NorthgateArinso

NorthgateArinso UK Limited

Annual report and financial statements
Registered number 1587537
30 April 2016

Contents

Directors

Edouard Pillot	(resigned 23 March 2016)
Adel Al-Saleh	
Kugan Sathiyanandarajah	(resigned 27 November 2015)
Joerg Metzner	(appointed 27 November 2015, resigned 23 March 2016)
Stuart Ross	
David A Whitehead	
Nick Wain	

Secretary

Malcolm Bennett

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

NorthgateArinso UK Limited is part of NGA Human Resources (NGA). The majority of the UK business focuses on serving the UK midmarket sector although there is a small proportion of revenue associated with global enterprise clients.

Turnover for the year end 30 April 2016 increased by 1.3% to £112,540,000 (2015: £111,124,000).

Operating profit before exceptional items and the amortisation of intangibles and depreciation was £12,475,000 (2015: profit of £22,014,000), and the profit after tax for the financial year was £257,000 (2015: £6,180,000). The midmarket sector continues to show growth and the company continues to invest in its products and services. In the global enterprise segment, there have been a number of factors contributing to a year-on-year decline in profit: a decline in revenue; recruitment of additional senior managers based in the UK; and additional administrative costs.

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 40 of the FTSE 100 and equates to 4.9m employees served and 60m payslips per year.

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

NGA's Intellectual Property (IP) remains a key differentiator, as well as the foundation for our HR and Payroll service offerings. In 2016 NGA ResourceLink was awarded Payroll Product of the Year and NGA was voted Payroll Service Provider of the Year by the Chartered Institute of Payroll Professionals (CIPP). This was an endorsement of NGA's UK strategy, not just in software and service development but in the overall customer experience. As well as having the strongest payroll offering in the UK, NGA ResourceLink covers the entire employee lifecycle integrating Talent, HR, Reporting and Analytics and more with a superior user experience.

There have been major software and service enhancements in the last 12 months designed with customers and their employees in mind. Enhancements to the overall user experience include 'responsive design' for mobile self-service, embedded learning videos and ease of navigation, plus advances in predictive analytics and automation. All whilst keeping customers fully up to date with the latest UK and Irish legislation and improving the overall customer experience in areas such as support and consultancy. In addition, our ability to offer an unrivalled portfolio of scalable managed payroll services to organisations of different sizes across all industry sectors reinforces our commitment to be the service provider of choice for our customers.

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 FY16. 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
30/01/2017

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 2016.

Proposed dividend

The directors do not propose a dividend (2015: £nil).

Directors

The current directors of the company and all changes since the start of the financial year are listed on page 0.

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 political donations (2015: £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 2016 there were 45 days (2015: 128 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
30/01/2017

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 2016 set out on pages 7 to 32. 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.

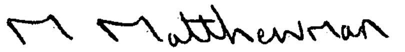
Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2016 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.



Mark Matthewman (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

7 February 2017

Profit and Loss account
for the year ended 30 April 2016

	Note	**2016 Total £000**	2015 Total £000
Turnover	2	**112,540**	111,124
Operating costs	3	**(106,111)**	(99,375)
Operating profit		**6,429**	11,749

Operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, depreciation of tangible fixed assets and impairment of investment in subsidiary		**12,475**	22,014
Amortisation of intangible assets	*9*	**(4,856)**	(4,196)
Depreciation of tangible fixed assets	*10*	**(851)**	(1,370)
Impairment of investment in subsidiary	*11*	-	(1,061)
Significant restructuring, one-off items and property provisions	*3*	**(339)**	(3,638)
Operating profit		**6,429**	11,749

Loss on disposal of tangible and intangible fixed assets		-	(150)
Finance income	*6*	**3**	62
Finance costs	*7*	**(4,836)**	(4,452)
Profit on ordinary activities before taxation		**1,596**	7,209
Tax on profit on ordinary activities	*8*	**(1,339)**	(1,029)
Profit for the financial year		**257**	6,180

The notes on page 11 to 32 are an integral part of these financial statements.

Other Comprehensive Income

for year ended 30 April 2016

	Note	**2016** **£000**	2015 £000
Profit for the year		**257**	6,180
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial loss recognised in pension schemes	*20*	**(843)**	(20,471)
Deferred tax arising on the actuarial loss recognised in the pension schemes	*20*	**150**	4,094
IFRIC 14 movement in pension deficit	*20*	**(3,839)**	-
Deferred tax arising on IFRIC 14 movement in pension deficit	*20*	**693**	-
Changes in the tax rate	*20*	**(336)**	(373)
Total comprehensive expenditure for the year		**(3,918)**	(10,570)

The notes on page 11 to 32 are an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 30 April 2016

	Share capital £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
Balance at 30 April 2014	40,010	3,361	10,408	53,779
Profit for the year	-	-	6,180	6,180
Other comprehensive expenditure	-	-	(16,750)	(16,750)
Total comprehensive expenditure for the year	-	-	(10,570)	(10,570)
Balance at 30 April 2015	**40,010**	**3,361**	**(162)**	**43,209**
Profit for the year	-	-	257	257
Other comprehensive expenditure	-	-	(4,157)	(4,175)
Total comprehensive expenditure for the year	-	-	(3,918)	(3,918)
Balance at 30 April 2016	**40,010**	**3,361**	**(4,080)**	**39,291**

The notes on page 11 to 32 are an integral part of these financial statements.

Balance Sheet
at 30 April 2016

	Note	**2016**	2015
		£000	£000
Non-current assets			
Goodwill	*9*	**111,080**	111,080
Other intangibles	*9*	**13,252**	12,121
Tangible assets	*10*	**2,845**	4,038
Investments	*11*	**22,109**	22,109
Total non-current assets		**149,286**	149,348
Current assets			
Stocks	*12*	**-**	5
Debtors	*13*	**46,288**	58,376
Total current assets		**46,288**	58,381
Total assets		**195,574**	207,729
Non-current liabilities			
Interest-bearing loans and borrowings	*15*	**5,308**	3,562
Provisions	*18*	**575**	319
Employee benefits	*19*	**42,736**	42,029
Total non-current liabilities		**48,619**	45,910
Current liabilities			
Trade and other payables	*14*	**99,444**	108,552
Provisions	*18*	**3**	623
Interest-bearing loans and borrowings	*14*	**8,217**	9,435
Total current liabilities		**107,664**	118,610
Total liabilities		**156,283**	164,520
Net Assets		**39,291**	43,209
Called up share capital	*20*	**40,010**	40,010
Capital contribution	*20*	**3,361**	3,361
Profit and loss account	*20*	**(4,080)**	(162)
Shareholders' funds		**39,291**	43,209

The notes on page 11 to 32 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 30/01/2017 and were signed on its behalf by:

S Ross

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 FRS 101 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 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.

	2016	2015
	£000	£000
Sale of goods	**19,347**	20,353
Rendering of services	**93,193**	90,771
Revenue	**112,540**	111,124

Notes *(continued)*

3 Expenses and auditor's remuneration

Included in profit are the following:

	Notes	2016 £000	2015 £000
Purchases of goods for resale, raw materials and consumables		**9,967**	4,718
Staff costs:			
Wages and Salaries		**41,896**	40,978
Social security costs		**4,487**	4,701
Other pension costs		**2,822**	2,989
Amortisation of purchased software	*9*	**4,856**	4,196
Depreciation of owned assets	*10*	**481**	690
Depreciation of assets held under finance leases	*10*	**370**	680
Operating lease rentals – plant & machinery (incl vehicles)		**422**	729
Operating lease rentals – property		**1,429**	1,917
Research and Development expensed as incurred		**4,087**	4,531
Other operating charges		**20,552**	17,248
Management charges		**14,403**	11,569
Non recurring costs:			
Impairment of investment in subsidiary		**-**	1,061
Severance and restructuring		**339**	656
Business integration, development and business transformation		**-**	2,991
Property provisions		**-**	(9)
		106,111	99,375

The remuneration of the auditor in respect of these financial statements for the year ended 30 April 2016 was £34,000 (2015: £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:

- £339,000 (2015: £656,000) of severance costs in restructuring programmes;
- £nil (2015: £1,061,000) in respect of impairment of investments in subsidiaries;
- £nil (2015: £2,991,000) project resource costs. These are made up of business integration costs, restructuring programme resources, costs of moving contract fulfilment locations, migration from legacy systems and one off productivity improvement plans;
- £nil (2015: £9,000 credit) to property exceptional costs made up of vacant space provisions and dilapidation costs;

Notes *(continued)*

4 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	
	2016	2015
Sales	**90**	80
Operations	**707**	718
Product support	**296**	250
HR consulting	**26**	66
Support function	**15**	2
	1,134	1,116

5 Directors' remuneration

	2016	2015
	£000	£000
Directors' remuneration	**140**	103
Company contributions to defined contribution pension plans	**11**	11
	151	114

In addition to the above, some of the directors receive emoluments from the other group undertakings of which there are directors. No directors are accruing retirement benefits under defined benefit schemes.

Notes *(continued)*

6 Interest receivable and similar income

	2016	2015
	£000	£000
Bank interest receivable	**3**	-
Interest income from group undertakings	-	62
Total interest receivable and similar income	**3**	62

7 Interest payable and similar charges

	2016	2015
	£000	£000
Bank interest payable	**1,341**	788
Interest payable to group undertakings	**901**	2,009
Finance lease interest payable	**459**	668
Foreign exchange loss	**750**	9
Net pension finance expense (*note 19*)	**1,385**	978
Total interest payable and similar charges	**4,836**	4,452

Notes *(continued)*

8 Taxation

Recognised in the profit and loss account

	2016 £000	2015 £000
UK corporation tax		
Current tax on income for the period	**596**	2,026
Adjustments in respect of prior periods	**143**	364
Total current tax	**739**	2,390
Deferred tax (see note 17)		
Current year charges	**(260)**	(529)
Change in the tax rate	**806**	68
Adjustments relating to earlier years	**54**	(900)
Total deferred tax	**600**	(1,361)
Tax on profit on ordinary activities	**1,339**	1,029

Reconciliation of effective tax rate

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:

	2016 £000	2015 £000
Profit for the year	**257**	6,180
Total tax expense	**1,339**	1,029
Profit excluding taxation	**1,596**	7,209
Tax using the UK corporation tax rate of 20.00% (2015: 20.92%)	**319**	1,508
Non-deductible expenses	**6**	33
Tax rate change effect on deferred tax	**805**	68
Utilisation of tax losses – Group relief	**(596)**	(2,027)
Payments made for Group Relief	**596**	2,027
Effect of tax losses not recognised	**-**	(208)
Profit on disposal of fixed assets	**-**	253
Adjustments relating to earlier years	**197**	(536)
Other timing differences	**12**	(89)
Total tax expense	**1,339**	1,029

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 30 April 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 30 April 2016.

Notes *(continued)*

9 Intangible assets

	Goodwill £000	Software £000	Total £000
Cost			
Balance at 30 April 2015	111,080	35,394	146,474
Additions	-	4,934	4,934
Reclassifications	-	1,053	1,053
Balance at 30 April 2016	111,080	41,381	152,461
Amortisation and impairment			
Balance at 30 April 2015	-	23,273	23,273
Amortisation for the year	-	4,856	4,856
Balance at 30 April 2016	-	28,129	28,129
Net book value			
At 30 April 2016	**111,080**	**13,252**	**124,332**
At 30 April 2015	111,080	12,121	123,201

10 Tangible fixed assets

	Short leasehold improvements £000	Fixtures, fittings, equipment and motor vehicles £000	Total £000
Cost			
Balance at 30 April 2015	1,673	16,808	18,481
Additions	358	443	801
Disposals	-	(477)	(477)
Reclassification	(225)	(828)	(1,053)
Balance at 30 April 2016	1,806	15,946	17,752
Depreciation and impairment			
Balance at 30 April 2015	751	13,692	14,443
Depreciation charge for the year	135	716	851
Disposals	-	(387)	(387)
Balance at 30 April 2016	886	14,021	14,907
Net book value			
At 30 April 2016	**920**	**1,925**	**2,845**
At 30 April 2015	922	3,116	4,038

Notes *(continued)*

10 Tangible fixed assets *(continued)*

The net book value of fixtures, fittings, equipment and motor vehicles at 30 April 2016 includes £5,055,000 (2015: £1,578,000) in respect of assets held under finance leases. Depreciation on those assets for the year ended 30 April 2016 amounts to £370,000 (2015: £680,000).

11 Investments

	Subsidiary undertakings
Cost	**£000**
At 1 May 2015 and 30 April 2016	**36,468**
Provision for impairment	
At 1 May 2015 and 30 April 2016	**(14,359)**
Net book value	
At 30 April 2016	**22,109**
At 30 April 2015	22,109

The company's subsidiary undertakings at 30 April 2016, 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)*

12 Stocks

	2016 £000	2015 £000
Finished goods	-	5
	-	5

13 Debtors

	2016 £000	2015 £000
Trade debtors	**18,994**	26,115
Amounts owed by group undertakings	**2,291**	9,973
Other debtors	**2**	3
Deferred tax assets (see note 17)	**11,579**	11,672
Prepayments and accrued income	**13,422**	10,613
	46,288	58,376
Due within one year	33,612	46,328
Due after more than one year	12,676	12,048

Debtors include deferred tax 30 April 2016: £10,899,000 (30 April 2015: £9,712,000) and trade debtors 30 April 2016: £1,777,000 (30 April 2015: £2,336,000) due after more than one year.

14 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank overdraft	**1,447**	555
Loans	**3,789**	4,741
Obligations under finance leases (see note 16)	**2,981**	4,139
Interest-bearing loans and borrowings	**8,217**	9,435
Trade creditors	**3,710**	5,637
Amounts owed to group undertakings	**58,992**	62,418
Taxation and social security	**7,039**	7,876
Accruals and deferred income	**26,300**	29,214
Taxation	**3,403**	3,407
Trade and other payable	**99,444**	108,552
	107,661	117,987

Notes *(continued)*

15 Creditors: amounts falling after more than one year

	2016	2015
	£000	£000
Loans	**3,234**	-
Obligations under finance leases 2-5 years (see note 16)	**2,074**	3,562
	5,308	3,562

16 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 loans and obligations under finance leases is as follows:

	2016	2015
	£000	£000
Within one year	**6,770**	4,139
In the second to fifth year	**5,307**	3,562
	12,077	7,701

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2016 £000	**Interest 2016 £000**	**Principal 2016 £000**	Minimum lease payments 2015 £000	Interest 2015 £000	Principal 2015 £000
Less than one year	**3,171**	**191**	**2,981**	4,477	338	4,139
Between one and five years	**2,218**	**143**	**2,074**	3,741	179	3,562
More than five years	-	-	-	-	-	-
	5,389	**334**	**5,055**	8,218	517	7,701

Notes *(continued)*

17 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2016	2015
	£000	£000
Tangible and intangible fixed assets	**3,154**	2,821
Employee Benefits	**7,693**	8,406
Tax value of loss carry-forwards	**220**	220
Other	**512**	225
Net tax assets/ (liabilities)	**11,579**	11,672

Movement in deferred tax during the year

	1 May 2015	**Acquired from subsidiary**	**Recognised in income**	**Recognised in equity**	**30 April 2016**
	£000	**£000**	**£000**	**£000**	**£000**
Tangible and intangible fixed assets	2,821	-	385	-	3,206
Employee benefits	8,406	-	(1,220)	507	7,693
Tax value of loss carry-forwards utilised	220	-	-	-	220
Other	225	-	235	-	460
	11,672	-	(600)	507	11,579

Movement in deferred tax during the prior year

	1 May 2014	**Acquired from subsidiary**	**Recognised in income**	**Recognised in equity**	**30 April 2015**
	£000	**£000**	**£000**	**£000**	**£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

Notes *(continued)*

18 Provisions

	Property provisions £000
Balance at 1 May 2015	942
Utilised in the year	(364)
Balance at 30 April 2016	**578**

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.

19 Employee benefits

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.

	2016 £000	2015 £000
Total defined benefit liability	**42,736**	42,029

Notes *(continued)*

19 Employee benefits *(continued)*

Movements in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Balance at 1 May	**(230,511)**	(189,452)	**188,482**	165,002	**(42,029)**	(24,450)
Included in profit or loss						
Current service cost	**(1,348)**	(1,025)	**-**	-	**(1,348)**	(1,025)
Past service cost	**-**	(45)	**-**	-	**-**	(45)
Running costs	**-**	-	**(500)**	(605)	**(500)**	(605)
Interest cost/(income)	**(8,197)**	(8,451)	**6,812**	7,473	**(1,385)**	(978)
	(9,545)	(9,521)	**6,312**	6,868	**(3,233)**	(2,653)
Included in OCI						
Actuarial loss (gain) arising from:						
- Change in financial assumptions	**(1,189)**	(34,387)	**-**	-	**(1,189)**	(34,387)
- Change in demographic assumptions	**5,923**	-	**-**	-	**5,923**	-
- Experience adjustment	**2,671**	(501)	**-**	-	**2,671**	(501)
Return on plan assets excluding interest income	**-**	-	**(8,238)**	14,417	**(8,238)**	14,417
Impact of asset ceiling	**(3,849)**	-	**-**	-	**(3,849)**	-
	3,556	(34,888)	**(8,238)**	14,417	**(4,682)**	(20,471)
Other						
Contributions paid by the employer	**-**	-	**7,208**	5,545	**7,208**	5,545
Benefits paid	**5,683**	3,350	**(5,683)**	(3,350)	**-**	-
	5,683	3,350	**1,525**	2,195	**7,208**	5,545
Balance at 30 April	**(230,817)**	(230,511)	**188,081**	188,482	**(42,736)**	(42,029)

Notes *(continued)*

19 Employee benefits *(continued)*

Plan assets

	2016 £000	2015 £000
Cash and cash equivalents	9,975	16,305
Equities	34,964	37,377
Bonds / LDI	32,397	24,213
Diversified growth funds	60,654	61,763
Multi-asset credit	13,892	13,728
Emerging market multi-asset	17,175	17,387
Property	19,024	17,709
Total	**188,081**	188,482

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)

	2016	2015
Discount rate at 30 April	3.5%	3.6%
Future salary increases	1.0%	1.0%
Future pension increases	1.6%-2.8%	3.0%-2.0%
Retail price index	2.8%	3.1%
Consumer price index	1.8%	2.0%

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: 22.7 years (male).
- Future retiree upon reaching 65: 24.5 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.

	2016 £000 Increase	*2016 £000 Decrease*
Discount rate (0.1% movement)	(4,209)	4,326
Future pension growth (0.1% movement)	1,190	(1,167)
Inflation and related future pension growth (0.1% movement)	1,744	(1,715)
CPI (deferred revaluation increases)	932	(916)
Life expectancy (1 year movement)	7,360	(7,367)

In valuing the liabilities of the pension fund at £230,817,000, mortality assumptions have been made as indicated above. 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 2016 would have increased by £7,360,000 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 2013 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)*

20 Capital and reserves

Share capital

	30 April 2016	30 April 2015
	£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.

21 Commitments

Capital commitments and contingent liabilities at 30 April 2016 amounted to £nil (30 April 2015: £87,000).

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

	30 April 2016		30 April 2015	
	Land and building	**Other**	Land and building	Other
	£000	**£000**	£000	£000
Leases expiring:				
Within one year	**1,913**	**556**	1,634	393
Within two to five years	**6,292**	**721**	4,364	610
Thereafter	**4,370**	**-**	4,083	-
	12,575	**1,277**	10,081	1,003

Notes *(continued)*

22 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 £170 million and €275 million of available funding. Of these facilities, the group has the following available committed floating rate borrowing facilities at 30 April 2016 in respect of which all conditions precedent had been met at that date:

	30 April 2016	30 April 2015
	£000	£000
Expiring between 2 and 10 years	**73,400**	357,941

23 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 Northgate Luxembourg Holdings GP Sàrl, a company registered in Luxembourg. The company is ultimately controlled by The Goldman Sachs Group, Inc.

The largest and smallest group in which the results of the company are consolidated 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.

Notes *(continued)*

24 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 19. 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 18 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 9).

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.