REGISTERED NUMBER: 03193619 (England and Wales)

Strategic Report, Directors' Report and
Financial Statements for the Year Ended 30 April 2019
for
IRIS Group Limited

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Contents of the Financial Statements
for the Year Ended 30 April 2019

Company Information for the Year Ended 30 April 2019

DIRECTORS:	K P Dady E Mortimer-Zhika M D Cox
REGISTERED OFFICE:	Heathrow Approach, 4th Floor 470 London Road Slough SL3 8QY
REGISTERED NUMBER:	03193619 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Registered Auditors & Chartered Accountants 1 Embankment Place London WC2N 6RH

Strategic Report
for the Year Ended 30 April 2019

The Directors present their strategic report of IRIS Group Limited ("the Company") for the year ended 30 April 2019.

PRINCIPAL ACTIVITIES
The principal activities of the company in the year under review were those of the supply of employment and management services to Group companies.

The Company operates within the IRIS Software Group of Companies headed by the Group's intermediate holding company, IRIS Debtco Limited.

REVIEW OF THE BUSINESS
IRIS Group Limited is a member of the IRIS Software Group (the "Group") which is one of the largest privately held software groups in the UK. The Group's mission is to be the most trusted provider of business-critical software and services to small and medium-sized businesses.

The Group is managed on a consolidated basis and the Strategic Review pertains to the whole Group.

The IRIS vision is to liberate time, talent and energy of UK businesses to enable them to stay one-step-ahead of their competition. IRIS helps achieve this through innovative software and services that automate the mundane, but critical day-to-day business tasks. Our software takes the burden of compliance, enables productivity, facilitates collaboration and provides insight for UK businesses to connect and serve an increasingly new generation of customers.

With 40 years' experience and a predominantly UK focus, the business offers the greatest range of specialist accountancy, financial, human resources, parent engagement, payroll and bookkeeping solutions - managed under the leading IRIS, Cascade, PS Financials, Earnie, FMP Global, Star, ParentMail, Kashflow, Results Squared, BioStore, Contact Group, Hosted Accountants, Keytime, PTP, School Asset Manager and Taxfiler product brands. Over 650,000 SMEs and 21,000 UK accountancy firms use IRIS applications. Four million parents and guardians use IRIS apps to connect with their child's school. 780,000 UK employees are managed by IRIS HR solutions and 2.3 million UK employees are paid by IRIS payroll solutions.

The benefits delivered by our products are frequently recognised through independent awards. IRIS was the winner of 'Practice Software of the Year' at The British Accountancy Awards in 2015, 2013, 2012 and runner up in 2016, as well as a Finalist at the Pay and Benefits Awards 2015. In 2019 Taxfiler was a finalist in the Accountancy Software Excellence Awards, and the IRIS Managed Payroll shortlisted for Financial Provider of the Year in the General Practice Awards.

PRINCIPAL RISKS AND UNCERTAINTIES
Risks are managed at a consolidated Group level.

The Directors continue to identify and evaluate operational and other risks faced by the Group, implementing changes where necessary to reduce risk to manageable levels. The quality of earnings is underpinned by strong legal and financial governance, coupled with a focus on improving customer service and increasing the lifetime value of our customers.

The Group's business operations rely on the efficient and uninterrupted operation of its information technology systems and networks. To support the business, detailed business continuity plans are in place for all major locations backed up by third party contracts to provide dedicated alternate facilities and systems in the event of disaster.

The Group also pays attention to scalability of infrastructure to ensure all systems remain appropriate for the needs of the business as it continues to grow.

The software market in which the Group operates is characterised by evolving technology, market practices and industry standards. The Group has a strong commitment to Research and Development, which allows for identification of, and adaptation to technological, compliance and market changes, thereby ensuring demands of customers are met and products are delivered on the latest technology platforms.

The Group operates in a competitive environment where the quality of products is paramount. We employ quality assurance teams to reduce risk associated with new product releases and to improve both the quality and the timeliness of releases. The Group attaches enormous importance to providing the highest levels of customer service, which is seen as a major differentiator.

The Directors acknowledge that the economic environment can affect the overall performance of the Group's businesses in terms of both revenues and costs. Through continued development of products and services, the Group endeavours to ensure that it delivers good value to its customers.

All technology companies are vulnerable to disruptive market entrants. IRIS has a market leading position and reputation for quality which means it is well positioned. IRIS also has the largest and most integrated suite of accountancy products in the market. The combination of IRIS's market standing and value its solutions deliver, results in customers renewing their subscription from year to year.

Strategic Report
for the Year Ended 30 April 2019

PRINCIPAL RISKS AND UNCERTAINTIES - continued

The Company relies on intellectual property laws including laws on copyright, trade secrets and trademarks to protect its products. In spite of such laws and regulations being in place, unauthorised copying of software may still occur. To mitigate this risk the Company endeavours to police the unauthorised use of its products, uses secure storage of its source code and engages the services of specialists to enforce and protect the Company's intellectual property rights.

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

Cash flow and liquidity risk
The Group manages its day-to-day cash flow requirements through free cash reserves and the use of an available revolving credit facility of up to £40m. This funding is made available to the Company through cash pooling arrangements and cash transfers within the group.

Interest rate risk
The Company is exposed to interest on amounts owed by group undertakings, and amounts owed to group undertakings. The interest rates are fixed.

Credit risk
The Company's principal financial assets are trade and other receivables and amounts due from group undertakings.

The Company's credit risk is primarily attributable to amounts due from group undertakings. The amounts presented in the balance sheet are net impairment. An allowance for impairment is made where there is an expected credit loss which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

The Company's credit risk is also attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an expected credit loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

EVENTS AFTER THE REPORTING PERIOD
Effective 1 September, the Group announced the appointment of Elona Mortimer-Zhika to the position of Chief Executive Officer. She succeeds Kevin Dady who has been promoted to the role of Executive Chairman. Elona joined IRIS in 2016 as Chief Financial Officer and was promoted to Chief Operating Officer in 2018, responsible for a wide range of functions including all revenue generation, Customer Service, IT, Facilities, Group Transformation, M&A integration, Legal and HR.

FINANCIAL PERFORMANCE
The Company's revenue grew by 33% in the year to a total of £63,264,553 (2018: £47,436,773) which represents amounts recharged to other Group companies for staff costs and other eligible costs incurred. Revenue increased during the year due to additional staff and the centralising of payroll from other group companies into IRIS Group Limited. The Company made an operating loss of £56,984 (2018: operating profit of £2,671,336)

The Company balance sheet shows net assets of £16,991,091 (2018: £13,819,774) reflecting the financial strength of the Company and its retained profits.

Interest is charged on inter-company balances outstanding at the year end. Inter-company interest income in the year was £36,988,241 (2018: £39,889,625). Inter-company interest expense in the year was £36,419,948 (2018: £40,770,105).

The Key Performance Indicators of the Company are established and monitored at a Group level and are stated in the accounts of the Intermediate Holding Company, IRIS Debtco Limited.

ON BEHALF OF THE BOARD:

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M D Cox - Director

Date: 13/03/2020

Directors' Report
for the Year Ended 30 April 2019

The directors present their report with the audited financial statements of the company for the year ended 30 April 2019.

DIVIDENDS
A dividend of £nil was paid in the current year (2018: £nil).

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 May 2018 to the date of this report.

K P Dady
E Mortimer-Zhika

Other changes in directors holding office are as follows:

M D Cox - appointed 1 February 2019

POLITICAL DONATIONS AND EXPENDITURE
The company made no political donations during the year (2018: £nil).

GOING CONCERN
Liquidity is managed at Group level using long-term group bank facilities. Cash generated by the entity is swept to a related IRIS group company overnight. Access to this facility is made available as needed to ensure the business remains a going concern. The entity is expected to be profitable, contributing to the overall profitability of the Group.

The company is reliant for its working capital on funds provided by other group undertakings. The related IRIS Group companies have confirmed that they will provide this support for twelve months from the date of signing these financial statements.

Having considered these risks and the current uncertain economic environment, the directors believe that the company has adequate resources to continue in operational existence as a trading company for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

EMPLOYEES AND REWARD
The Group has a committed and skilled workforce and the Group's reward strategy aims to reinforce the link between employee performance and business performance. In addition to a competitive basic salary, total reward may include variable pay elements such as bonuses, commission, recognition awards and employee share schemes. IRIS have continued to enhance flexible benefit schemes which gives employees the opportunity to choose appropriate benefits to suit their lifestyles while ensuring a core benefit package that supports IRIS' duty of care to employees.

EMPLOYEE CONSULTATION
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and the Group's intranet. One of the highlights of this continuing communication is the annual IRIS Kick-Off event where the whole Company attends a conference to hear our year end results and future strategy.

LEARNING AND DEVELOPMENT
The education and development of the Group's employees remain a priority. With the intent of attracting, recruiting, developing and retaining key employees, the Group maintains a number of policies and procedures, such as an equal opportunities policy.

Employee development is encouraged through appropriate training. Regular and open communication between management and employees is viewed as essential for motivating a highly educated workforce. Briefings are held regularly to provide business updates and give opportunities for questions and feedback. The Group maintains both a website, which is freely accessible, and an intranet site accessible to all employees.

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

CORPORATE SOCIAL RESPONSIBILITY
IRIS continues to be strongly aware of its responsibility for its actions and encourages a positive impact on the environment and communities it serves. Along with ensuring we are compliant and actively engaged in sustainability, IRIS enables our employees to 'give back' to the community and raise money for charity by allowing them to have 3 days per year to support local communities raising money or volunteering for a number of charitable causes.

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

Directors' Report
for the Year Ended 30 April 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

....

M D Cox - Director

Date: 13/03/2020

Independent Auditors' Report to the Members of IRIS Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Iris Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements the "Annual Report", which comprise: the statement of financial position as at 30 April 2019; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the effects on the United Kingdom following the recent withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential ongoing implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Nigel H Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

19th March 2020

Income Statement
for the Year Ended 30 April 2019

	Notes	30/4/19 £	30/4/18 £
TURNOVER		63,264,553	47,436,773
Administrative expenses		(63,321,537)	(44,765,437)
OPERATING (LOSS)/PROFIT	8	(56,984)	2,671,336
Income from shares in group undertakings	5	-	6,533,249
Interest receivable and similar income	6	37,087,107	39,934,812
PROFIT BEFORE INTEREST PAYABLE & TAXATION		37,030,123	49,139,397
Interest payable and similar expenses	7	(36,449,702)	(40,777,904)
PROFIT BEFORE TAXATION		580,421	8,361,493
Tax credit on profit	9	25,896	(202,644)
PROFIT FOR THE FINANCIAL YEAR		606,317	8,158,849

The notes on pages 12 to 22 form part of these financial statements

Statement of Comprehensive Income for the Year Ended 30 April 2019

	Notes	30/4/19 £	30/4/18 £
PROFIT FOR THE YEAR		606,317	8,158,849
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Revaluation of Financial asset through other comprehensive income		-	278,759
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	278,759
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		606,317	8,437,608

The notes on pages 12 to 22 form part of these financial statements

IRIS Group Limited (Registered number: 03193619)

Statement of Financial Position
30 April 2019

	Notes	30/4/19 £	30/4/18 £
FIXED ASSETS			
Owned			
Intangible assets	10	2,913,216	1,968,769
Tangible assets	11	2,571,677	2,618,636
Right-of-use assets	18	93,856	-
Investments	12	20,085,672	20,085,672
		25,664,421	24,673,077
CURRENT ASSETS			
Debtors	13	631,792,284	677,756,745
Financial asset through other comprehensive income	14	-	4,700,160
Cash at bank		-	20,024,688
		631,792,284	702,481,593
CREDITORS			
Amounts falling due within one year	15	(640,442,248)	(713,334,896)
NET CURRENT LIABILITIES		(8,649,964)	(10,853,303)
TOTAL ASSETS LESS CURRENT LIABILITIES		17,014,457	13,819,774
CREDITORS			
Amounts falling due after more than one year	16	(23,366)	-
NET ASSETS		16,991,091	13,819,774
CAPITAL AND RESERVES			
Called up share capital	19	28,170	28,170
Revaluation reserve		-	3,806,759
Capital contribution		2,565,000	-
Retained earnings		14,397,921	9,984,845
SHAREHOLDERS' FUNDS		16,991,091	13,819,774

The financial statements were approved and authorised for issue by the Board of Directors on 13/03/2020 and were signed on its behalf by:

....

M D Cox - Director

The notes on pages 12 to 22 form part of these financial statements

Statement of Changes in Equity for the Year Ended 30 April 2019

	Called up share capital £	Revaluation reserve £	Capital contribution £	Retained earnings £	Total equity £
Balance at 1 May 2017	28,170	3,528,000	-	1,825,996	5,382,166
Total comprehensive income	-	278,759	-	8,158,849	8,437,608
Balance at 30 April 2018	28,170	3,806,759	-	9,984,845	13,819,774
Adjustment in relation to adoption of IFRS 9	-	(3,806,759)	-	3,806,759	-
Balance at 1 May 2018	28,170	-	-	13,791,604	13,819,774
Total comprehensive income	-	-	-	606,317	606,317
Transaction with owners in their capacity as owners					
Capital contribution	-	-	2,565,000	-	2,565,000
Balance at 30 April 2019	28,170	-	2,565,000	14,397,921	16,991,091

The notes on pages 12 to 22 form part of these financial statements

Notes to the Financial Statements
for the Year Ended 30 April 2019

1. **GENERAL INFORMATION**

The Company's financial statements are prepared in accordance with 'Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling as that is the currency of the primary economic environment in which the company operates.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare Group financial statements as it is a wholly owned subsidiary of IRIS Debtco Limited which files Group financial statements. These financial statements are separate financial statements. The principal accounting policies applied in the preparation of these financial statements are set out in note 3. These policies have been consistently applied to both years presented, unless otherwise stated.

2. **STATUTORY INFORMATION**

IRIS Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

3. **ACCOUNTING POLICIES**

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101. "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention except for financial asset through other comprehensive income which is measured at fair value.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Changes in accounting policies
The company has adopted the following standards in the year:

- IFRS 9, "Financial Instruments" (effective periods beginning on or after 1 January 2018)
  This standard affects the disclosure requirements in relation to Financial Instruments (see statement of changes in equity) and has no material effect on the reported figures.

- IFRS 15, "Revenue from Contracts with Customers" (effective periods beginning on or after 1 January 2018)
  This standard affects the disclosure requirements in relation to Contracts with customers and has no material effect on the reported figures.

- IFRS 16, "Leases" (effective periods beginning on or after 1 January 2019)
  This standard affects the reporting of assets held under operating leases as described below.

The Directors considered the impact on the Group of other new and revised accounting standards, interpretations or amendments and do not note any revised or new accounting standards, which will have an impact on the Group financial statements outside of those adopted for this period.

Effect of implementation of IFRS 16
The Company has applied IFRS 16 using the modified retrospective method, whereby the Right-of use asset is introduced at the start of the current year at a value representing the discounted future cash flows, together with a corresponding lease liability.

IFRS 16 has had the effect of creating a Right of use asset as at 1 May 2018 of £156,427 and a corresponding lease liability of £156,427. Right of use assets have been created relating to building leases. Right of use assets have been created relating to building leases.

continued...

3. **ACCOUNTING POLICIES - continued**

Going concern
The company is reliant for its working capital on funds provided by other group undertakings. The related IRIS Group companies have confirmed that they will provide this support for twelve months from the date of signing these financial statements. Accordingly, these financial statements have been prepared on a going concern basis and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under FRS 101.

Turnover
Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for recharges to Group companies for services provided net of VAT. Turnover is recognised on an accrual's basis in line with the rechargeable cost.

Intangible fixed assets
Intangible assets are stated at fair value less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over their estimated useful lives.

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

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

Where the Directors are satisfied as to the technical, commercial and financial viability of individual projects, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is expected to be between three and five years.

Tangible fixed assets
Land and buildings are shown at historic cost and is not depreciated..

All other property, plant and equipment is stated at historic cost less depreciation. Historic cost includes expenditure that is directly attributable to the acquisition. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated lives, as follows:

Land	Nil
Buildings	2%

The assets residual lives and useful lives are reviewed, and adjusted if appropriate, at the end of each accounting period.

Taxation
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the United Kingdom where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is measured on a non-discounted basis.

Leases
The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

continued...

3. **ACCOUNTING POLICIES - continued**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments, less any lease incentives.
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

Employee benefit costs
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Investment in subsidiaries
Investments in subsidiaries are held at cost less accumulated impairment losses.

Impairment of assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

continued...

3. **ACCOUNTING POLICIES - continued**

Financial asset through other comprehensive income
Financial asset through other comprehensive income represent investments which are listed on the Alternative Investment Market of London Stock Exchange and are included at fair value at the balance sheet date. In the prior year, the assets were treated as current as an irrevocable offer had been made to purchase the shares. The shares were sold in the year at book value and the related revaluation reserve released through statement of changes in equity.

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

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. We have assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Creditors
Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Fair value measurement
The Company measures financial instruments, such as derivatives, at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost.

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

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

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

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

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

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

Interest income
Interest income is recognised using the effective interest method.

Critical accounting estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment - Intangibles
The Company determines whether intangible assets are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash generating unit to which the assets are allocated.

Estimating the value-in-use requires the Company to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

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3. ACCOUNTING POLICIES - continued

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Capitalisation of development cost
The Group capitalises internal costs of software development, where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. Judgement is required in determining whether a project is suitable for capitalisation and in determining the useful economic life.

Impairment - Investments
The company determines whether investments are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable giving rise to an expected credit loss. This requires an estimation of the recoverable amount of the cash generating unit to which the assets are allocated.

Estimating the value-in-use requires the company to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Amounts due from group undertakings
There is uncertainty regarding group undertakings who may not be able to pay as the balances fall due. In reviewing the appropriateness of the provisions in respect of recoverability of these amounts, consideration has been given to the economic climate in the respective markets, the performance of the group undertaking, the group undertakings balance sheet and the potential likelihood of default giving rise to an expected credit loss.

4. EMPLOYEES AND DIRECTORS

	30/4/19	30/4/18
	£	£
Wages and salaries	42,222,880	33,188,201
Social security costs	4,728,730	3,429,054
Other pension costs	953,289	1,044,727
	47,904,899	37,661,982

The average number of employees during the year was as follows:

	30/4/19	30/4/18
Sales & marketing	239	210
Technical	476	382
Administration & management	81	62
	796	654

The Directors' emoluments are borne by another group company and the allocation for their services is £nil (2018: £nil).

The Company pays the majority of the Group's employees and recharges costs relating to other Group companies. In the year the Company recharged £37,547,922 (2018: £23,583,819) of employee costs. The remaining staff costs are recharged as part of the general management recharges.

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	30/4/19	30/4/18
	£	£
Dividends received from group undertakings	-	6,533,249

Dividends from group undertakings represents dividends receivable prior to the liquidation of Drummohr Technology Limited and Professional Tax Practice Limited.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	30/4/19	30/4/18
	£	£
Intercompany interest receivable	36,988,241	39,889,625
Other interest receivable	98,866	45,187
	37,087,107	39,934,812

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	30/4/19	30/4/18
	£	£
Intercompany interest payable	36,419,948	40,770,105
Other interest	22,815	7,799
Leasing	6,939	-
	36,449,702	40,777,904

8. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	30/4/19	30/4/18
	£	£
Depreciation - property, plant and equipment	46,959	188,517
Depreciation - leased assets	62,571	-
Amortisation - Intangible assets	516,762	569,945
Lease interest	6,939	-
Operating leases – land and buildings	-	265,432
Auditors' remuneration for audit	29,877	30,533

9. TAX ON PROFIT

Analysis of tax (credit)/charge

	30/4/19	30/4/18
	£	£
Deferred tax	(25,896)	202,644
Total tax (income)/expense in income statement	(25,896)	202,644

Factors affecting the tax (credit/charge)
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30/4/19	30/4/18
	£	£
Profit before income tax	580,421	8,361,493
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	110,280	1,588,684
Effects of:		
Expenses not deductible for tax purposes	157,865	126,004
Group relief	(294,041)	(328,419)
Prior year adjustments	-	57,692
Income not assessable to UK Corporation tax	-	(1,241,317)
Tax (credit)/charge	(25,896)	202,644

continued...

9. **TAX ON PROFIT - continued**

Deferred tax asset

	Other Timing Differences £	Total £
Balance at 1 May 2018	20,777	20,777
Charge to income statement	25,896	25,896
Balance at 30 April 2019	46,673	46,673

The tax rate for the current year and the prior year is 19%.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10. **INTANGIBLE FIXED ASSETS**

	Development costs £
COST	
At 1 May 2018	3,112,206
Additions	1,461,209
At 30 April 2019	4,573,415
AMORTISATION	
At 1 May 2018	1,143,437
Amortisation for year	516,762
At 30 April 2019	1,660,199
NET BOOK VALUE	
At 30 April 2019	2,913,216
At 30 April 2018	1,968,769

continued...

Notes to the Financial Statements - continued
for the Year Ended 30 April 2019

11. TANGIBLE FIXED ASSETS

	Land and buildings £	Totals £
COST		
At 1 May 2018 and 30 April 2019	3,123,292	3,123,292
DEPRECIATION		
At 1 May 2018	504,656	504,656
Charge for year	46,959	46,959
At 30 April 2019	551,615	551,615
NET BOOK VALUE		
At 30 April 2019	2,571,677	2,571,677
At 30 April 2018	2,618,636	2,618,636

Included in cost of land and buildings is freehold land of £1,350,000 (2018 - £1,350,000) which is not depreciated.

Fixed asset disposals represent the transfer of fixed assets to a group undertaking.

12. INVESTMENTS

	Share in group undertakings £
Cost	
At 30 April 2018	20,085,672
At 30 April 2019	20,085,672

The company's investments at the Balance Sheet date in the share capital of companies is as follows:

Undertaking	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held Group	Company
IRIS KPO Resourcing (India) Private Limited**	India	Outsourcing services	56%	0%
IRIS Resourcing Limited*	England & Wales	Holding Company	100%	100%
IRIS Software Limited*	England & Wales	Software development	100%	100%
PTP Software Limited*	England & Wales	Software development	100%	100%
Riding Court Management Ltd*	England & Wales	Management company	30%	30%

* Subsidiary registered address: Heathrow Approach 4th Floor, 470 London Road, Slough, Berkshire SL3 8QY
** Subsidiary registered address: Pottipati Plaza 77, Nungambakkam High Road, Chennai–600 034

There were no indications of impairment noted during the year ended April 2019 to these investments (2018: £nil).

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Notes to the Financial Statements - continued
for the Year Ended 30 April 2019

13. **DEBTORS**

Debtors: amounts falling due within one year

	30/4/19	30/4/18
	£	£
Trade debtors	426,891	7,800
Amounts owed by group undertakings	628,520,887	674,979,881
Other debtors	885,228	975,615
VAT	1,912,605	1,772,672
	631,745,611	677,735,968

Debtors: amounts falling due after more than one year

	30/4/19	30/4/18
	£	£
Deferred Tax	46,673	20,777
	46,673	20,777
Total debtors	631,792,284	677,756,745

Interest is charged on inter-company loans with a value of £10,000,000 or more (2018: £10,000,000 or more) at 6.31% (2018: 6.31%). Inter-company loans are unsecured and repayable on demand.

14. **FINANCIAL ASSET THROUGH OTHER COMPREHENSIVE INCOME**

Listed investments

	£
At 30 April 2018	4,700,160
Disposal	(4,700,160)
At 30 April 2019	-

During the year, the Company sold its financial asset through other comprehensive income at book value.

15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30/4/19	30/4/18
	£	£
Bank loans and overdrafts (see note 17)	314,357	-
Lease liabilities (see note 17)	70,000	-
Trade creditors	364,767	581,203
Amounts owed to group undertakings	637,178,099	709,658,022
Social security and other taxes	1,333,537	980,052
Other creditors	351,897	495,366
Accrued expenses	829,591	1,620,253
	640,442,248	713,334,896

Interest is charged on amounts due to group undertakings with a value of over £10,000,000 (2018: over £10,000,000) at 6.31% (2018: 6.31%). Inter-company loans are unsecured and repayable on demand.

16. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	30/4/19	30/4/18
	£	£
Lease liabilities (see note 17)	23,366	-

continued...

17. **FINANCIAL LIABILITIES - BORROWINGS**

	30/4/19	30/4/18
	£	£
Current:		
Bank overdrafts	314,357	-
Lease liabilities (see note 18)	70,000	-
	384,357	-
Non-current:		
Lease liabilities (see note 18)	23,366	-

Terms and debt repayment schedule

	1 year or less	1-2 years	Totals
	£	£	£
Bank overdrafts	314,357	-	314,357
Lease liabilities	70,000	23,366	93,366
	384,357	23,366	407,723

18. **LEASING**

Right-of-use assets

Tangible fixed assets

	30/4/19	30/4/18
	£	£
COST		
At 1 May 2018	156,427	-
DEPRECIATION		
Charge for year	(62,571)	-
NET BOOK VALUE	93,856	-

Lease liabilities

Minimum lease payments fall due as follows:

	30/4/19	30/4/18
	£	£
Gross obligations repayable:		
Within one year	71,750	-
Between one and five years	25,339	-
	97,089	-
Finance charges repayable:		
Within one year	1,750	-
Between one and five years	1,973	-
	3,723	-
Net obligations repayable:		
Within one year	70,000	-
Between one and five years	23,366	-
	93,366	-

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IFRS17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2018. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 May 2108 was 5.5%.

	£
Operating lease commitments disclosed as at 30 April 2018	476,040
Less short-term leases recognised as expense	(311,520)
Adjustment as a result of different treatment of extension and termination options	-
Discounted using the group's incremental borrowing rate of 5.5%	(8,093)
Additional finance lease liability	156,427

continued...

Notes to the Financial Statements - continued
for the Year Ended 30 April 2019

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30/4/19 £	30/4/18 £
28,170	Ordinary A shares	1	28,170	28,170

20. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of the Perennial Newco 2 Limited group of companies (Registered in England and Wales). The consolidated financial statements of this Group are publicly available and may be obtained from Companies House.

The Company's immediate parent is IRIS Holdings Limited which is registered in England and Wales.

According to the register maintained by the Company, a number of limited partnerships which are managed by Hg Pooled Management Limited ("HgCapital") (holding through a nominee company) held a significant interest in the ordinary shares of the Company at 30 April 2019 and subsequently to the date of approval of the financial statements. The Directors' deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by HgCapital has an ownership of more than 20% of the issued share capital of the Company.

21. RELATED PARTY DISCLOSURES

The company is exempt from the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

22. EVENTS AFTER THE REPORTING PERIOD

Effective 1 September, the Group announced the appointment of Elona Mortimer-Zhika to the position of Chief Executive Officer. She succeeds Kevin Dady who has been promoted to the role of Executive Chairman. Elona joined IRIS in 2016 as Chief Financial Officer and was promoted to Chief Operating Officer in 2018, responsible for a wide range of functions including all revenue generation, Customer Service, IT, Facilities, Group Transformation, M&A integration, Legal and HR.