income for the year	-	-	11,432	11,432
Balance at 30 April 2014	40,010	3,361	10,408	53,779
Total comprehensive expenditure for the year	-	-	(10,570)	(10,570)
Balance at 30 April 2015	**40,010**	**3,361**	**(162)**	**43,209**

The notes on page 11 to 33 are an integral part of these financial statements.

Balance Sheet
at 30 April 2015

	Note	2015 £000	2014 £000
Non-current assets			
Goodwill	10	**111,080**	109,209
Other intangibles	10	**12,121**	10,199
Tangible assets	11	**4,038**	5,974
Investments	12	**22,109**	23,170
Total non-current assets		**149,348**	148,552
Current assets			
Stocks	13	**5**	3
Debtors	14	**58,376**	57,878
Cash at bank and in hand		**-**	6,953
Total current assets		**58,381**	64,834
Total assets		**207,729**	213,386
Non-current liabilities			
Interest-bearing loans and borrowings	16	**3,562**	5,406
Provisions	19	**319**	772
Employee benefits	20	**42,029**	24,450
Total non-current liabilities		**45,910**	30,628
Current liabilities			
Trade and other payables	15	**108,552**	121,310
Provisions	19	**623**	1,104
Other financial liabilities	15	**9,435**	6,565
Total current liabilities		**118,610**	128,979
Total liabilities		**164,520**	159,607
Net Assets		**43,209**	53,779
Called up share capital	21	**40,010**	40,010
Capital contribution	22	**3,361**	3,361
Profit and loss account	22	**(162)**	10,408
Shareholders' funds		**43,209**	53,779

The notes on page 11 to 33 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 8 April 2016 and were signed on its behalf by:

Stuart Ross
Director

Company registered number: 1587537

Notes
(forming part of the financial statements)

1 Accounting policies

NorthgateArinso UK Limited (the "Company") is a company incorporated and domiciled in the UK.

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Northgate Information Solutions Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Northgate Information Solutions Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Peoplebuilding 2, Peoplebuilding Estate, Maylands Avenue, Hemel Hempstead, Hertfordshire HP2 4NW.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investments;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

Notes *(continued)*

1 Accounting policies *(continued)*

As the consolidated financial statements of Northgate Information Solutions Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis in accordance with FRS101 in line with the group's policy for subsidiary undertakings.

1.2 Going concern

The financial statements are prepared on a going concern basis, which the directors feel to be appropriate for the following reasons.

The company's business activities, together with the factors likely to affect its future position, are set out in the Trading Review section of the strategic report on pages 1 to 2. The company has access to funds provided by Northgate Information Solutions Limited, a parent company. The directors, having assessed the responses of the directors of Northgate Information Solutions Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Northgate Information Solutions Limited group to continue as a going concern. On the basis of their assessment of the company's financial position and of the assurances provided by the directors of Northgate Information Solutions Limited, the company's directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost is correspondingly recognised in the profit and loss account over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds are dealt with as appropriate in the reconciliation of movements in shareholders' funds.

1.5 Tangible fixed assets

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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

- Short leasehold improvements — Life of the lease
- Fixtures, fittings and office equipment — 2-10 years
- Motor vehicles — 4 years

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Investments

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

1.7 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Purchased goodwill arising on business combinations in respect of acquisitions before 1 January 1998, when Financial Reporting Standard 10 Goodwill and intangible assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Other intangible assets excluding goodwill

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

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Company's software development is recognised only if all of the following conditions are met:
a) an asset is created that can be identified;
b) it is probable that the asset created will be technically and commercially feasible;
c) the Group has sufficient resources to complete development;
d) the asset will generate future economic benefits; and
e) the development cost of the asset can be measured reliably.

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Purchased/developed software	5 years

1.8 Employee benefits

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Turnover

The recognition of the company's revenue was in line with the group's policy on revenue recognition, which is as follows:

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

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

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

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

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

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

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

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financial guarantee contracts

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.11 Taxation

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

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

Deferred tax is provided on 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 temporary difference can be utilised.

2 Acquisitions of businesses

During the year there were no acquisitions or disposals

3 Turnover

Turnover represents the amounts derived from the provision of goods and services stated net of value added tax, and includes interest arising on sales of equipment and software licences on deferred payment terms.

The company's entire turnover derives from the company's principal activities, being the provision of outsourced payroll services, the development and supply of IT solutions & software, and the provision of related consultancy and support services. All turnover and operating profit arises in the United Kingdom and Ireland from the same class of business. The company has only one operating division into which all costs are attributed.

Notes *(continued)*

4 Expenses and auditor's remuneration

Included in profit are the following:

	Notes	2015 £000	2014 £000
Purchases of goods for resale, raw materials and consumables		**4,718**	9,438
Staff costs:			
Wages and Salaries		**40,978**	43,682
Social security costs		**4,701**	4,893
Other pension costs		**2,989**	2,477
Amortisation of purchased software	10	**4,196**	4,280
Depreciation of owned assets	11	**690**	231
Depreciation of assets held under finance leases	11	**680**	1,429
Research and Development expensed as incurred		**4,531**	3,587
Other external operating charges		**19,894**	20,824
Management charges		**11,569**	11,599
Non recurring costs:			
Impairment of investment in subsidiary		**1,061**	-
Severance and restructuring		**656**	795
Business integration, development and business transformation		**2,991**	5,367
Property provisions		**(9)**	1,597
		99,375	110,199

The remuneration of the auditor in respect of these financial statements for the year ended 30 April 2015 was £34,000 (2014: £34,000). The remuneration of the auditor was born by another group undertaking in the current and previous year.

Amounts paid to the company's auditor in respect of services to the company other than audit of these financial statements have not been disclosed as the information is instead disclosed on a consolidated basis in the Annual report and Accounts of Northgate Information Solutions Limited.

These non-recurring costs principally relate to the company's on-going cost reduction programme, including offshoring of operational and back office functions and the impact of product strategy review and include:

£3,368k of severance costs in restructuring programmes.

Notes *(continued)*

5 Staff numbers

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Sales	**80**	71
Operations	**718**	577
Product support	**250**	190
HR consulting	**66**	147
Support function	**2**	25
	1,116	1,010

6 Directors' remuneration

	2015	2014
	£000	£000
Directors' remuneration	**103**	103
Company contributions to defined contribution pension plans	**11**	25
	114	128
The following relate to the higher paid director:		
Emoluments	**103**	103

In addition to the above, some of the directors receive emoluments from the other group undertakings of which there are directors

	Number of directors	
	2015	2014
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	**-**	1

Notes *(continued)*

7 Interest receivable and similar income

	2015	2014
	£000	£000
Interest income from group undertakings	**62**	5
Foreign exchange gain	**-**	147
Total interest receivable and similar income	**62**	152

8 Interest payable and similar charges

	2015	2014
	£000	£000
Bank interest payable	**788**	1,158
Interest payable to group undertakings	**2,009**	989
Finance lease interest payable	**668**	898
Foreign exchange loss	**9**	-
Net pension finance expense (*note 20*)	**978**	311
Total interest payable and similar charges	**4,452**	3,356

Notes *(continued)*

9 Taxation

Recognised in the profit and loss account

	2015	2014
	£000	£000
UK corporation tax		
Current tax on income for the period	**2,026**	2,053
Adjustments in respect of prior periods	**364**	(255)
Total current tax	**2,390**	1,798
Deferred tax (see note 18)		
Current year charges	**(529)**	773
Change in the tax rate	**68**	(3)
Adjustments relating to earlier years	**(900)**	191
Total deferred tax	**(1,361)**	961
Tax on profit on ordinary activities	**1,029**	2,759

Reconciliation of effective tax rate

The rate of UK Corporation Tax changes from 21% to 20% from 1 April 2015. The average corporation tax rate for the year ended 30 April 2015 is 20.92% (2014: 22.83%).

The Current tax charges for the year differs from that calculated by applying the standard rate of corporation tax in the UK to profit before tax. The differences are as follows:

	2015	2014
	£000	£000
Profit for the year	**6,180**	9,723
Total tax expense	**(1,029)**	(2,759)
Profit excluding taxation	**7,209**	12,482
Tax using the UK corporation tax rate of 20.92% (2014: 22.83%)	**1,508**	2,849
Non-deductible expenses	**33**	274
Transfer pricing adjustment	**-**	(60)
Tax rate change effect on deferred tax	**68**	(3)
Utilisation of tax losses – Group relief	**(2,027)**	(2,052)
Payments made for Group Relief	**2,027**	2,052
Effect of tax losses not recognised	**(208)**	-
Profit on disposal of fixed assets	**253**	-
Revenue in capital	**-**	(2)
Adjustments relating to earlier years	**(536)**	(64)
Other timing differences	**(89)**	(235)
Total tax expense	**1,029**	2,759

A reduction in the UK corporation tax rate to 20% (effective from 1 April 2015) was substantively enacted on 8 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

10 Intangible assets

	Goodwill £000	Software £000	Total £000
Cost			
Balance at 30 April 2014	109,209	29,726	138,935
Additions	1,871	6,118	7,989
Disposals	-	(450)	(450)
Balance at 30 April 2015	111,080	35,394	146,474
Amortisation and impairment			
Balance at 30 April 2014	-	19,527	19,527
Amortisation for the year	-	4,196	4,196
Disposals	-	(450)	(450)
Balance at 30 April 2015	-	23,273	23,273
Net book value			
At 30 April 2015	**111,080**	**12,121**	**123,201**
At 30 April 2014	109,209	10,199	119,408

11 Tangible fixed assets

	Short leasehold improvements £000	Fixtures, fittings, equipment and motor vehicles £000	Total £000
Cost			
Balance at 30 April 2014	3,299	22,812	26,111
Acquisitions	260	-	260
Disposals	(1,886)	(6,129)	(8,015)
Transfers in from group companies	-	125	125
Balance at 30 April 2015	1,673	16,808	18,481
Depreciation and impairment			
Balance at 30 April 2014	2,325	17,812	20,137
Depreciation charge for the year	164	1,206	1,370
Disposals	(1,738)	(5,440)	(7,178)
Transfers in from group companies	-	114	114
Balance at 30 April 2015	751	13,692	14,443
Net book value			
At 30 April 2015	**922**	**3,116**	**4,038**
At 30 April 2014	974	5,000	5,974

Notes *(continued)*

11 Tangible fixed assets *(continued)*

The net book value of fixtures, fittings, equipment and motor vehicles at 30 April 2015 includes £1,578,000 (2014: £2,634,000) in respect of assets held under finance leases. Depreciation on those assets for the year ended 30 April 2015 amounts to £680,000 (2014: £1,429,000).

12 Investments

	Subsidiary undertakings £000
Cost	
At 1 May 2014 and 30 April 2015	**36,468**
Provision for impairment	
At 1 May 2014	(13,298)
Impairment charge	(1,061)
At 30 April 2015	**(14,359)**
Net book value	
At 30 April 2015	**22,109**
At 30 April 2014	23,170

As a result of impairment testing during the year, the value of the investment in NGA Peoplechecking Limited was written down to equal the net realisable value, which resulted in an impairment charge of £1,061,000.

During the prior year the entire share capital of Arinso South Africa pty Ltd was acquired at market value from NorthgateArinso Belgium NV for consideration of ZAR95.8m (£6.7m). 50% of the share capital was subsequently disposed of for cash consideration of ZAR2.8m (£0.2m). and a transfer of assets by the acquirer into Arinso South Africa pty Ltd of ZAR92.9m (£6.5m). There was no gain or loss on the disposal.

The Company's subsidiary undertakings at 30 April 2015, the nature of whose business is the development and supply of software and related services (unless otherwise indicated), and have only ordinary share capital, were:

	Country of Incorporation	Class of shares held	% owned
Link Group Consultants Limited	England and Wales	Ordinary shares	**100%**
NHA HR India Private Limited	India	Ordinary shares	**99.5%**
NGA Africa (Proprietary) Limited	South Africa	Ordinary shares	**50%**
NorthgateArinso Peoplechecking Limited	England and Wales	Ordinary shares	**100%**
Personnel Computer Services Limited	England and Wales	Ordinary shares	**100%**
Northgate Information Solutions Company, and its subsidiaries:	Republic of Ireland	Ordinary shares	**100%**
Cara Information Technologies Limited	England and Wales	Ordinary shares	**100%**
Engage Technologies Support Limited	Republic of Ireland	Ordinary shares	**100%**
Northgate Technologies Support Limited	Republic of Ireland	Ordinary shares	**100%**
NorthgateArinso Ireland Limited	Republic of Ireland	Ordinary shares	**100%**
NorthgateArinso Services Ireland Limited	Republic of Ireland	Ordinary shares	**100%**
Northgate HR Pensions Holdings Limited, and its subsidiary:	England and Wales	Ordinary shares	**100%**
Northgate HR Pensions Limited	England and Wales	Ordinary shares	**100%**
Northgate PWA Empower Limited	England and Wales	Ordinary shares	**100%**

Notes *(continued)*

13 Stocks

	30 April 2015 £000	30 April 2014 **£000**
Finished goods	**5**	**3**
	5	**3**

14 Debtors

	30 April 2015 £000	30 April 2014 £000
Trade debtors	**26,115**	24,326
Amounts owed by group undertakings	**9,973**	15,117
Other debtors	**3**	914
Deferred tax assets (see note 18)	**11,672**	6,372
Prepayments and accrued income	**10,613**	11,149
	58,376	57,878
Due within one year	46,328	46,470
Due after more than one year	12,048	11,408

Debtors include deferred tax 30 April 2015:£9,712,000 (30 April 2014:£8,294,000) and trade debtors 30 April 2015: £2,336,000 (30 April 2014: £3,114,000) due after more than one year.

15 Creditors: amounts falling due within one year

	30 April 2015 £000	30 April 2014 £000
Bank overdraft	**555**	-
Loans	**4,741**	-
Obligations under finance leases (see note 17)	**4,139**	6,565
Other financial liabilities	**9,435**	6,565
Trade creditors	**5,637**	5,299
Amounts owed to group undertakings	**62,418**	77,574
Taxation and social security	**7,876**	6,741
Accruals and deferred income	**29,214**	28,164
Taxation	**3,407**	3,407
Other creditors	**-**	125
Trade and other payable	**108,552**	121,310
	117,987	127,875

Notes *(continued)*

16 Creditors: amounts falling after more than one year

	30 April 2015 £000	30 April 2014 £000
Obligations under finance leases 2-5 years (see note 17)	**3,562**	5,406
	3,562	5,406

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.
The maturity of obligations under finance leases is as follows:

	30 April 2015	30 April 2014
	£000	£000
Within one year	**4,139**	6,565
In the second to fifth year	**3,562**	5,406
	7,701	11,971

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2015 £000	**Interest 2015 £000**	**Principal 2015 £000**	Minimum lease payments 2014 £000	Interest 2014 £000	Principal 2014 £000
Less than one year	**4,477**	**338**	**4,139**	7,209	644	6,565
Between one and five years	**3,741**	**179**	**3,562**	5,744	338	5,406
More than five years	-	-	-	-	-	-
	8,218	**517**	**7,701**	12,953	982	11,971

Notes *(continued)*

18 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2015	2014
	£000	£000
Tangible and intangible fixed assets	**2,821**	911
Employee Benefits	**8,406**	5,135
Tax value of loss carry-forwards	**220**	12
Other	**225**	314
Net tax assets/ (liabilities)	**11,672**	6,372

Notes *(continued)*

18 Deferred tax assets (continued)

Movement in deferred tax during the year

	Restated 1 May 2014 £000	Acquired from subsidiary £000	Recognised in income £000	Recognised in equity £000	30 April 2015 £000
Tangible and intangible fixed assets	911	-	1,910	-	**2,821**
Employee benefits	5,135	-	(450)	3,721	8,406
Tax value of loss carry-forwards utilised	12	218	(10)	-	220
Other	314	-	(89)	-	225
	6,372	218	1,361	3,721	11,672

Movement in deferred tax during the prior year

	Restated 1 May 2013 £000	Recognised in income £000	Recognised in equity £000	30 April 2014 £000
Tangible and intangible fixed assets	829	82	-	911
Employee benefits	7,122	(590)	(1,397)	5,135
Tax value of loss carry-forwards utilised	164	(152)	-	12
Other	615	(301)	-	314
	8,730	(961)	(1,397)	6,372

Notes *(continued)*

19 Provisions

	Property provisions £000	Total £000
Balance at 1 May 2014	1,876	1,876
Recognised in the profit and loss account	658	658
Utilised in the year	(1,592)	(1,592)
Balance at 30 April 2015	**942**	**942**
Non-Current	319	319
Current	623	623
	942	**942**

The provision relates to properties that have either been sublet or are vacant. It consists of the discounted value of the future liabilities on the property less any expected future sublet receipts extrapolated to the earliest break point in the contract. In addition there is a dilapidations provision to make the property good at the end of the lease. This is made for all leased properties expiring within the next 18 months.

20 Employee benefits

IAS 19, 'Employee benefits' was revised in June 2011. The revised employee benefit standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. The standard also requires net interest expense / income to be calculated as the product of the net defined benefit liability / asset and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognising an expected return on plan assets. The changes to the group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Expenses such as record-keeping costs or actuarial valuation fees are recognised in profit or loss when the services are received.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2015 £000	2014 £000
Total defined benefit liability	**42,029**	**24,450**

Notes *(continued)*

20 Employee benefits *(continued)*

Movements in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2015	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000
Balance at 1 May	**(189,452)**	(189,859)	**165,002**	158,897	**(24,450)**	(30,962)
Included in profit or loss						
Current service cost	**(1,025)**	(1,171)	**-**	-	**(1,025)**	(1,171)
Past service cost	**(45)**	-	**-**	-	**(45)**	-
Running costs	**-**	-	**(605)**	(509)	**(605)**	(509)
Interest cost/(income)	**(8,451)**	(8,289)	**7,473**	7,978	**(978)**	(311)
	(9,521)	(9,460)	**6,868**	7,978	**(2,653)**	(1,991)
Included in OCI						
Actuarial loss (gain) arising from:						
- Change in financial assumptions	**(34,387)**	4,915	**-**	-	**(34,387)**	4,915
- Experience adjustment	**(501)**	1,103	**-**	-	**(501)**	1,103
Return on plan assets excluding interest income	**-**	-	**14,417**	(2,912)	**14,417**	(2,912)
	(34,888)	6,018	**14,417**	(2,912)	**(20,471)**	3,106
Other						
Contributions paid by the employer	**-**	-	**5,545**	5,396	**5,545**	5,396
Benefits paid	**3,350**	4,070	**(3,350)**	(4,070)	**-**	-
Payments in respect of settlements	**-**	(221)	**-**	221	**-**	-
	3,350	3,849	**2,195**	1,039	**5,545**	5,396
Balance at 30 April	**(230,511)**	(189,452)	**188,482**	165,002	**(42,029)**	(24,450)

Notes *(continued)*

20 Employee benefits *(continued)*

Plan assets

	2015	2014
	£000	£000
Cash and cash equivalents	16,305	1,652
Equities	37,377	34,650
Bonds / LDI	24,213	26,400
Diversified growth funds	61,763	56,100
Multi- asset credit	13,728	13,200
Emerging market multi - asset	17,387	16,500
Property	17,709	16,500
Total	**188,482**	165,002

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2015	2014
Discount rate at 30 April	3.6%	4.5%
Future salary increases	1.0%	1.0%
Future pension increases	3.0%/2.0%	3.2% / 2.2%
Retail price index	3.1%	3.3%
Consumer price index	2.0%	2.2%

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

- Current pensioner aged 65: 22.9 years (male).
- Future retiree upon reaching 65: 25.9 years (male).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by 0.1 percent.

	2015
	£000
Discount rate	(4,643)/4,782
Future salary increases	Nil/(430)
Future pension increases	1,261/(1,234)
Inflation (CPI)	924/(908)

In valuing the liabilities of the pension fund at £230,511,000, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 30 April 2015 would have increased by £7,201,000 before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 October 2010 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Notes *(continued)*

21 Capital and reserves

Share capital

	30 April 2015	30 April 2014
	£000	£000
Allotted, called up and fully paid		
40,010,000 Ordinary shares of £1.00 each	**40,010**	40,010
	40,010	40,010

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

22 Reserves

	Capital contribution £000	Profit and loss £000
At 1 May 2014	3,361	10,408
Profit for the year	-	4,096
Actuarial loss on defined pension scheme	-	(20,471)
Deferred tax on the actuarial loss	-	4,094
Change in the tax rate	-	(373)
At 30 April 2015	**3,361**	(2,246)

23 Commitments

Capital commitments and contingent liabilities at 30 April 2015 amounted to £87,000 (30 April 2014: £76,000).

Annual commitments under non-cancellable operating leases are as follows:

	30 April 2014		30 April 2014	
	Land and building £000	**Other £000**	Land and building £000	Other £000
Leases expiring:				
Within one year	**1,634**	**393**	1,502	514
Within two to five years	**4,364**	**610**	3,497	465
Thereafter	**4,083**	**-**	4,380	-
	10,081	**1,003**	9,379	979

Notes *(continued)*

24 Contingencies

The company has in the normal course of business issued guarantees securing the performance by itself and other group undertakings of certain contracts and undertakings from which no liabilities are expected to arise other than those provided for in these accounts.

The company participates in the group's syndicated banking facility agreement.

The group has syndicated Senior and Subordinated facility agreements with a number of banks and investment companies providing £670 million and £360 million of available funding. Of these facilities, the group has the following available committed floating rate borrowing facilities at 30 April 2015 in respect of which all conditions precedent had been met at that date:

	30 April 2015	30 April 2014
	£000	£000
Expiring between 2 and 10 years	**357,941**	101,500

25 Ultimate parent company and parent company of larger group

The immediate parent company is Rebus Human Resources Limited, a company registered in England and Wales. The ultimate parent company is New NIS Holdings S.a r.l., a company registered in Luxembourg, which in turn is controlled by funds advised by Kohlberg Kravis Roberts & Co. LP.

The largest group in which the results of the company are consolidated is the headed by New NIS Holdings S.a r.l., and the smallest group is that headed by Northgate Information Solutions Limited, a company registered in England and Wales. No other group financial statements include the results of the company. Copies of the group accounts can be obtained from the registered office at Peoplebuilding 2, Peoplebuilding Estate, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW.

26 Subsequent events

On 23 March 2016 the senior facilities referred to in note 24 were repaid in full, and the subordinated facility was converted to equity. At that point the company's participation in the syndicated banking facility agreement ended, in time the contingent liabilities that were in place at 30 April 2015 ceased to exist. On the same date a new debt facility was entered into by Northgate Information Solutions Ltd with an external syndicate of lenders with a value of £320.0m, and a new revolving credit facility of £75m was made available to Northgate Information Solutions Holdings Limited. The company does not participate in the new facilities.

Following these transactions the ultimate parent company is Northgate Luxembourg Holdings GP Sàrl, a company registered in Luxembourg. The company is ultimately controlled by The Goldman Sachs Group, Inc.

Notes *(continued)*

27 Accounting estimates and judgements

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

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

Pensions
Details of the principal actuarial assumptions used in calculating the recognised liability for the defined benefit plans are given in note 20. Changes to the discount rate, mortality rates and actual return on plan assets may necessitate material adjustments to this liability in the future.

Provisions
Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events which can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Note 19 to the accounts contain information about the assumptions made concerning the Group's provisions.

Impairment of intangible assets, including goodwill
Goodwill and other intangible assets are tested annually for impairment. The impairment tests involve estimation of future cash flows and the selection of a suitable discount rate. These require an estimation of the value-in-use of the cash generating units to which the intangible assets are allocated (note 10).

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

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

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

Development Costs
The amortisation rate for development costs is 5 years, based on the useful life of the assets.