

**Northgate Information Solutions Limited**

Annual Report and Accounts for the year ended 30 April 2020

Registered Number: 6442582

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# Northgate Information Solutions Limited

## Directors' Report

### Directors

The Board of Directors consists of the following members who possess the necessary range of backgrounds, qualities and experience to lead and maintain effective control over the activities of the Northgate Information Solutions Limited group of companies ("NGA Human Resources" or "NGA HR" or the Group).

**Andrew Monshaw** Chief Executive Officer (resigned 21<sup>st</sup> October 2020)

**Steven Chalker** Chief Financial Officer (resigned 30<sup>th</sup> June 2020)

**Gillian Nolan** VP of Finance Operations, Reporting and Control (appointed 30th June 2020)

### Risk Assessment

The Board has overall responsibility for the Group's approach to assessing risk and the systems of internal control, and for monitoring their effectiveness in providing its shareholders with a return that is consistent with a responsible assessment and mitigation of risks. This includes reviewing financial, operational and compliance controls and risk management procedures, which themselves include the security and controls around customer and internal data. The Board has established on-going processes for identifying, evaluating and managing the significant risks faced by the Group which accord with the Internal Control Guidance for Directors in the Combined Code (which only applies to UK listed companies but is used for best practice). Further independent assurance is provided by an internal audit function, operating across the Group, and the Group's auditors. All employees are accountable for operating within these policies. See the Strategic Report for discussion of specific risks.

### Internal Control

Whilst the Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues, it has delegated to executive management the implementation of the systems of internal control within an established framework.

The Board has put in place an organisational structure which formally defines lines of responsibility and delegations of authority. There are also established procedures for planning, capital expenditure, information and reporting systems and for monitoring the Group's business and its performance.

### Assurance

The Board examines the effectiveness of the Group's:

- assessment of risk by reviewing evidence of risk assessment activity and a report from internal audit on the risk assessment process; and
- systems of internal control primarily through agreeing the scope of the internal audit programme and reviewing its findings, reviews of the annual financial statements and a review of the nature and scope of the external audit.

Any significant findings or identified risks are closely examined so that appropriate action can be taken. The work of the internal audit department is focused on areas of priority identified by the risk analysis and in accordance with the annual audit plan approved by the Board. External auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal financial control and the data contained in the financial statements to the extent necessary to express their audit opinion. They discuss with management the reporting of operational results and the financial position of the Group and present their findings to the Board.

### Appointment of auditor

RSM UK Audit LLP has been recommended to be reappointed by the Board as auditors to the Group. They have confirmed their willingness to continue in office, and therefore in accordance with Section 485 of the Companies Act 2006, a resolution to reappoint RSM UK Audit LLP will be proposed at a future meeting of the Board.

### Dividend Policy

The Board reviews the dividend policy in conjunction with a policy of retaining funds for future growth. No dividends were declared during the year under review (2019: nil).

### Financial Risk Management

NGA HR manages its cash flow and liquidity risks through regular detailed cash flow forecasting. The Group has access to sources of capital that are sufficient to ensure liquidity and to develop the business, principally through access to equity, external lending facilities and its cash balances. The Audit Committee meets regularly to review and update the Risk Register. Internal Audit testing is planned for the year to focus on the higher risk areas; recommendations are reported back to the Audit Committee to be actioned on a timely basis.

## Director's Report (continued)

### Employee involvement

NGA HR actively promotes an internal recruitment process encouraging internal succession planning and career development. All UK colleagues have the opportunity to elect a member to a European Works Council (EWC). The EWC meets formally with NGA HR's management on a quarterly basis to discuss issues of importance. Quarterly Pulse! Surveys are sent out to all colleagues in the Group to identify and gather opinion on key issues, and aggregated results are discussed by the Board and shared with employees, along with the agreed action plan to address the issues.

Colleague performance drives the Group's performance. Our people are the key differentiating factor in delivering distinctive value to clients. We are focused on developing all colleagues to perform their very best. The Group ensures it communicates regularly with its employees via a variety of channels including the intranet, emails, social media and regular team meetings. The Group regularly seeks employee feedback by undertaking employee surveys to ensure it understands and addresses employee concerns. The Group aims for its people to be informed, feel comfortable to ask questions and challenge if they feel unsure.

The Group aims to go beyond what's expected to deliver a great solution, whether this is working with our customers or looking after the engagement, performance, health, safety and welfare of our employees and their families. See also the Section 172 statement on page 7.

### Equal Opportunities and Diversity

NGA HR aims to be an employer of choice for people from different backgrounds. Through our diversity strategy, policies and mandatory diversity training (completed annually) we promote respect for the individual and equality of opportunity for employment, development and promotion. Opportunities also exist for colleagues who become disabled to continue their employment or to be trained for other positions in the Group. NGA HR makes efforts to accommodate both pre-existing disabilities as well as for those who become disabled through accessibility initiatives and recommendations from our occupational health provider where necessary. Steps are taken at all stages of the employee life cycle to ensure that no discrimination on the grounds of disability or any other form of discrimination occurs. Within our diversity policy it is clearly stated that NGA has a zero-tolerance approach to discrimination and there are various mechanisms for employees to report any case of suspected discrimination.

### Political Donations

During the period, the Group made no political donations, and it did not incur any political expenditure within the meaning of Sections 362 to 379 of the Companies Act 2006 (2019: nil).

### Branches

The Company has no branches outside of the UK. All of the subsidiaries and branches of the Group are consolidated in line with IFRS.

### Corporate Governance

The Company is not required to include a statement of corporate governance under Section 8 of The Companies (Miscellaneous Reporting) Regulations 2018. The company took direction on governance from the ultimate shareholder.

### Significant events during the period

During the financial year, NGA HR was acquired by Alight Solutions. Alight Solutions is a US based organisation and a leader in technology-enabled health, wealth and human capital management (HCM) and financial solutions.

### Significant subsequent events

After the balance sheet date, the Company was sold as part of an internal restructure of the Alight group of companies from Tempo Prospero UK Bidco Limited to Tempo Prospero US, LLC.

At the date of signing these accounts, the Company has sold its investment in ARINSO International Philippines Inc to an affiliated company, Tempo Prospero UK Bidco Limited, which is headquartered in the UK and is part of the Alight group of companies.

### Future developments

Future developments are likely to be guided by the new parent and will include integration (customer facing as well as back office) into the Alight Group, leveraging the relative strengths of both businesses. We will support the One Alight strategy, providing comprehensive enterprise-wide solutions seamlessly to customers across all departments of both businesses. As an example of specific initiatives, hrX will be rolled out to Alight's existing payroll and cloud customers.

# Northgate Information Solutions Limited

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## Director's Report (continued)

### **Streamlined Energy and Carbon Reporting (SECR)**

NGA HR is a low energy user in the UK, with emissions below 40,000 KWh per year (well under 10,000 KWh in the UK only), based on latest submission under ESOS (Energy Savings Opportunity Scheme), hence is exempt from the disclosures under SECR.

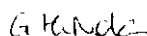
The directors acknowledge that the Group needs to do more to help achieve a sustainable future and help to prevent more climate disasters. Activities that will be a focus for the coming year will include setting a strategy and measuring a baseline across global operations. Sources of greenhouse gas emissions mainly comprise leased offices, data centres and fuel for transport.

### **Research and development**

NGA Human Resources has a Products & Innovation group that focuses on research and development of in-house intellectual property complementary to our partners' cloud HCM solution. NGA HR has developed hrX, a cloud-based product suite that enables the delivery of outsourcing services to clients. It includes capabilities such as case management assisted by artificial intelligence for accelerated routing and resolution of client questions; pre-packaged cloud integration between cloud HCM, time, benefits and payroll systems; data and processing coverage to run payroll services in 188 countries and insightful analytics based on the detailed harmonised transaction data from these systems globally.

### **Disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information required in connection with the auditor's report, of which the auditor is unaware. Each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.



**Gillian Nolan**  
Director

5 March 2021

# Northgate Information Solutions Limited

## Strategic Report

### Principal Activities

The principal activities of the Group are cloud deployment services, human resource administrative services and application management services. The principal activity of the Company is that of an intermediate holding company.

### Business Performance

	2020 £m	2019 £m
Revenue	285.7	290.9
Adjusted EBITDA <sup>1</sup>	21.8	27.3
Restructuring, one-off items and property provisions	21.1	5.9
Profit/(loss) on disposal of subsidiaries	(0.1)	0.6
Operating loss	22.3	19.8
Net financing cost	(0.2)	5.6
Loss on ordinary activities before tax	22.1	25.4
Borrowings	34.9	17.0
Net Assets	88.0	82.7

NGA HR is now a business with a focus on its market leading position in the multi country payroll outsourcing and multi process HR outsourcing markets.

NGA HR continues to focus on certain key performance indicators, specifically revenue growth, cash, earnings before interest, tax, depreciation and amortisation (EBITDA), gross margin % and order book total contract value.

### Business Model and Strategy

NGA HR's main offering is the provision of multi process HR and multi country payroll outsourcing services to multinational and large domestic customers, mainly in Europe and North America. Services are provided to customers using proprietary technology from delivery centres around the world.

On 1 November 2019 NGA HR was acquired by Alight Solutions. The directors see this acquisition as the next step to extend the growth potential of the business as we are joining forces with a market leader in complementary and adjacent offerings.

### Principal Risks and Uncertainties

#### 1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables from customers.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

#### 2. Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations into sterling. The currencies giving rise to this risk are primarily US dollars and Euros.

Over the longer term, permanent changes in foreign exchange could have an impact on consolidation of foreign subsidiaries' earnings, although it is the Group's policy not to hedge foreign currency translation risk.

#### 3. Liquidity Risk

NGA HR is funded within the Alight group of companies. Its funding requirements are reviewed regularly by management and by the Treasury department of Alight to ensure that the Group has sufficient funds available for its operations and investments.

<sup>1</sup> Adjusted EBITDA is defined as operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, depreciation of fixed assets and profit/ loss on disposal of subsidiaries.

## Strategic Report (continued)

### **4. Cyber Security**

Risks to the business operations from cyber-attacks on its underlying infrastructure remain a constant concern and NGA HR has invested heavily to improve detective, protective and resilient systems which aim to identify attacks, prevent attacks from being successful and provide resiliency if an attack does succeed. These systems are tested on a monthly basis and by ad hoc simulations. A critical part of the cyber security strategy has been the establishment of a Global Security Operations Centre to bring together data from across the infrastructure and provide rapid correlation of and response to security events. The global cyber threat landscape is continually evolving and creating new attack vectors and the company is committed to responding accordingly.

### **5. Climate change**

The Group acknowledges that its activities – such as running data centres, offices, and travel – contribute to climate change and associated risks. For many years, it has been the target to manage and minimise emissions. NGA HR's flexible working and robust business continuity plans mitigate the short-term impact of climate-related disasters on our own operations and our supply chain.

Combating climate change remains integral to developing sustainable services for NGA HR's clients in all sectors. Our businesses continue to place a strong focus on improving our clients' environmental performance by enabling them to access modern 'on demand' technologies which enable working practices that reduce environmental footprint and generate savings.

The transition to a low carbon economy may bring risks and opportunities to the Group both directly through changes in fuel costs, business practises and legislation – and indirectly through changes to the economy or employment that affect its customers.

### **6. Business Risks**

Risks to the business include the buoyancy of the world economy and levels of employment around the globe impacting income in our HR services business. In addition, despite all the security systems, disaster recovery, business continuity and crisis management plans and procedures in place to protect our infrastructure and business, a cyber attack or another unforeseen event such as a natural disaster may cause an interruption to our services and operations. As regards the risk from loss of key personnel, the company has succession plans in place. Price pressures in the market are mitigated by improving the operational efficiency of our services. The Board is very conscious of these matters and ensures that NGA HR continually flexes costs in the Group to meet client demand.

In January 2020, the World Health Organisation declared a global health emergency due to a pandemic outbreak of a novel coronavirus and the related illness, known as COVID-19. NGA HR is taking this very seriously and the health and safety of employees and customers is of utmost importance. In February, the Alight group's Pandemic Task Force invoked Business Continuity Plans at an early stage to request employees to work from home where at all possible. There will be an unknown impact on costs, including an increased allowance for paid sick leave for all employees, where it is related directly or indirectly to COVID-19. There will be some impact on variable revenues and new contract wins, though the Group continues to win and deliver new work. Thanks to its well-tested Business Continuity Plans, the company does not expect disruption to business-critical services that it provides to its customers. Management is closely monitoring the developments and has no reason to change its going concern assessment for the next twelve months. The group and its employees across the world are doing all we can to protect the communities where we live and work.

### **Employees**

NGA HR continues to enhance employability in our communities through apprenticeships, graduate trainee schemes, work experience and partnership with companies. By doing this, the Group is addressing shortages of skilled staff, gender issues and supply chain issues, creating a skilled future workforce which will benefit IT sector growth.

NGA HR promotes respect for the individual and equality of opportunity for employment through our policies and mandatory diversity training and actively encourages succession planning and career development. The Group also provides employees with a flexible benefits scheme in the UK and abroad where applicable, which enables them to choose benefits that best support their lifestyle. Opportunities also exist for employees of the Group who become disabled to continue their employment or to be trained for other positions in the Group. An equality survey is conducted regularly.

The directors recognise the importance of good communications with NGA HR's employees and of informing and consulting with them on a regular basis. This is mainly achieved through regular meetings, personal appraisals, e-mail communications and the Pulse employee survey.

## Strategic Report (continued)

### Environmental Performance

Environmental sustainability is fully embedded into service delivery methodology. NGA HR focuses both on reducing the number of assets required as well as favouring energy-efficient energy consumption models. Assets are reused wherever possible and where they are beyond economical repair, they are recycled in accordance with the Waste Electrical and Electronic Equipment Directive (WEEE). Further reductions are gained by equipping our employees with the tools and technology to enable flexible and mobile working.

The Group's major impacts on the environment come from running data centres, offices and from transport.

### Impact of Brexit

On 23<sup>rd</sup> June 2016, the United Kingdom (UK) held a referendum in which voters approved an exit from the EU, commonly referred to as "Brexit". Following the end of the transition period on 1st January 2021 and with a Brexit trade deal now agreed, the company has not experienced any significant business impact, but continues to monitor any potential impact on customers, service delivery or supply chains. Whilst much uncertainty has been removed by the deal, the business is aware that decisions are still to be made on data sharing and further areas of legislation. The company therefore continues to closely monitor developments and any potential divergence between EU and UK laws, in order to adopt best practice and ensure compliance with all legal and regulatory requirements.

### Compliance with section 172 of the Companies Act 2006

The board of directors has complied with the requirements of section 172 of the Companies Act when performing their duties as directors. Section 172 requires the directors to promote the success of the Company for the benefit of the shareholders and in doing so, have regard to the long-term enlightened shareholder value.

The Company's governance and management structures are designed to ensure that the Board and the rest of the Group make well informed decisions taking into account the views of stakeholders, the impact of activities on the community and environment, the long term consequences and the Group's reputation.

Long-term views are embedded throughout the organisation, starting with our long-term relationships with customers, which are the core of the business. Closely related is our commitment to maintaining our reputation in terms of being trusted with sensitive information for the employees of our customers. Compliance and Security are paramount and the responsibility of every employee, backed up by specialists and regular mandatory training.

Our consideration on the environment and employees are described throughout the Directors and Strategic reports, including the Stakeholder engagement section below.

### Principal decisions

Below are the key decisions made during the year to 30<sup>th</sup> April 2020.

The board of directors approved to comply with the actions required for the acquisition of Northgate Information Solutions Limited and its subsidiaries by Tempo Prospero UK Bidco Limited.



# Northgate Information Solutions Limited

## Strategic Report (continued)

### Stakeholder engagement including Social and Community and Human Rights Issues

NGA HR's stakeholders are of utmost importance to the strategy and operations of the Company and the Group and are listed below.

Stakeholders	Nature of impact	Engagement & actions taken
Community	<p>The Group operates in varied locations around the world and is supported by communities and authorities.</p> <p>Important issues include equality, environment, taxes and compliance.</p>	<ul style="list-style-type: none"> <li>• Compliance with local legislation and payment of our fair share of taxes is advised by local management and external specialists.</li> <li>• Local management coordinates engagement with local communities, educational establishments and charities.</li> <li>• The Group takes steps to minimize its impact on the environment and the natural world through energy efficiency, recycling and travel measures.</li> </ul>
Customers	<p>We understand that every organisation is different, and each cloud journey is unique, therefore, our primary aim is to understand customer needs.</p> <p>Issues are: the customer's business; reliability of payroll &amp; HR services and systems; and managing costs.</p>	<ul style="list-style-type: none"> <li>• We endeavor to engage with customers as honest, trusting and strategic partners to set their cloud journeys up for success today and in the future.</li> <li>• Tracking customer satisfaction and escalating any concerns that cannot be swiftly rectified.</li> <li>• The board of directors oversee and delegate planning for our customers evolving needs and understanding how the Group adds sustainable business value.</li> </ul>
Employees	<p>Attracting and retaining talented and diverse professionals is paramount to NGA HR's success in delivering a seamless and innovative service.</p>	<ul style="list-style-type: none"> <li>• Regular briefings from leadership team.</li> <li>• Quarterly employee surveys that drive management priorities, such as returning to the office after the coronavirus pandemic.</li> <li>• European Worker Council meets senior management at least quarterly to discuss matters of importance.</li> <li>• Mandatory annual Diversity and Inclusion (D&amp;I) training for all employees. Michael Rogers is the designated leadership team member for D&amp;I.</li> <li>• Alight has held over 20 listening sessions with colleagues and met with the NAACP Legal Defense and Education Fund to understand challenges and shape its actions.</li> </ul>
Minority Interests	<p>Provide NGA HR with ability to operate in key locations.</p> <p>Their concerns are the proper conduct of subsidiaries in their region.</p>	<ul style="list-style-type: none"> <li>• Ensuring proper representation among shareholders of our subsidiaries from local residents in India, Thailand and Singapore.</li> </ul>
Regulators	<p>Having the privilege of processing personal data for millions of our customers' employees means that we closely follow the regulatory environment in all of the countries in which we operate.</p> <p>Issues for regulators generally concern processing of sensitive personal data.</p>	<ul style="list-style-type: none"> <li>• Consistently and proactively comply with GDPR.</li> <li>• High security measures over all data.</li> <li>• Regular compliance training for all staff.</li> <li>• Compliant and timely reporting.</li> </ul>

# Northgate Information Solutions Limited

## Strategic Report (continued)

### Stakeholder engagement including Social and Community and Human Rights Issues (continued)

Stakeholders	Nature of impact	Engagement & actions taken
Shareholder	<p>Our sole shareholder contributes to both the short and long-term strategies by providing operational processes, strategic decision making and general oversight.</p> <p>The shareholder is concerned with the long-term success of the Alight group.</p>	<ul style="list-style-type: none"><li>• The shareholder is involved in all strategic decisions such as restructuring and approval of budgets.</li><li>• Management structures are becoming aligned with the shareholder, as integration progresses.</li><li>• Agreeing arm's length pricing for services provided to or from Alight group.</li></ul>
Suppliers	<p>Key suppliers supply the technology that our services rely on. Others are critical partners for delivery in specialist areas.</p> <p>Key issues for suppliers are stability, payments and partnering to increase their reach as well as ours.</p>	<ul style="list-style-type: none"><li>• Treating suppliers fairly includes having a transparent Request for Proposal process, a dedicated vendor onboarding team and prioritising payments sensitively.</li></ul>

*G. Nolan*

**Gillian Nolan**  
Director

5 March 2021

## **Northgate Information Solutions Limited**

### **Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements**

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. The directors have elected under company law to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

The group and company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of both the group and the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Northgate Information Solutions Limited

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## Independent Auditor's Report to the Members of Northgate Information Solutions Limited

### Opinion

We have audited the financial statements of Northgate Information Solutions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2020 which comprise the Group income statement, Group statement of comprehensive income, Group statement of financial position, Group statement of changes in equity, Group statement of cash flows, Company statement of financial position, Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including FRS101 "Reduced Disclosure Framework".

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# Northgate Information Solutions Limited

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## Independent Auditor's Report to the Members of Northgate Information Solutions Limited (continued)

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

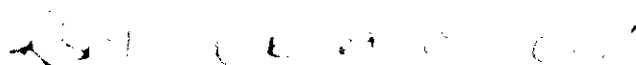
### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

### Use of our report

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.



Richard Bartlett-Rawlings (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
RSM UK Audit LLP  
Pinnacle, 170 Midsummer Blvd,  
Milton Keynes  
MK9 1BP  
5 March 2021

# Northgate Information Solutions Limited

## Financial Section

### Group income statement for the year ended 30 April 2020

	Notes	Year ended 30 April 2020 £m	Year ended 30 April 2019 £m
Revenue	3	285.7	290.9
Operating costs	4	(308.0)	(310.7)
<b>Group operating loss</b>	4	<b>(22.3)</b>	<b>(19.8)</b>
<b>Operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, impairments, depreciation of tangible fixed assets and profit/(loss) on disposal of subsidiaries</b>		<b>21.8</b>	<b>27.3</b>
Amortisation of other intangible fixed assets	9	(11.0)	(18.1)
Depreciation of tangible fixed assets	10	(1.6)	(4.3)
Depreciation of right-of-use assets	11	(9.8)	-
Loss on disposal of fixed assets	4	(0.5)	-
Significant restructuring, one-off items and property provisions	4	(21.1)	(5.9)
Impairment of goodwill	9	-	(15.7)
Impairment of other intangible fixed assets	9	-	(1.4)
(Loss)/profit on disposal of subsidiaries	2	(0.1)	0.6
Amortisation of acquired intangibles	9	-	(2.3)
<b>Group operating loss</b>		<b>(22.3)</b>	<b>(19.8)</b>
Financial income	6	5.2	0.1
Financial expenses	6	(5.0)	(5.7)
<b>Net financing costs</b>	6	<b>0.2</b>	<b>(5.6)</b>
<b>Loss before tax</b>		<b>(22.1)</b>	<b>(25.4)</b>
Tax (charge)/credit	8	(11.7)	4.8
<b>Loss for the year attributable to Equity holders of the parent</b>		<b>(33.8)</b>	<b>(20.6)</b>

The notes on pages 18 to 50 are an integral part of these consolidated financial statements.

# Northgate Information Solutions Limited

## Financial Section (continued)

### Group statement of comprehensive income for the year ended 30 April 2020

	Notes	Year ended 30 April 2020 £m	Year ended 30 April 2019 £m
<b>Loss for the year</b>		<b>(33.8)</b>	<b>(20.6)</b>
<b>Items that will never be reclassified to profit or loss</b>			
Remeasurements of subsidiary defined benefit pension schemes	18	0.2	0.4
Deferred tax on remeasurements of subsidiary defined benefit pension schemes	8	-	-
		<b>0.2</b>	<b>0.4</b>
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign exchange translation differences		(5.5)	(3.8)
<b>Total other comprehensive income</b>		<b>(5.3)</b>	<b>(3.4)</b>
<b>Comprehensive loss for the year</b>		<b>(39.1)</b>	<b>(24.0)</b>
<b>Attributable to:</b>			
<b>Equity holders of the parent</b>		<b>(39.1)</b>	<b>(24.0)</b>

The notes on pages 18 to 50 are an integral part of these consolidated financial statements.

# Northgate Information Solutions Limited

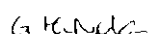
## Financial Section (continued)

Group statement of financial position as at 30 April 2020

	Notes	2020 £m	2019 £m
<b>Non-current assets</b>			
Goodwill	9	46.5	46.0
Acquired and other intangible assets	9	31.8	39.7
Total intangible assets		78.3	85.7
Property, plant and equipment	10	3.9	8.4
Right-of-use assets	11	25.1	-
Deferred tax assets	15	10.3	15.4
Trade and other receivables	12	54.8	54.8
<b>Total non-current assets</b>		<b>172.4</b>	<b>164.3</b>
<b>Current assets</b>			
Trade and other receivables	12	84.1	102.9
Cash and cash equivalents	16	16.2	13.2
<b>Total current assets</b>		<b>100.3</b>	<b>116.1</b>
<b>Total assets</b>		<b>272.7</b>	<b>280.4</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	17	21.3	4.2
Employee benefits	18	0.3	0.1
Provisions	19	0.3	0.5
Deferred tax liabilities	15	-	7.7
Trade and other payables	20	42.1	43.7
<b>Total non-current liabilities</b>		<b>64.0</b>	<b>56.2</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	17	13.6	12.8
Provisions	19	1.3	0.6
Taxation		22.1	11.9
Trade and other payables	20	83.7	116.2
<b>Total current liabilities</b>		<b>120.7</b>	<b>141.5</b>
<b>Total liabilities</b>		<b>184.7</b>	<b>197.7</b>
<b>Net assets</b>		<b>88.0</b>	<b>82.7</b>
Issued share capital	22	6.1	6.1
Capital Contribution		44.4	-
Other distributable reserves		831.9	831.9
Retained earnings		(794.4)	(755.3)
<b>Shareholders' funds</b>		<b>88.0</b>	<b>82.7</b>

The notes on pages 18 to 50 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on 5 March 2021 and signed on its behalf by:



**Gillian Nolan**  
Director



# Northgate Information Solutions Limited

## Financial Section (continued)

### Group statement of changes in equity as at 30 April 2020

	Share capital	Capital Contribution	Other distributable reserves	Retained earnings	Shareholders' funds
	£m	£m	£m	£m	£m
<b>Balance at 30 April 2018</b>	<b>6.1</b>	<b>-</b>	<b>831.9</b>	<b>(731.3)</b>	<b>106.7</b>
Loss for the year	-	-	-	(20.6)	(20.6)
<i>Other comprehensive income for the year:</i>					
Remeasurements of defined benefit pension schemes	-	-	-	0.4	0.4
Foreign exchange translation differences	-	-	-	(3.8)	(3.8)
<b>Balance at 30 April 2019</b>	<b>6.1</b>	<b>-</b>	<b>831.9</b>	<b>(755.3)</b>	<b>82.7</b>
Loss for the year	-	-	-	(33.8)	(33.8)
Capital contribution during the year	-	44.4	-	-	44.4
<i>Other comprehensive income for the year:</i>					
Remeasurements of defined benefit pension schemes	-	-	-	0.2	0.2
Foreign exchange translation differences	-	-	-	(5.5)	(5.5)
<b>Balance at 30 April 2020</b>	<b>6.1</b>	<b>44.4</b>	<b>831.9</b>	<b>(794.4)</b>	<b>88.0</b>

The notes on pages 18 to 50 are an integral part of these consolidated financial statements.

# Northgate Information Solutions Limited

## Financial Section (continued)

### Group statement of cash flows for the year ended 30 April 2020

	Notes	Year ended 30 April 2020 £m	Year ended 30 April 2019 £m
<b>Cash flows from operating activities</b>			
Loss for the year before tax		(22.1)	(25.4)
<i>Adjustments for:</i>			
Amortisation of acquired intangibles	9	-	2.3
Amortisation of other intangibles	9	11.0	18.1
Depreciation of PP&E	10	1.6	4.3
Depreciation of right-of-use-assets	11	9.8	-
Impairment of other intangibles	9	-	1.4
Impairment of goodwill	9	-	15.7
(Profit)/ loss on disposal of fixed assets	4	0.5	-
(Profit)/ loss on disposal of business	2	0.1	(0.6)
Net financing costs	6	(0.2)	5.6
R&D tax credit		-	(0.5)
<b>Net cash from operating activities before changes in working capital and provisions</b>		<b>0.7</b>	<b>20.9</b>
Foreign exchange movements		(1.0)	(5.0)
Change in trade and other receivables		25.1	(1.2)
Change in trade and other payables		(33.9)	6.0
Change in provisions and employee benefits		0.7	(1.0)
<b>Net cash from operating activities before taxes paid</b>		<b>(8.4)</b>	<b>19.7</b>
<b>Cash flows from investing activities</b>			
Disposal of discontinued operations net of cash disposed	2	(0.1)	0.6
Interest received		0.1	0.1
Acquisition of intangible assets		(7.1)	(14.1)
Acquisition of property, plant and equipment		(0.7)	(1.9)
Lease inflow		-	1.9
<b>Net cash used in investing activities</b>		<b>(7.8)</b>	<b>(13.4)</b>
<b>Net cash from operations after investing activities</b>		<b>(16.2)</b>	<b>6.3</b>
Taxes paid		(4.4)	(2.7)
<b>Net cash from operations after investing activities and before financing activities</b>		<b>(20.6)</b>	<b>3.6</b>
<b>Cash flows from financing activities</b>			
Interest paid		(3.3)	(2.2)
New loans drawn down		3.1	-
Repayment of borrowings		(10.1)	(1.2)
Capital contribution		44.4	-
Payment of lease liabilities		(10.4)	(5.3)
<b>Net cash from financing activities</b>		<b>23.7</b>	<b>(8.7)</b>
Cash and cash equivalents at 1 May		13.2	18.3
Net decrease in cash and cash equivalents excluding effect of foreign exchange rate movements on cash held		3.1	(5.1)
Effect of foreign exchange rate movements on cash held		(0.1)	-
<b>Net decrease in cash and cash equivalents</b>		<b>3.0</b>	<b>(5.1)</b>
<b>Cash and cash equivalents at 30 April</b>	16	<b>16.2</b>	<b>13.2</b>

The notes on pages 18 to 50 are an integral part of these consolidated financial statements.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020

### 1. ACCOUNTING POLICIES

Northgate Information Solutions Limited (the 'Company') is a company incorporated and domiciled in the United Kingdom. The consolidated accounts of the Company for the year ended 30 April 2020 comprise the Company and its subsidiaries (together referred to as the 'Group').

#### Statement of Compliance

The Group accounts have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU ("adopted IFRS"). The Company has elected to prepare its parent company accounts in accordance with FRS 101 and these are presented on pages 51 to 56.

#### Basis of Preparation

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report set out on pages 2 to 9. Note 24 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The accounts are presented in pounds sterling, which is the functional currency of the Group, rounded to the nearest £0.1 million and have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair value in the comparison period, comprising derivative financial instruments and defined benefit pension schemes. Accounting policies have been applied consistently in the period.

Details of how the Group is funded are set out in Note 23.

#### Going Concern

The director is satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future as set out in the Strategic Report on page 5. In coming to this conclusion, they have reviewed P&L and cash flow forecasts up to the end of December 2022, including sensitising for the potential alternate outcomes from different revenue and cost assumptions. Financial support has been offered by the parent company to the extent necessary for investment and normal operations. The director has reasonable expectation of receiving this, having assessed the ability and intent of the parent to provide such support.

In January 2020, the World Health Organisation declared a global health emergency due to a pandemic outbreak of a novel coronavirus and associated illness, known as COVID-19. Given the uncertainty, management has considered whether this affects the going concern basis for preparation of accounts. In February, the Aight group's Pandemic Task Force invoked Business Continuity Plans at an early stage to request employees to work from home where at all possible.

The mitigating factors are:

- a highly recurring business model that is underpinned by long-term, deeply embedded client relationships
- continuing to sign new deals and go live with new projects
- Business Continuity Plans have been operating successfully for several months
- the Group is not currently facing any sourcing issues or collection issues
- liquidity support from the parent company
- given the fluidity of the situation, management continues to monitor events and take action as needed.

Consequently, the director is confident that the Company and the Group will have sufficient funds to continue to meet their obligations as they fall due for a period of at least twelve months from the date of signing of these financial statements. Therefore, these accounts have been prepared on a going concern basis.

#### Non-GAAP Performance Measures

The Board has presented "Operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles, impairments, depreciation of tangible fixed assets and profit/(loss) on disposal of subsidiaries" as an adjusted profit measure. The Board believes that this measure provides additional useful information for the shareholders on the underlying performance of the business. These measures are consistent with how business performance is monitored internally. The adjusted operating profit is not a recognised profit measure under adopted IFRS and may not be directly comparable with 'adjusted' profit measures used by other companies. The adjustments made to operating profit have the effect of excluding exceptional income and charges, which are predominantly one-off in nature and therefore create volatility in reported earnings.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each period. The Group sold its only joint venture during the year.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

#### *Joint ventures*

Entities where the Group jointly shares control with other parties are joint ventures and are accounted for by applying the equity method. The Group's share of net assets and share of net profit are separately disclosed from the rest of the Group.

#### *Acquisitions on or after 1 January 2010*

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

#### *Acquisitions between 1 May 2004 and 1 January 2010*

For acquisitions between 1 May 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

#### *Change in subsidiary ownership and loss of control*

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *Transactions eliminated on consolidation*

Intercompany transactions and balances are eliminated on consolidation.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Use of Estimates and Judgements (see note 28)

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of adopted IFRSs that have significant effect on the accounts and estimates with a significant risk of material adjustment in the next period are disclosed in note 28.

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

Note 2 – Acquisition and disposal of subsidiaries

Note 3 – Revenue

Note 9 – Intangible fixed assets

Note 13 – Accrued revenue

Note 14 – Contract costs

Note 15 – Deferred tax

Note 19 – Provisions

Note 21 – Deferred revenue

Note 24 – Financial instruments and risk management

Note 28 – Accounting estimates and judgements

Revenue recognition and goodwill are discussed in the relevant sections of the accounting policies note.

#### Intangible Assets

##### *Goodwill*

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

##### *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 Group's software development is recognised only if all the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will be technically and commercially feasible;
- the Group has sufficient resources to complete development;
- the asset will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Intangible Assets (continued)

##### *Research and development expenditure (continued)*

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 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.

##### *Other intangible assets*

Acquired intangibles recognised under IFRS 3 relating to customer contracts and relationships, order backlog, technology based assets and trade names are stated at initial fair value at acquisition, less any impairments. Amortisation is charged to the income statement straight-line over a useful economic life of 3-10 years.

Software purchased on a perpetual licence is capitalised at cost and amortisation is charged to the income statement on a straight-line basis over periods between 3-5 years.

#### Impairment excluding Deferred Tax Assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Revenue from contracts with customers

The Group generates revenue from three types of services:

- Payroll setup and HR administration services;
- Consulting services;
- Resale of licences.

Payments and receivables related to implementation prior to go live of Payroll and HR administration services are deferred to the balance sheet along with associated costs until go live, as the implementation service does not deliver a performance obligation to the customer. Implementation is not a performance obligation, nor are any operational costs incurred prior to go live. The release of deferred implementation revenue and costs is recognised on a straight-line basis over the contract term. The adjusted monthly revenue from the provision of services will be recognised each month that the service for a performance obligation is provided.

The Company also enters into contracts with customers for installation, customisation, maintenance or other technical services or consultancy on third party software. Each promise under these contracts is a separate performance obligation and revenue is recognised for such contracts on a time and material basis or percentage of completion method. Timing of payments tends to be similar to timing of revenue.

The outright sale of third-party software under reseller agreements is a single performance obligation which is fulfilled at a point in time when the licence ownership is transferred to the customer. Revenue arising from such contracts is recognised at this point and the timing of payment is often several years, over the life of the licence.

The Group recognises revenue based on 5 basic principles described in IFRS15:

- Identify the contract with a customer;
- Identify all the individual performance obligations within the contract;
- Determine the transaction price;
- Allocate the price to the performance obligations;
- Recognise revenue as the performance obligations are fulfilled.

If a customer pays, or the Group has an unconditional right to receive consideration, before the performance obligation is completed, then the revenue is not recognised and a deferred revenue liability is created.

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the revenue is recognised and an accrued revenue asset is created. The assets are assessed for impairment in line with IFRS 9.

A distinct service is a single performance obligation and each country serviced is one performance obligation. Central services for multi-country payroll contracts cannot be easily allocated between the different countries and services, hence will be accounted as if it was a performance obligation with the same duration as the full contract, which will have materially the same financial result as if the revenues and costs were allocated across all performance obligations.

The transaction price for the contract is determined as the sum of fixed consideration, expected monthly billing, less an estimate of volume discounts if any. Other variable items such as higher/ lower employee numbers for PEPM charge (per employee per month amount charged to customer), early settlement discount, credits for service level, third party penalties or inflationary increases are taken in the month they are received or incurred. Termination fees are taken at a point in time when the termination is complete.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Costs on contracts with customers

An asset is recognised for incremental costs to obtain a contract (such as sales commissions), where the Group expects to recover the costs.

An asset is recognised for costs to fulfil contracts if the following criteria are met:

- the costs are directly related to a contract;
- the costs generate or enhance the Group's resources used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

The nature of costs that are eligible include direct labour and associated costs, sub-contractor costs, contract management and materials. Other costs such as general & administration, wasted resources and expenses that relate to satisfied performance obligations are all recognised as expenses.

The asset is amortised over the period that the benefit will be transferred to the customer. Assets are assessed for impairment in line with IAS 36.

#### Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are taken to the income statement except for differences arising on retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, which are recognised directly in equity. 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.

On consolidation, results of overseas subsidiaries are translated using the average exchange rate for the prior period, unless exchange rates fluctuate significantly. The balance sheets of overseas subsidiaries, including goodwill and fair value adjustments arising on consolidation are translated to the Group's presentational currency, Pounds Sterling, using the closing period-end rate. Exchange differences arising, if any, are taken to a translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

#### Hyperinflationary Economies

IAS 29, *Financial Reporting in Hyperinflationary Economies* requires financial statements whose functional currency is the currency of a hyperinflationary economy to be stated in terms of the measuring unit current at the end of the reporting period. The financial information is restated based on the consumer price index ("CPI") before being translated into a different presentation currency. All local currency amounts are translated at the closing exchange rate at the date of the most recent Consolidated Statement of Financial Position.

During the year ended 30 April 2020, hyperinflation accounting was required for foreign operations with a functional currency of the Argentinian peso as the conditions of IAS 29 had been met. Arinso Argentina S.R.L. is an entity that is part of the NGA Group which has a functional currency of the Argentinian Peso.

#### Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument and are initially recognised at fair value at trade date. All financial assets and liabilities are classified as current or non-current depending upon the maturity date of the instruments. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.



# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

IFRS 9 has replaced the multiple classification and measurement models in IAS 39 Financial Instruments: recognition and measurement with a single model that initially has only two classification categories: amortised cost and fair value.

#### *Financial assets*

On initial recognition, financial assets are classified as either being subsequently measured at either amortised cost or fair value depending upon the Group's business model for managing the asset and its cashflow characteristics. Financial assets are not reclassified following initial recognition unless the Group changes its business model for managing financial assets.

Financial assets are deemed to be held under one of three business models:

1. Hold to collect – where the business objective is to hold the asset to collect the contractual cashflows;
2. Hold to collect and sell – where the business objective is to hold the asset to collect the contractual cash flows and to sell the financial assets; and
3. Other

Unless specifically designated to be held at fair value through profit or loss, a financial asset is measured at amortised cost if it is held within a hold to collect business model and its contractual terms give rise on specified dates to cashflows that are solely repayments of principal and interest on the principal amount outstanding.

Financial assets held within a hold to collect and sell business model are measured at fair value through OCI if the contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding. The Group does not currently have any such assets.

All other financial assets are held at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss. Amortised cost is measured using the effective interest method.

#### *Impairment of financial assets*

A loss allowance is recognised for expected credit losses taking into account changes in the level of credit risk. Where credit risk is considered to be low, the loss allowance is limited to expected losses arising from default events that are possible within 12 months of the balance sheet date. Impairments are charged to administrative expenses in the income statement.

The major class of financial assets held by the group that could be impacted by IFRS 9 impairment loss recognition are trade receivables, contract assets and net investment in lease. The group's exposure to credit risk in respect of these financial assets is considered in note 24.

#### *Trade and other receivables*

Trade receivables do not carry any interest and are stated at their amortised cost, net of impairment loss allowances. Where there is clear evidence that the receivable will not be recovered the balance is written off in full. Non-financial assets included within trade and other receivables (note 12) include contract assets, prepayments and other tax receivables.

#### *Bank borrowings*

Interest-bearing bank loans and overdrafts are recorded at the amount of the proceeds received, net of direct issue costs and are subsequently held at amortised cost. Direct issue costs are amortised over the period of the debt or facility. Finance charges are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Financial Instruments (continued)

##### *Trade and other payables*

Trade payables and other short-term monetary liabilities are initially recorded at their fair value and subsequently carried at amortised cost using the effective interest method. Non-financial liabilities within trade and other payables (note 20) include deferred revenue, accruals as well as other taxation and social security.

#### Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the Group's balance sheet at fair value. The Group has not applied hedge accounting - as permitted under IFRS 9 - and changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

Derivative instruments utilised by the Group from time to time include interest rate and foreign currency swaps, with no active derivative contracts open at the year end. The Group does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies.

#### Share Capital

##### *Ordinary shares*

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity.

#### Property, Plant and Equipment

Property, plant and equipment is stated at cost less any applicable discounts less accumulated depreciation and impairment losses. Depreciation is provided at rates calculated to write down the cost of property, plant and equipment over their estimated useful lives on a straight-line basis.

The annual rates of depreciation, by category of fixed asset, are as follows:

- |                                |                   |
|--------------------------------|-------------------|
| • Short leasehold improvements | Life of the lease |
| • Fixtures and fittings        | 2 – 10 years      |
| • Plant and office equipment   | 2 – 10 years      |
| • Motor vehicles               | 4 years           |

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment. Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Leased Assets

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *As a lessee*

Assets that the Group leases that may fall into the scope of IFRS 16 comprise properties, vehicles, equipment and software.

##### *Recognition of a lease*

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group accounts for each lease component separately from the non-lease components. The Group assesses the value of the consideration in the contract and allocates to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

##### *Right-of-use asset*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment on page 25. In addition, the right-of-use asset is periodically assessed for impairment losses in accordance with IAS 36 *Impairment of Assets* and adjusted for certain remeasurements of the lease liability.

##### *Lease liability*

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- c) lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option
- d) amounts expected to be payable under a residual value guarantee
- e) the exercise price under a purchase option that the Group is reasonably certain to exercise that option
- f) penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

##### *Leases of software licences, low-value assets and short-term leases*

The Group used the practical expedients in paragraph 5 and elected not to apply the requirements of IFRS 16 to leases of certain low value assets (e.g. office equipment) and short-term leases for which the lease term ends within 12 months of the date of initial application. It has elected under paragraph 4 not to apply IFRS 16 to leases of intangible assets.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Leased Assets (continued)

*As a lessor*

In some instances, the Group acts as an intermediate lessor and sublets all or part of a leased property. The headlease and sublease are accounted for as two separate contracts. The sublease is classified as either a finance or operating lease by reference to the asset resulting from the headlease, not by reference to the underlying asset.

Finance leases as a lessor result in recognising a financial receivable equal to the net investment in the lease. The Group uses the discount rate applicable to the headlease unless the implicit rate in the sublease can be readily determined. At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- c) amounts expected to be receivable under a residual value guarantee from the lessee
- d) the exercise price under a purchase option that the lessee is reasonably certain to exercise that option
- e) penalties for early termination of a lease if the lease term reflects the lessee exercising an option to terminate.

Finance income is charged at a constant periodic rate of return over the lease term.

Lease payments from operating leases as a lessor are recognised as income (within operating expenses) on a straight-line basis over the term. The underlying headlease asset will be subject to impairment reviews under IAS 36 Impairment of Assets and to depreciation, if applicable. Initial costs of obtaining the operating lease will be added to the underlying asset and expensed over the lease term on the same basis as lease income.

#### Net Financing Costs

Net financing costs comprise interest payable, interest on the defined benefit pension plan obligations and expected return on pension scheme assets (together referred to as net pension finance expense), amortisation of issue costs on borrowings, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

#### Taxation

Tax expense represents the sum of the tax on profits currently payable and deferred tax.

Tax currently payable is based on taxable profit for the period using rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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 and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Retirement Benefit Costs

The Group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amounts charged to the income statement represent the contributions payable to the schemes in respect of the accounting period.

The calculation of defined benefit obligations is performed at least annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of the economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) 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 then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to the Philippines defined benefit plans are recognised in the profit and loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment was recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. Actuarial gains/ losses are recorded directly through equity.

#### Provisions

Provisions arise from legal or constructive obligations resulting from a past event where expected costs can be assessed with reasonable certainty and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, the provision is determined by discounting the expected future cash flows.

##### *Property provisions*

A property provision is recognised when the expected benefits to be derived from the property are lower than the unavoidable cost of meeting the contractual obligations on that property.

##### *Restructuring provisions*

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

##### *Contract Losses*

A provision for contract losses is recognised on onerous contracts that are expected to make net losses for the remainder of the contract term, after taking into consideration impairment of contract assets.

##### *Other Provisions*

Operational costs of uncertain amount or timing where there is probable outflow of resources.

#### Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the accounts.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### New and amended IFRS Standards that are effective for the current year

##### *Impact of application of IFRS 16 Leases*

In the current year, the Group has applied IFRS 16 Leases, which is effective for accounting periods commencing on or after 1 January 2019. The Group has applied IFRS 16 using the modified retrospective method. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. Additionally, the disclosure requirements in IFRS 16 have not been generally applied to comparative information. The details of the significant changes and quantitative impact of the changes are set out below.

##### (a) Definition of a lease

Previously the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained on page 26. On transition to IFRS 16, the Group elected not to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases and hence undertook a full lease identification exercise

##### (b) As a lessee

##### (i) Tangible assets

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Only finance leases were then recognised on the balance sheet. Rentals payable under operating leases were charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received were recognised in the income statement as an integral part of the total lease expense.

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. Leases previously classed as finance leases of tangible assets have the same treatment under IAS 17 and IFRS 16. The assets that were previously categorised as property, plant and equipment are now disclosed as leased assets.

##### *Leases classified as operating leases under IAS 17*

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the asset specific incremental borrowing rate as at 1 May 2019. The average rate applied was 5.7%.

The operating lease commitments disclosed at 30<sup>th</sup> April 2019 reconciles to the lease liability at 1<sup>st</sup> May 2019 as follows:

	£m
Operating lease commitments at 30 <sup>th</sup> April 2019 as disclosed	20.9
Discounted using incremental borrowing rate at 1 <sup>st</sup> May 20	(4.3)
Total additional lease liabilities recognised on adoption of IFRS 16	14.6
Existing finance lease liabilities at 30 <sup>th</sup> April 2019	7.1
<b>Lease liabilities recognised at 1<sup>st</sup> May 2019</b>	<b>38.3</b>

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has used its existing assessment of whether leases are onerous applying IAS 37 at 30 April 2019 as an alternative to performing an impairment review of the recognised right-of-use assets on the date of transition.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### New and amended IFRS Standards that are effective for the current year (continued)

##### *Impact of application of IFRS 16 Leases (continued)*

##### (b) As a lessee (continued)

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment)
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application
- used hindsight when determining the lease term
- applied a single discount rate on a country-by-country basis to the portfolio of vehicle leases that have been deemed to have reasonably similar characteristics.

##### (ii) Intangible assets

The Group previously capitalised fixed term software licences, which was compliant with IAS 38 *Intangible Assets*. However, with the options available under the accounting policy change to IFRS 16, the Group has elected to expense the cost of fixed term licences over the term of the licence. There is no change to operating profit except in classification between depreciation and other operating costs (note 4). The net book value of the intangible asset on 1<sup>st</sup> May 2019 was materially equivalent to the prepayment under the new standard, hence no change to net assets, other than presentation between current and non-current assets and within non-current assets.

##### (c) As a lessor

The group acts as an intermediate lessor on a property and classified the expense and income as operating leases previously, spreading the expense on a straight line basis over the life of the contracts and assessing regularly whether any contract (headlease) was onerous based on terms of the sublease.

Under IFRS 16, the headlease has been categorised as a right-of-use asset and the subleases have been categorised as operating or finance leases with reference to the term of the headlease. Operating leases continue to be recognised as other income (within operating expenses), straight line over the term of the sublease after adjusting for any agreed or anticipated incentives. Finance leases have resulted in the creation of a net investment in lease, and financial income as opposed to the straight-line operating income in previous years, where the categorisation was based on underlying asset, not the headlease.

##### *Impact of other standards*

In the current year, the Group has applied certain amendments to IFRS Standards and interpretations issued by the IASB. Their adoption has not had any impact on the disclosures or the amounts reported in these statements.

IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IAS 19	Amended by "Plan Amendment, Curtailment or Settlement"

#### New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and had not yet been adopted by the EU:

Amendments to References to Conceptual Framework in IFRS Standards	More comprehensive framework including 'practical ability' approach to liabilities.
Amendments to IAS 1 and IAS 8	New definition of "Material"
IFRS 17	Insurance contracts
Amendments to IAS 1	Classification of liabilities as current or non-current

The Group will choose to apply IFRS 15 to contracts which may meet the definition of an insurance contract where the primary purpose is the provision of services. The other changes are not expected to have a material impact on the accounts.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### Subsidiaries' exemption from audit

The following UK subsidiaries are exempt from audit of individual accounts for the year ended 30 April 2020 under section 479A of the Companies Act 2006, in accordance with which, Northgate Information Solutions Limited (the intermediate parent undertaking) provides a guarantee for liabilities.

<b>Company Name</b>	<b>Registered company number</b>	<b>Registered Office address</b>
Arinso People Services Limited	04819441	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Arinso UK Limited	03487776	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
NIS Acquisitions Limited	06442578	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
NIS Receivables No 1 Limited	06544183	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
NIS Receivables No 2 Limited	06442587	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Northgate UK Company	02138781	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Group Limited	03109650	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Holdings Limited	02980656	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus HR Holdings Limited	03719768	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus HR Management Limited	03819950	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Human Resource Services Limited	03017589	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Human Resources Limited	00772321	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Software Limited	02648639	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK

### Subsidiaries' exemption from statutory accounts preparation and filing

The following UK subsidiaries are also exempt from the preparation of individual entity statutory accounts (under s394A Companies Act 2006) and the filing of those accounts (under s448A Companies Act 2006) for the year ended 30 April 2020, in accordance with which, Northgate Information Solutions Limited (the intermediate parent undertaking) provides a guarantee for liabilities.

<b>Company Name</b>	<b>Registered company number</b>	<b>Registered Office address</b>
Arinso People Services Limited	04819441	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Arinso UK Limited	03487776	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
NIS Receivables No 1 Limited	06544183	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
NIS Receivables No 2 Limited	06442587	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Northgate UK Company	02138781	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Group Limited	03109650	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus HR Management Limited	03819950	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Holdings Limited	02980656	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus HR Holdings Limited	03719768	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Human Resource Services Limited	03017589	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Software Limited	02648639	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK

## 2. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

### Year ended 30 April 2020

The Group recognised £0.1m loss on disposals related to true up of estimates for transactions completed in earlier years.

### Year ended 30 April 2019

The Group recognised £0.6m gain on disposals related to true up of estimates for transactions completed in earlier years.



# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 3. REVENUE

Disaggregation of continuing revenue:

	<b>Year ended 30 April 2020 £m</b>	<b>Year ended 30 April 2019 £m</b>
Payroll setup and services	<b>207.9</b>	213.9
Consulting services	<b>75.0</b>	74.3
Resale of licences	<b>2.8</b>	2.7
	<b>285.7</b>	290.9

Remaining performance obligations:

The transaction price allocated to (partially) unsatisfied performance obligations are as set out below.

Management expects that 24% of the transaction price allocated to the unsatisfied contracts as of the year ended 2020 will be recognised as revenue during the next reporting period (£198m) and 76% in later years (£634m).

<b>30 April 2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025 and beyond</b>
Timing of revenue recognition	24%	19%	15%	13%	29%

<b>30 April 2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024 and beyond</b>
Timing of revenue recognition	27%	20%	15%	13%	25%

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 4. OPERATING LOSS

Group operating loss is stated after charging/(crediting):

	Year ended 30 April 2020 £m	Year ended 30 April 2019 £m
Staff costs		
- wages and salaries	162.8	158.8
- social security costs	25.9	22.1
- other pension costs defined contribution	2.7	2.3
- other pension costs defined benefit – current year service cost	0.1	0.5
Research and development – expenditure not capitalised	3.3	3.0
Operating lease rentals – property rentals	-	8.2
Operating lease rentals – plant & equipment and others	-	4.5
Depreciation of owned assets	1.6	2.9
Depreciation of assets held under finance leases	-	1.4
Depreciation of right-of-use-assets	9.8	-
Amortisation of development costs and purchased software	11.0	18.1
Amortisation of acquired intangibles	-	2.3
Impairment of goodwill	-	15.7
Impairment of other intangible assets	-	1.4
Income from operating lease rentals	(0.5)	-
Other Income	(2.0)	(4.6)
Loss on disposal of fixed assets	0.5	-
(Profit)/loss on sale of subsidiary (note 2)	0.1	(0.6)
Significant restructuring, one-off items and property provisions	21.1	5.9

The significant restructuring and property provision costs relate to the Group's well progressed cost reduction programme and efficiency transformation programme for operations which are categorised as follows.

	Year ended 30 April 2020 £m	Year ended 30 April 2019 £m
<b>Significant restructuring, one-off items and property provisions</b>		
Severance and restructuring	15.1	2.9
Consultancy fees	0.5	2.8
Contract termination costs	3.5	0.1
Property provisions	0.1	0.1
Bad debts & accrued revenue provision	1.9	-
	21.1	5.9

Within operating costs are the fees paid to the Auditor and their associates which are categorised as follows:

	Year ended 30 April 2020 £m	Year ended 30 April 2019 £m
<b>Auditor's remuneration</b>		
Audit of these financial statements	0.2	0.2
Audit of financial statements of subsidiaries	0.1	0.1
	0.3	0.3

Amounts paid to the Company's Auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information required is instead disclosed on a consolidated basis.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 5. DIRECTORS' EMOLUMENTS

	Year ended 30 April 2020 £m	Year ended 30 April 2019 £m
Director's Emoluments	3.2	2.0

The aggregate emoluments of the highest paid director were £2,518,719 (2019: £1,310,409). At 30 April 2020, no directors (30 April 2019: no directors) had benefits accruing under a defined benefit pension scheme and one director (30 April 2019: one director) had benefits accruing under a money purchase pension plan.

### 6. NET FINANCING COSTS

	Year ended 30 April 2020 £m	Year ended 30 April 2019 £m
Interest income – bank and other interest receivable	0.1	0.1
Net foreign exchange gain	5.1	-
Financial Income	5.2	0.1
Interest expense - bank loans and overdrafts - cash spend	1.1	1.7
Interest expense – bank loans and overdrafts – accrued	-	1.1
Non-cash bank loan interest – added to loan	0.9	0.7
Amortisation of loan arrangement fees	0.9	0.4
Net foreign exchange losses	-	1.3
Finance charges payable under leases	2.0	0.5
Gain/Loss on net monetary position IAS29	0.1	-
Financial expenses	5.0	5.7
<b>Net financing costs</b>	<b>(0.2)</b>	<b>5.6</b>

### 7. STAFF NUMBERS

The average number of persons employed by the Group, including Executive Directors, during the year was as follows:

	Year ended 30 April 2020 Number	Year ended 30 April 2019 Number
Sales	84	117
Delivery	3,991	3,935
Support	787	975
	<b>4,862</b>	<b>5,027</b>

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 8. TAX (CREDIT)/EXPENSE

The credit for the year comprises:

	Year ended 30 April 2020 £m	Year ended 30 April 2019 £m
<b>Current tax expense</b>		
UK corporation tax – current year charge	-	3.0
UK corporation tax – adjustment for prior years	(1.9)	-
Overseas tax – current year charge	3.4	3.4
Overseas tax – adjustment for prior years	12.8	(0.3)
<b>Total current tax expense</b>	<b>14.3</b>	<b>6.1</b>
<b>Deferred tax credit (see note 15)</b>		
Deferred tax – current	6.5	(8.7)
Deferred tax – adjustments for prior years	(9.1)	(2.2)
<b>Total deferred tax credit</b>	<b>(2.6)</b>	<b>(10.9)</b>
<b>Total tax (credit)/expense in income statement</b>	<b>11.7</b>	<b>(4.8)</b>

### Reconciliation of effective tax rate

	Year ended 30 April 2020 £m	Year ended 30 April 2019 £m
Loss before tax	(22.1)	(25.4)
Tax on loss at UK corporation tax rate of 19%	(4.2)	(4.8)
Permanent differences	(1.9)	11.3
(Profit)/Loss on disposals not taxable	-	(0.1)
Effect of different rates for overseas tax	5.1	(0.1)
Effect of tax rate change	0.1	-
Deferred tax not recognised	12.3	(7.0)
Other	(1.5)	(1.6)
Adjustments for prior years	1.8	(2.5)
<b>Total tax charge/(credit)</b>	<b>11.7</b>	<b>(4.8)</b>

The deferred tax asset at 30 April 2020 has been calculated based on the forward looking effective tax rates.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 9. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i>	<i>Acquired intangibles</i>	<i>Other Intangibles</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Cost:</b>				
At 1 May 2018	112.9	66.7	106.9	286.5
Revaluation of foreign denominated goodwill	(1.2)	-	-	(1.2)
Exchange differences	-	-	1.7	1.7
Additions	-	-	14.1	14.1
Disposals	-	-	(19.2)	(19.2)
<b>At 30 April 2019</b>	<b>111.7</b>	<b>66.7</b>	<b>103.5</b>	<b>281.9</b>
Transition to IFRS16	-	-	(6.0)	(6.0)
At 1 May 2019	111.7	66.7	97.5	275.9
Revaluation of foreign denominated goodwill	0.5	-	-	0.5
Exchange differences	-	-	1.4	1.4
Additions	-	-	7.1	7.1
Disposals	-	-	(28.8)	(28.8)
<b>At 30 April 2020</b>	<b>112.2</b>	<b>66.7</b>	<b>77.2</b>	<b>256.1</b>
<b>Amortisation and impairment losses:</b>				
At 1 May 2018	50.0	64.4	61.7	176.1
Exchange differences	-	-	1.8	1.8
Amortisation	-	2.3	18.1	20.4
Impairment loss	15.7	-	1.4	17.1
Disposals	-	-	(19.2)	(19.2)
<b>At 30 April 2019</b>	<b>65.7</b>	<b>66.7</b>	<b>63.8</b>	<b>196.2</b>
Transition to IFRS16	-	-	(2.0)	(2.0)
At 1 May 2019	65.7	66.7	61.8	194.2
Exchange differences	-	-	1.4	1.4
Amortisation	-	-	11.0	11.0
Disposals	-	-	(28.8)	(28.8)
<b>At 30 April 2020</b>	<b>65.7</b>	<b>66.7</b>	<b>45.4</b>	<b>177.8</b>
<b>Net book value:</b>				
<b>At 30 April 2020</b>	<b>46.5</b>	<b>-</b>	<b>31.8</b>	<b>78.3</b>
At 30 April 2019	46.0	-	39.7	85.7

Other intangibles comprise purchased and developed software.

#### Impairment tests for cash-generating units containing goodwill

Cash-generating units containing goodwill are subject to annual impairment reviews of carrying value as compared to the recoverable value. The Group has a single CGU based on its interdependent global contracts, nature of services and the decision-making structures.

In 2020 and 2019, the recoverable amount of the goodwill was determined from the business's fair value less costs to sell. This was based on fair value hierarchy level 3 data, being the external valuation received as part of the sales processes which finally resulted in the sale to Alight Solutions on 1st November 2019 and subsequent restructuring on 1st July 2020 (see note 30). The resulting impairment identified of nil (2019: £19.3m) has been reflected in the income statement.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 10. PROPERTY, PLANT AND EQUIPMENT

	<i>Leasehold improvements</i>	<i>Fixtures, fittings, equipment and motor vehicles</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Cost:</b>			
At 1 May 2018	3.2	35.3	38.5
Exchange adjustments	0.1	0.6	0.7
Additions	1.1	0.8	1.9
Disposals	(0.1)	(2.9)	(3.0)
<b>At 30 April 2019</b>	<b>4.3</b>	<b>33.8</b>	<b>38.1</b>
Transfer to right-of use asset from transition to IFRS 16	-	(10.7)	(10.7)
At 1 May 2019	4.3	23.1	27.4
Exchange adjustments	(0.1)	-	(0.1)
Additions	-	0.7	0.7
<b>At 30 April 2020</b>	<b>4.2</b>	<b>23.8</b>	<b>28.0</b>
<b>Depreciation and impairment losses:</b>			
At 1 May 2018	2.5	26.0	28.5
Exchange adjustments	0.3	(0.5)	(0.2)
Depreciation charge for the year	0.4	3.9	4.3
Disposals	(0.1)	(2.8)	(2.9)
<b>At 30 April 2019</b>	<b>3.1</b>	<b>26.6</b>	<b>29.7</b>
Transfer to right-of use asset from transition to IFRS 16	-	(7.3)	(7.3)
At 1 May 2019	3.1	19.3	22.4
Exchange adjustments	(0.1)	0.2	0.1
Depreciation charge for the year	0.3	1.3	1.6
<b>At 30 April 2020</b>	<b>3.3</b>	<b>20.8</b>	<b>24.1</b>
<b>Net book value:</b>			
<b>At 30 April 2020</b>	<b>0.9</b>	<b>3.0</b>	<b>3.9</b>
At 30 April 2019	1.2	7.2	8.4

The net book value of property, plant and equipment is not materially different from the fair value.

### 11. LEASES AS A LESSEE

Amounts recognised in the statement of financial position

	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
At 1 May	-	-
Additions to right-of-use assets on transition to IFRS 16	31.2	-
Transfer from PPE on transition to IFRS 16	3.4	-
Depreciation charge for the year	(9.8)	-
Exchange differences	0.3	-
<b>At 30 April</b>	<b>25.1</b>	<b>-</b>

At 30 April 2020, the net book value of right-of-use assets relating to properties was £15.6m and plant and equipment £9.5m.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 11. LEASES AS A LESSEE (continued)

#### Amounts recognised in profit and loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	Year ended 30 April 2020	Year ended 30 April 2019
	£m	£m
Interest expense on lease liabilities	2.0	0.5
Depreciation expense	9.8	-
Sublease income (operating leases)	(0.5)	-
<b>Total</b>	<b>11.3</b>	<b>0.5</b>

For the year ended 30 April 2020, the depreciation charge relating to leased properties was £5.3m and to equipment was £4.5m. Expense related to short-term leases for the year ended 30 April 2020 was £45k.

#### Amounts recognised in the statement of cash flows

Cash outflow for leases in the year ended 30 April 2020 was £10.4m (2019: £5.3m).

### 12. TRADE AND OTHER RECEIVABLES

	2020 £m	2019 £m
<b>Non-current assets</b>		
Accrued revenue (note 13)	7.0	7.4
Deferred costs to fulfil contracts (note 14a)	45.2	44.1
Deferred costs to obtain contracts (note 14b)	1.7	1.1
Other receivables and prepayments	0.9	2.2
	<b>54.8</b>	<b>54.8</b>
<b>Current assets</b>		
Trade receivables	40.5	43.5
Tax recoverable	2.1	2.5
Unamortised issue cost on revolving credit facility (note 17)	-	0.9
Accrued revenue (note 13)	14.2	16.3
Deferred costs to fulfil contracts (note 14a)	14.7	29.3
Deferred costs to obtain contracts (note 14b)	0.5	0.7
Net investment in finance leases	1.0	-
Other receivables and prepayments	11.1	9.7
	<b>84.1</b>	<b>102.9</b>

The increase of £1.0m in net investment in finance leases is due to the adoption of IFRS 16 Leases. Undiscounted payments total £1.1m (2019: nil), including £0.2m unearned finance income and nil unguaranteed residual value (2019: nil).

	Year 1 £m	Year 2 £m	Year 3 £m
Undiscounted lease payments receivable	0.3	0.4	0.4

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 13. ACCRUED REVENUE

	2020 £m	2019 £m
Opening Balance	23.7	22.0
Utilised during the year	(20.2)	(14.9)
Additions	17.1	16.6
Impact of FX	0.6	-
<b>Closing Balance</b>	<b>21.2</b>	<b>23.7</b>
Current	14.2	16.3
Non-current	7.0	7.4
<b>Closing Balance</b>	<b>21.2</b>	<b>23.7</b>

Amounts relating to contract assets comprise

- i) **Accrued revenue for licences:** balances due from customers under long term contracts that arise when the Group sells a third-party licence on an agent commission basis, that will be billed to the customer over time. These balances are reclassified to trade receivables at the point of invoicing; and
- ii) **Other Accrued revenue:** Services provided to customer before the consideration is due.

For loss allowance on contract assets, see note 24

### 14. CONTRACT COSTS

#### (a) Costs to fulfil contracts

	2020 £m	2019 £m
Current	14.7	29.3
Non-current	45.2	44.1
<b>Closing Balance</b>	<b>59.9</b>	<b>73.4</b>

Costs to fulfil contracts are costs directly attributable to satisfying future performance obligations. These costs are amortised on a straight-line basis over the period of the related performance obligation, as this reflects the period over which the benefit is delivered to the customer. In 2020, amortisation amounting to £38.1m (2019: £17.3m) was recognised as part of operating costs in the consolidated statement of profit or loss.

Management reviewed the contract assets for impairment and hence, the above balance includes £1.7m (2019: £1.1m) provision for impairment. No impairment losses (2019: nil) were recognised during the year.

#### (b) Costs to obtain contracts (commission)

	2020 £m	2019 £m
Current	0.5	0.7
Non-current	1.7	1.1
<b>Closing Balance</b>	<b>2.2</b>	<b>1.8</b>

Costs to obtain contracts relate to incremental commission fees paid to employees as a result of obtaining sales contracts. These costs are amortised on a straight-line basis over the period of the contract, as this reflects the period over which the benefit is delivered to the customer. In 2020, amortisation amounting to £0.4m (2019: £0.3m) was recognised as part of operating costs in the consolidated statement of profit or loss. There was no impairment loss in relation to the costs capitalised.



# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 15. DEFERRED TAX

The Group's deferred tax is attributable to the following:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Intangible assets	-	-	-	(7.7)	-	(7.7)
Property, plant and equipment	4.4	2.8	-	-	4.4	2.8
Trading losses	5.9	12.6	-	-	5.9	12.6
Employee benefits	-	-	-	-	-	-
Provisions and other timing differences	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-
<b>Net tax assets/(liabilities)</b>	<b>10.3</b>	<b>15.4</b>	<b>-</b>	<b>(7.7)</b>	<b>10.3</b>	<b>7.7</b>

Deferred tax assets and liabilities are presented separately on the balance sheet.

The Group has gross unutilised trading losses carried forward of £163m (2019: £124m), predominately non-UK and gross unutilised non-trading losses and excess management expenses carried forward of approximately £356m (2019: £370m). A deferred tax asset of £5.9m (2019: £12.6m) was recognised in respect to tax losses where it is probable that future taxable profits will be available against which the Group can utilise these benefits.

#### Future tax law developments that will impact the Group's tax position

The previously announced reduction in UK corporation tax rate to 17% has been revised and the corporation tax rate will remain at 19%.

#### Movement in temporary differences during the year ended 30 April 2020

	<i>Balance at 1 May 2019</i>	<i>Recognised in Income</i>	<i>Balance at 30 April 20</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Intangible assets	(7.7)	7.7	-
Property, plant and equipment	2.8	1.6	4.4
Trading losses	12.6	(6.7)	5.9
Employee benefits	-	-	-
Provisions and other timing differences	-	-	-
Financial liabilities	-	-	-
	<b>7.7</b>	<b>2.6</b>	<b>10.3</b>

#### Movement in temporary differences during the year ended 30 April 2019

	<i>Balance at 1 May 2018</i>	<i>Recognised in Income</i>	<i>Balance at 30 April 19</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Intangible assets	(8.0)	0.3	(7.7)
Property, plant and equipment	1.4	1.4	2.8
Trading losses	3.4	9.2	12.6
Employee benefits	-	-	-
Provisions and other timing differences	-	-	-
Financial liabilities	-	-	-
	<b>(3.2)</b>	<b>10.9</b>	<b>7.7</b>

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 16. CASH AND CASH EQUIVALENTS

	2020 £m	2019 £m
Cash at bank and in hand	16.2	13.2
<b>Cash and cash equivalents in the cash flow statement</b>	<b>16.2</b>	<b>13.2</b>

### 17. INTEREST-BEARING LOANS AND BORROWINGS

	2020 £m	2019 £m
<b>Non-current liabilities</b>		
Other loans	0.2	0.6
Lease liabilities	21.1	3.6
	<b>21.3</b>	<b>4.2</b>
<b>Current liabilities</b>		
Subordinated loans from associated undertakings	-	7.8
Other secured loans	3.4	0.6
Other loans	0.8	0.9
Lease liabilities	9.4	3.5
	<b>13.6</b>	<b>12.8</b>

Other secured loans are amounts due to a third party under a financing arrangement which are secured on German, US and Belgian trade receivables. This facility can provide up to £15m additional liquidity for the Group and is subject to a covenant restriction on the Ratio of Earnings before interest and tax (EBITDA) to net debt.

All covenants are based on IFRS. Failure to meet the covenant restrictions results in all amounts outstanding becoming immediately due and payable. There have been no breaches in covenants in the year or since the inception of the loans.

The Group has the following available committed floating rate borrowing facilities at 30 April 2020 in respect of which all conditions precedent had been met at that date:

	2020 £m	2019 £m
Revolving credit facility expiring in 1 to 2 years		
– amount used	-	-
– amount unused	-	23.8
<b>Total</b>	<b>-</b>	<b>23.8</b>
Facility secured on trade receivables expiring in 1 to 2 years		
– amount used	3.4	0.6
– amount unused	11.6	14.4
<b>Total</b>	<b>15.0</b>	<b>15.0</b>

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 18. EMPLOYEE BENEFITS

#### Defined benefit arrangements

There was no material defined benefit liability at the year end (2019: nil).

The Group has a small defined pension obligation in respect of employees based in the Philippines. Due to the immaterial nature of the obligation no detailed disclosures have been supplied.

#### Defined contribution arrangements

The Group also operates various defined contribution arrangements for its UK and overseas employees. The contributions payable to defined contribution schemes amounted to £0.5m (2019: £1m).

### 19. PROVISIONS

	<i>Property provisions</i>	<i>Other provisions</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
At 1 May 2019	<b>0.9</b>	<b>0.2</b>	<b>1.1</b>
Recognised in the income statement	-	1.1	1.1
Utilised in the period	(0.6)	-	(0.6)
<b>At 30 April 2020</b>	<b>0.3</b>	<b>1.3</b>	<b>1.6</b>
Current	0.1	1.2	1.3
Non-current	0.2	0.1	0.3
<b>At 30 April 2020</b>	<b>0.3</b>	<b>1.3</b>	<b>1.6</b>
Current	0.6	-	0.6
Non-current	0.3	0.2	0.5
At 30 April 2019	0.9	0.2	1.1

#### *Property provisions*

The provision relates to onerous contracts relating to Group properties. It consists of the discounted value of the differential between future non-lease liabilities on the property less any expected future receipts extrapolated to the earliest break point in the contract. In addition, there is a dilapidations provision for costs to make property good at the end of the lease in respect of all properties with leases expiring within the next three years.

#### *Other provisions*

Other provisions include operational costs of uncertain amount or timing where there is probable outflow of resources.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 20. TRADE AND OTHER PAYABLES

	2020 £m	2019 £m
<b>Non-current liabilities</b>		
Deferred revenue (note 21)	34.1	38.6
Accruals	8.0	5.1
	<b>42.1</b>	<b>43.7</b>
<b>Current liabilities</b>		
Trade payables	7.3	15.3
Deferred revenue (note 21)	17.7	37.4
Accruals	40.9	49.2
Social security and other taxation	9.4	9.3
Other payables	8.4	5.0
	<b>83.7</b>	<b>116.2</b>

### 21. DEFERRED REVENUE

	2020 £m	2019 £m
Opening Balance	76.0	70.6
Impairment / Derecognition due to termination	(1.5)	(1.9)
Utilised during the year	(44.7)	(21.1)
Additions	20.7	28.4
Impact of FX	1.3	-
<b>Closing Balance</b>	<b>51.8</b>	<b>76.0</b>
Current	17.7	37.4
Non-current	34.1	38.6
<b>Closing Balance</b>	<b>51.8</b>	<b>76.0</b>

Amounts relating to contract liabilities comprise

- i) **Deferred revenue for implementation:** until the point that the Group is delivering the distinct performance obligation to the customer, no revenue will be recognised. Therefore, the invoices raised up to the go live date are deferred. The liability unwinds over the life of the contractual performance obligation to which it relates.
- ii) **Other Deferred revenue:** Amounts invoiced to customers where the service is not yet completed.

### 22. SHARE CAPITAL AND RESERVES

The share capital of the Company is as follows:	2020 £m	2019 £m
Authorised called up and fully paid:		
605,300,339 ordinary shares of £0.01 each (2019: 605,300,339 ordinary shares of £0.01 each)	6.1	6.1

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

Other distributable reserves represent the proceeds of a reduction in the nominal value of share capital.

The capital contribution reserve, created in the year ended 30th April 2020, represents cash or contribution in kind received from the parent company, other than through the issue of new share capital.

Retained earnings represents accumulated profits less distributions.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 23. NET DEBT

Net debt includes cash and cash equivalents, secured bank loans and loan notes and finance lease liabilities.

	Notes	2020 £m	2019 £m
Cash and cash equivalents	16	16.2	13.2
Secured bank loans and loan notes – current	17	(3.4)	(0.6)
Subordinated loans from associated undertakings – current	17	-	(7.8)
Lease liabilities – current	17	(9.4)	(3.5)
Lease liabilities – non-current	17	(21.1)	(3.6)
Other loans – current	17	(0.8)	(0.9)
Other loans – non-current	17	(0.2)	(0.6)
		(18.7)	(3.8)

Set out below is a reconciliation in cash and cash equivalents to the decrease in net borrowings at 30 April 2020.

	2020 £m	2019 £m
Net decrease/(increase) in cash and cash equivalents	(3.1)	5.1
Effect of foreign exchange rate movements on cash held	0.1	-
Cash and cash equivalents net inflow from increase in debt and debt financing	(14.4)	(4.6)
Movement in net borrowings resulting from cash flows	(17.4)	0.5
Implementation of IFRS16	31.0	-
Capitalised finance costs	1.6	1.0
Currency translation differences	(0.3)	0.2
Movement in net debt in the year	14.9	1.7
Net debt at 1 May	3.8	2.1
<b>Net debt at 30 April</b>	<b>18.7</b>	<b>3.8</b>

### 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial assets and liabilities mainly comprise bank borrowings, cash, liquid resources and various items, such as trade and other receivables and trade and other payables that arise directly from operations.

The main financial market risks arising from the Group's operations are credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

#### (a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group'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 Group does not require collateral in respect of financial assets.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, principally trade and other receivables. The Group provides credit to customers in the normal course of business and the amount that appears in the balance sheet is net of a provision for impairment or credit losses of £1.0m (2019: £0.3m). The provision for impairment is calculated in accordance with the Group's policy based on the age of the financial asset, the specific risk category (low, medium, high) based on the customer or industry and risk-weighted future looking scenarios.

Other financial assets that are subject to an element of credit risk are stated net of any allowance for expected credit losses (note 13). The provision for impairment for contract assets is £1.0m (2019: nil) and for net investment in finance lease is nil (2019: nil). The allowances are calculated in accordance with the Group's policy based on the nature of the asset, the specific counterparty – categorised as low, medium and high risk – and risk-weighted future looking scenarios.

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### (a) Credit risk (continued)

The ageing of trade receivables at the year-end was:

	2020 £m	2019 £m
Not past due	19.5	16.1
Past due 0-30 days	19.9	23.8
Past due 31-60 days	0.7	0.5
Past due 61-90 days	0.3	0.8
Past due 90 days and above	0.1	2.3
<b>Closing Balance</b>	<b>40.5</b>	<b>43.5</b>

The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows:

	2020 £m	2019 £m
At 1 May	0.3	0.4
Additional / (release of) bad debt provision	1.2	0.3
Utilised in the period	(0.5)	(0.4)
<b>Closing Balance</b>	<b>1.0</b>	<b>0.3</b>

Irrecoverable debts are written off only after approval from finance and the business or legal team and after the Group has pursued all other options to collect from the customer.

Net investment in finance lease and accrued revenue are both other financial assets that are subject to an element of credit risk, and are stated net of any allowance (note 13). The provision for impairment for contract assets is £1.0m (2019: nil) and for net investment in finance lease is nil (2019: nil). The provision for impairment is calculated in accordance with the Group's policy based on the specific accounts at risk and the nature of the asset, in particular in light of COVID-19. Irrecoverable debt write offs have not changed due to the pandemic and collections remain healthy.

#### (b) Interest rate risk

Interest rate risk is the risk of increased net financing costs due to increases in market interest rates. The Group finances its operations and acquisitions through a mixture of retained profits, bank borrowings and equity; the Group's main interest rate risk therefore comes from its bank borrowings, the Group borrows principally in Sterling, US Dollars and Euros.

As at 30 April 2020 the Group has no significant variable rate debt and no outstanding interest rate hedges. The Group policy is to undertake interest rate hedging, when necessary, to protect itself against adverse movements in interest rates. Any surplus cash is invested in short-term bank deposits at the prevailing rates of interest in order to achieve the market rate of return.

At the year end the interest rate profile of the Group's interest-bearing financial instruments was:

	2020 £m	2019 £m
<b>Variable rate instruments</b>		
Other Secured loans	3.4	0.6
<b>Total</b>	<b>3.4</b>	<b>0.6</b>
<b>Fixed rate instruments</b>		
Lease liabilities	30.5	7.1
Other loans	1.0	1.5
<b>Total</b>	<b>31.5</b>	<b>8.6</b>

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### (c) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations into sterling. The currencies giving rise to this risk are primarily US dollars and Euros. The Group has both cash inflows and outflows in these currencies that create partial natural hedging.

In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's cash inflows and outflows in a foreign currency. The Group also reviews and, if required, hedges any material foreign currency transaction exposure.

#### (d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due.

The Group's objective is to ensure that adequate facilities are available through use of bank loans and finance leases. The Group manages liquidity risk through regular cash flow forecasting and monitoring of cash flows, management review and regular review of working capital and costs.

The Group regularly monitors its available headroom under its borrowing facilities. At 30 April 2020, £11.6m (2019: £38.2m) of undrawn facilities and £16.2m (2019: £13.2m) cash were available (see notes 16 & 17).

In respect of the Group's financial liabilities including estimated interest where applicable, the table below includes details (at the balance sheet date) of the periods in which they mature.

		<b>Book value</b>	<b>Future cash flows</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>&gt;5 years</b>
<b>30 April 2020</b>	<b>Notes</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Secured loans	17	3.4	3.4	3.4					
Lease liabilities*	17	30.5	33.3	12.5	8.7	6.5	3.1	1.9	0.6
Trade payables	20	7.3	7.3	7.3	-	-	-	-	-
		<b>41.2</b>	<b>44.0</b>	<b>23.2</b>	<b>8.7</b>	<b>6.5</b>	<b>3.1</b>	<b>1.9</b>	<b>0.6</b>

		<b>Book value</b>	<b>Future cash flows</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>&gt;5 years</b>
<b>30 April 2019</b>	<b>Notes</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Secured loans	19	0.6	0.6	0.6					
Lease liabilities*	19	7.1	7.6	3.8	2.5	0.9	0.3	0.1	-
Trade payables	20	15.3	15.3	15.3	-	-	-	-	-
		<b>23.0</b>	<b>23.5</b>	<b>19.7</b>	<b>2.5</b>	<b>0.9</b>	<b>0.3</b>	<b>0.1</b>	<b>-</b>

\*These liabilities bear interest at a fixed rate

# Northgate Information Solutions Limited

## Financial Section (continued)

Notes to the consolidated accounts for the year ended 30 April 2020 (continued)

### 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### (e) Fair values of financial assets and financial liabilities

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<i>Notes</i>	<i>Level</i>	<i>Carrying Amount</i>		<i>Fair Value</i>	
			<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
			<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Trade receivables	12	3	40.5	43.5	40.5	43.5
Net investment in finance leases	12	3	1.0	-	1.0	-
Cash and cash equivalents	16	1	16.2	13.2	16.2	13.2
Secured bank loans	17	3	(3.4)	(0.6)	(3.4)	(0.6)
Lease liabilities	17	3	(30.5)	(7.1)	(30.5)	(7.1)
			23.8	49.0	23.8	49.0

The Group has a financing arrangement with a third party secured on trade receivables. Included in trade receivables are assets of £3.4m securing financial liabilities under 1 year of £3.4m (2019: assets of £0.6m securing financial liabilities under 1 year of £0.6m).

#### Estimation of fair values

The fair values of financial instruments reflect the market value at the balance sheet date.

#### (f) Capital Management

The Group's objectives when managing capital (retained profits and bank borrowings) are to safeguard the Group's ability to continue as a going concern support the growth of the business and to maintain an optimal capital structure to reduce the cost of borrowing. The Group finances its operations through a combination of retained profits, equity and bank borrowings (see note 17).

### 25. FINANCIAL COMMITMENTS

Group capital commitments at 30 April 2020 amounted to £1m (2019: £7m).



# Northgate Information Solutions Limited

## Financial Section (continued)

### 26. CONTINGENT LIABILITIES

During the year ended 30 April 2018 the Group disposed of its UK Mid Market businesses, which included all of the UK defined benefit pension schemes. As a result of the sale all liability in respect of these Pension Schemes passed to the purchaser of those businesses subject to the following residual contingent liability which remains with the NGA HR Group.

A contingent obligation is payable by NIS Acquisitions Ltd ('NIS'), a fully owned subsidiary of the Group, to the Schemes if three conditions are all satisfied prior to 30 April 2024 as follows.

1. The purchaser of the UK MM and SMB businesses suffers an insolvency event (as defined in section 121 (3) of the Pensions Act 2004)
2. NIS or any other subsidiary sells all or substantially all of its business, assets or undertaking or if it occurs earlier, there is a beneficial change in ownership of 50% or more of the shares in NIS; and
3. The proceeds under (2) above (including any distributions made from NIS to shareholders during the period) exceeds £75m (both that any proceeds of an asset sale after a change in ownership shall not be relevant for these purposes).
4. The obligation would be equal to 7.5% of any proceeds in excess of £75m (net of any transaction costs, bonuses, expenses or debt) up to a maximum of £7.5m (less an amount relating to the percentage of contributions made into the Schemes during the relevant period).

### 27. RELATED PARTY TRANSACTIONS

The immediate parent company at 30<sup>th</sup> April 2020 is Tempo Prospero UK Bidco Limited, a company registered in England and Wales, and the ultimate parent company is Blackstone Capital Partners VII NQ, L.P., a company registered in the US. A full list of subsidiary undertakings is included in note 4 to the Company accounts on pages 55 to 56.

Before 1<sup>st</sup> November 2019, Northgate UK Holdings 4 Limited was the parent company, and ultimate controlling party was Goldman Sachs, Inc.

#### *Transactions with related parties*

During the year, the Company capitalised £1m of financial expenses to the balance owed to Northgate UK Holdings 4 Limited. The balance was settled by Tempo Prospero UK Bidco Limited as part of the acquisition and the balance owed at the end of the year is nil.

The remuneration of key management (main board directors and Executive Leadership team) for the year was £6.2m total (2019: £4.6m), being £6.2m short-term employee benefits (2019: £4.6m), nil post-termination benefits (2019: nil) and less than £0.1m contributions to defined contribution pension schemes (2019: less than £0.1m). This remuneration includes directors' emoluments disclosed in note 5 to these accounts.

### 28. 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 measurement of revenue and resulting profit recognition – due to the size and complexity of some of the Group's contracts – requires significant judgements to be applied, including the measurement and timing of revenue recognition, identification of separate performance obligations and the recognition of related balance sheet items (such as deferred costs, accrued revenue and deferred revenue) that result from the performance of the contract.

The Group is required to estimate the contract profitability, including the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration or service credits

The Group first assesses whether the contract assets are impaired and then further considers whether any onerous contract exists. Following this review, as outlined in note 14, provisions for impairment £1.7m (£2019: £1.1m) were identified relating to ongoing contracts and recognised within adjusted operating cost but no provisions have been made for service credits or other variable consideration.

## Financial Section continued

Notes to company accounts for the year ended 30 April 2020 (continued)

### 28. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### *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 contains information about the assumptions made concerning the Group's provisions.

#### *Impairment of goodwill*

Following the acquisition of Northgate Information Solutions plc in 2007/08, the Group has significant carrying values of goodwill, which is tested annually for impairment. A third-party valuation was used to assess the value of the group's equity and from there, the value of goodwill was calculated and compared to the book value. Judgement was required to determine that the assumptions in the external report could be applied to goodwill.

#### *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.

#### *Rate cards*

Several areas of accounting are impacted by the cost assigned to employees' daily or hourly timesheets. Capitalisation of internally generated intangible assets, deferral of cost to fulfil assets for contracts with customers and transfer pricing basis all rely on the annual rate card setting process. Judgement is required in estimating salaries, utilisation, value of relevant direct costs, method of apportionment and in deciding how often to update the rate card calculations.

#### *Leases*

Judgement may be required in allocating lease and non-lease (maintenance) components if it is not stated in the contract, and in allocating a standalone price to each.

In determining the value of the right-of-use asset and lease liability, several estimates may be required, including

- variable elements such as increments and indexation
- cost to restore the underlying asset
- incremental borrowing rate, where there is no contractual interest rate
- expected lease term, where there is an option to extend or option to purchase
- impairment losses.

# Northgate Information Solutions Limited

## Financial Section continued

Notes to company accounts for the year ended 30 April 2020 (continued)

### 28. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### Taxation

The Group is subject to corporate taxes in numerous jurisdictions. Management is required to exercise significant judgement in determining the worldwide provision for corporate taxes. Certain transactions require the use of estimates and judgements to determine the financial effect where the ultimate tax determination is uncertain. When the final outcome of such matters is different, from previous estimates, such differences will impact on the corporate tax in the period in which the determination is made.

### 29. GROUP STATEMENT OF CASH FLOWS

	2020 £m	2019 £m
Net cash from operating activities	(8.4)	19.7
Net cash used in investing activities	(7.8)	(13.4)
Taxes paid	(4.4)	(2.7)
Net cash from financing activities	23.7	(8.7)
Effect of foreign exchange rate movements on cash held	(0.1)	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>3.0</b>	<b>(5.1)</b>

### 30. SUBSEQUENT EVENTS

After the balance sheet date, the Company was sold as part of an internal restructure of the Alight group of companies from Tempo Prospero UK Bidco Limited to Tempo Prospero US, LLC. It has sold its investment in ARINSO International Philippines Inc to Tempo Prospero UK Bidco Limited - now an affiliate, rather than a direct parent - which is headquartered in the UK and is part of the Alight group of companies.

The Group received a loan of £20m from an affiliate, Alight Solutions, LLC, after the balance sheet date, which bears interest at the short term applicable federal rate published by the IRS and is repayable in one year.

# Northgate Information Solutions Limited

## Financial Section continued

Notes to company accounts for the year ended 30 April 2020 (continued)

Company Statement of Financial Position as at 30 April 2020

	Notes	2020 £m	2019 £m
<b>Non-current assets</b>			
Investments	4	82.7	82.7
<b>Total non-current assets</b>		<b>82.7</b>	<b>82.7</b>
<b>Current assets</b>			
Debtors: amount falling due less than or equal to one year		-	8.5
<b>Total assets</b>		<b>82.7</b>	<b>91.2</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings		-	8.8
<b>Total current liabilities</b>		<b>-</b>	<b>8.8</b>
<b>Total assets less current liabilities</b>		<b>82.7</b>	<b>82.4</b>
<b>Non-current liabilities</b>			
Creditors: amount falling due after more than one year		6.5	52.0
<b>Total non-current liabilities</b>		<b>6.5</b>	<b>52.0</b>
<b>Net assets</b>		<b>76.2</b>	<b>30.4</b>
<b>Capital and reserves</b>			
Issued share capital	5	6.1	6.1
Capital Contribution		44.4	-
Other Reserves		831.9	831.9
Retained earnings		(806.2)	(807.6)
<b>Shareholders' funds</b>		<b>76.2</b>	<b>30.4</b>

The notes on pages 53 to 56 form part of the financial statements

Approved by the Board of Directors on 5 March 2021 and signed on its behalf by:

*G. Nolan*

**Gillian Nolan**  
Director

# Northgate Information Solutions Limited

## Financial Section (continued)

### Company Statement of Changes in Equity as at 30 April 2020

	<i>Share capital £m</i>	<i>Capital Contribution £m</i>	<i>Other reserves £m</i>	<i>Retained earnings £m</i>	<i>Shareholders' funds £m</i>
Balance at 30 April 2018	6.1	-	831.9	(767.1)	70.9
Loss for the year	-	-	-	(40.5)	(40.5)
Balance at 30 April 2019	6.1	-	831.9	(807.6)	30.4
Profit for the year	-	-	-	1.4	1.4
Capital contribution during the year	-	44.4	-	-	44.4
<b>Balance at 30 April 2020</b>	<b>6.1</b>	<b>44.4</b>	<b>831.9</b>	<b>(806.2)</b>	<b>76.2</b>

The notes on pages 53 to 56 are part of these financial statements.

# Northgate Information Solutions Limited

## Financial Section (continued)

### Notes to company accounts for the year ended 30 April 2020

#### 1. ACCOUNTING POLICIES

The accounting policies have been applied consistently in dealing with items which are considered material in relation to the accounts.

##### ***Basis of Preparation***

Northgate Information Solutions Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared under the historical cost convention.

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.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

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;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

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

##### ***Foreign currency***

Transactions in foreign currencies are translated into Sterling 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

##### ***Financial Instruments***

The policies disclosed in note 1 to the Group financial statements in respect of recognition, measurement and presentation of financial instruments are applicable to the Parent Company financial statements.

Amounts receivable from or owed to group undertakings are recognized at amortised cost using the effective interest method and are reduced by allowances for effective credit losses.

##### ***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.

#### 2. STAFF NUMBERS

The only employees of the Company were the directors. The average number employed during the year was Nil (2019: Nil), and all employees were transferred to other Group companies during the previous year. No remuneration was paid by the Company to the directors (2019: nil). The notional cost of directors was considered inconsequential during the current and prior year.

# Northgate Information Solutions Limited

## Financial Section continued

Notes to company accounts for the year ended 30 April 2020 (continued)

### 3. RESULT FOR THE FINANCIAL YEAR

The Company made a profit of £1.4m in the year (2019: £40.5m loss).

### 4. INVESTMENTS

	2020	2019
	£m	£m
<b>Cost:</b>		
Investment in NIS Acquisitions Ltd	232.0	232.0
<b>Impairment losses:</b>		
At 1 May	(149.3)	(107.1)
Impairment charge for the year	-	(42.2)
At 30 April	(149.3)	(149.3)
<b>Net book value:</b>	<b>82.7</b>	<b>82.7</b>

# Northgate Information Solutions Limited

## Financial Section continued

### Notes to company accounts for the year ended 30 April 2020 (continued)

#### 4. INVESTMENTS (continued)

The subsidiary undertakings at 30 April 2020, the nature of whose business is the sale of computer solutions and services, were:

Company Name	Shareholding	Registered Office address
NIS Acquisitions Limited*	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Arinso Argentina SRL	100%	Citicentre Building, Prilidiano Pueyrredon 2989 Piso 2 Fase II, 1640 Martinez, Pcia de Buenos Aires, Argentina
ARINSO Australia Pty Ltd	100%	Ground Floor, 164 Fullarton Road, Dulwich SA 5065, Australia
ARINSO France SAS	100%	Rue de l'egalite 2, 92748 Nanterre, Cedex, France
Aniso Iberica S.L.	100%	Edificio America II, C/Procion 7, Puerta 3; Planta 1a, 28023, Madrid, Spain
ARINSO International Philippines Inc	100%	4/F Building 1, ETON Cyberpod, Corinthian Ortigas Avenue, cor EDSA, Quezon City 1110, Philippines
Arinso Luxembourg S.à r.l	100%	32-36, Boulevard D'Avranches, L-1160 Luxembourg, Luxembourg
Arinso Mexico SRL de CV	100%	Belisario Dominguez No 64, Col Miguel Hidalgo, Delegacion Tiaipan C.P. 14260, Mexico
ARINSO People Services Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Arinso Portugal Sistemas Software Servicos Lda.	100%	Rua Rodrigo Sampaio, 21 5D, 1150 - 278, Lisboa, Portugal
ARINSO UK Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
NGA HR India Pvt Ltd	100%	3rd Floor, Madhu Industrial Estate, Pandurang Budhkar Marg Worli, Mumbai, India
NGA Human Resources Denmark ApS	100%	Høffdingsvej 34, 1 floor, 2500 Valby, Denmark
NGA Human Resources Oy	100%	Italahdenkatu 22A, 00210, Helsinki, Finland
NGA Human Resources Sweden AB	100%	NorthgateArinso Sweden AB, Gustavslundsvägen 135, 5 tr, 167 51 Bromma, Sweden
NGA Japan GK	100%	Ebisu Prime Square, 9F No 1-39 Hiroo 1 -chome, Shibuya-ku, Tokyo, 150-0012, Japan
NGA Outsourcing Canada ULC	100%	The Standard Life Building, 121 King Street West, Suite 2220, Toronto ON M5H 3T9, Canada
NGA Outsourcing Malaysia Sdn Bhd	100%	3-9 3rd Floor Block B, Megan Avenue II, H12 Jalan Yap Kwan Seng 50450 Kuala Lumpur, Malaysia
NGA Outsourcing Singapore Pte Ltd	100%	20 McCallum Street, 16-01 Tokio Marine Centre, 069046, Singapore
NIS Holdings BV	100%	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands
NIS Payroll Solutions (India) Private Limited	100%	A-41 shubham, Co Operative Housing Society Ltd, Akurli Road (Kandivali (East)), Mumbai, 400101, India
NIS Receivables No. 2 Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
NIS Receivables No.1 Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Northgate Arinso Hungary Korlatolt Felelossegu Tarsasag	100%	1146 Budapest, Hermina út 17., floor no 8?, Budapest, Hungary
Northgate Information Solutions China Ltd	100%	7th Floor, Ruttonjee House, 11 Duddell Street, Central, Hong Kong, Hong Kong
Northgate Information Solutions Holdings Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Northgate UK Company	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
NorthgateArinso Austria AG	100%	Mariahilfer Straße, 123/3, 1060, Wien, Austria
NorthgateArinso Belgium BV	100%	Floor 1, The Crescent, Route de Lennik 451, Lennikse Bann, Lennikse Bann 1070 Brussels, Belgium
NorthgateArinso Brazil Informatica Ltda	100%	Alameda Madeira Numero 53, 5 andar, conjunto 52, Alphaville, municipio de Barueri, Sao Paulo, Brazil
Northgate Arinso Canada ULC	100%	340 Albert Street, Suite 1400, Ottawa ON K1R 0A5, Canada
NorthgateAniso Deutschland GmbH	100%	Waldeckerstrasse 11, 64546 Morfelden - Walldorf, Germany
NorthgateArinso France Holdings SAS	100%	Rue de l'egalite 2, 92748 Nanterre, Cedex, France
NorthgateArinso Granada S.L.U.	100%	Arabial, No.19, 18004, Granada, Spain
NorthgateArinso HR Services LLC	100%	9, Letnikovskaya Str, 114115, Moscow, Russian Federation
NorthgateArinso LLC	100%	810 Hesters Crossing, Suite 250, Round Rock, TX 78681, United States
NorthgateArinso Information Technology Services (Dalian) Co	100%	5F Bldg 11 Dalian Software Park, 5 Digital Square, Dalian, Liaoning, 116023, China
NorthgateArinso Israel Limited	100%	Aba Hilel Silver St, 16 Ramat Gan, Tel Aviv, Israel
NorthgateArinso Italia Limited	100%	Via Murat, 23, 20159, Milano, Italy
NorthgateArinso Malaysia Sdn Bhd	100%	10th Floor, Menara Hap Seng, No 1 & 3 Jalan P Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia
NorthgateArinso Nederland BV	100%	Nevelgaarde 9, 3436ZZ, Nieuwegein, Netherlands
NGA HR Sp z.o.o.	100%	Sciegienego 3 Str, 40-114 Katowice, Poland
NorthgateArinso Singapore PTE Ltd	100%	Tokio Marine Centre, 20 McCallum Street, 16-01 Singapore 069046, Singapore
NorthgateArinso Spain S.L.U.	100%	Calle Gran Via de Colón, 59, 18001, Granada, Spain
NorthgateArinso Switzerland Ltd	100%	Av. Viollier 13, CH-1260, Nyon, Switzerland



# Northgate Information Solutions Limited

## Financial Section continued

Notes to company accounts for the year ended 30 April 2020 (continued)

### 4. INVESTMENTS (continued)

<b>Company Name</b>	<b>Shareholding</b>	<b>Registered Office address</b>
NorthgateAnnso Thailand Company Ltd	100%	17th Floor, Unit 2-4, 191 Silom Road, Kwaeng, Silom, Khet Bangrak, Bangkok, Thailand
NorthgateAnnso Turkey HR Consultancy and Outsourcing Ltd	100%	Barbaros Mahallesi Halk Caddesi No: 8/A, Palladium Ofis ve Residence Binası Kat:2, 34746, Ataşehir, İstanbul, Turkey
Rebus Group Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Holdings Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus HR Group Ltd	100%	Appleby Services (Bermuda) Ltd., Canon's Court, 22 Victoria Street, Hamilton, Bermuda, HM 12
Rebus HR Holdings Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus HR Management Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Human Resource Services Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Human Resources Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK
Rebus Software Limited	100%	Corporation Service Company (UK) Ltd, 5 Churchill Place, 10th Floor, London E14 5HU, UK

\* held directly by Northgate Information Solutions Limited

All shares held are ordinary shares.

The directors have considered the value in use of the investments using a combination of Income Approach and Market valuation methodologies and have concluded that no impairment in investment value is appropriate.

### 5. SHARE CAPITAL AND RESERVES

The share capital of the Company is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Authorised, called up and fully paid: 605,300,340 ordinary shares of £0.01 each (2019: 605,300,340 shares of £0.01)	<b>6.1</b>	<b>6.1</b>

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

Other distributable reserves represent the proceeds of a reduction in the nominal value of share capital.

The capital contribution reserve, created in the year ended 30<sup>th</sup> April 2020, represents cash or contribution in kind received from the parent company, other than through issue of new share capital.

Retained earnings represents accumulated profits less distributions.

### 6. IMMEDIATE AND ULTIMATE PARENT COMPANY

On 30 April 2020 the immediate parent company of the company is Tempo Prospero UK Bidco Limited, a company registered in England and Wales, and the ultimate parent company was Blackstone Capital Partners VII NP, L.Q., a company registered in the United States.

### 7. SUBSEQUENT EVENTS

After the balance sheet date, the Company was sold as part of an internal restructure of the Aight group of companies from Tempo Prospero UK Bidco Limited to Tempo Prospero US, LLC. It has sold its investment in ARINSO International Philippines Inc to Tempo Prospero UK Bidco Limited - now an affiliate, rather than a direct parent - which is headquartered in the UK and is part of the Aight group of companies.

# Northgate Information Solutions Limited

## Directors and Advisers

### Directors

**Andrew Monshaw** Chief Executive Officer (resigned 21<sup>st</sup> October 2020)

**Steven Chalker** Chief Financial Officer (resigned 30<sup>th</sup> June 2020)

**Gillian Nolan** VP of Finance Operations, Reporting and Control (appointed 30th June 2020)

### Registered Office

Corporation Service Company (UK) Ltd,  
5 Churchill Place,  
10th Floor, London E14 5HU  
United Kingdom

### Registered Number

6442582

### Auditor

RSM UK Audit LLP  
The Pinnacle, 170 Midsummer Blvd,  
Milton Keynes  
MK9 1BP

### Bankers

Barclays Bank Plc  
Ashton House,  
497 Silbury Boulevard,  
Milton Keynes, MK9 2LD