Parent for:
6472420

the panoply

WEDNESDAY

A9KIPZ1U
A31 23/12/2020 #79
COMPANIES HOUSE

WE
A9ILIO0J
A18 25/11/2020 #67
COMPANIES HOUSE

Annual Report and Accounts
2020

Vision

Sustainable futures through digital transformation

the panoply

Strategic Review

Financial Highlights	2
Letter to Shareholders	3
Market Overview	4
Our Business Model	6
Our Values	8
Commercial Vision & 2020 Key Metrics	9
Acquisition Strategy	10
Chairman's Statement	18
CEO's Statement	20
Financial Review	24
Sustainable Futures	26
Risk and Risk Management	40

Corporate Governance

Board of Directors	46
Corporate Governance Report	48
Remuneration Report	55
The Audit, Risk and AIM Rules Compliance Committee	57
Directors' Report	59
Statement of Directors' Responsibilities	60

Financial Statements

Independent Auditor's Report	64
Consolidated Income Statement	70
Consolidated Statement of Financial Position	71
Consolidated Statement of Changes in Equity	72
Consolidated Statement of Cash Flow	73
Company Statement of Financial Position	74
Company Statement of Changes in Equity	75
Company Statement of Cash Flow	76
Notes to the Consolidated Financial Statements	77
Directors, Secretary and Advisers	118

Key Highlights and Key Takeaways

Key Highlights

REVENUE

£31.5m

(2019[1]: £22.1m)

GROSS PROFIT

£12.0m

(2019[1]: £9m)

PUBLIC SERVICES REVENUE

£20.1m

(2019[1]: £12.3m)

CASH[3]

£4.6m

(2019: £5.7m)[3]

NORMALISED ADJUSTED EBITDA[2]

£3.4m

(2019[1]: £2.1m)

ADJUSTED PROFIT AFTER TAX[4]

£2.7m

(2019[1]: £0.2m)

ADJUSTED DILUTED EARNINGS PER SHARE[5]

3.6p

(2019: 0.7p)

CURRENT RATIO[7]

1.7

(2019: 2.4)

NET DEBT[6]

£0.4m

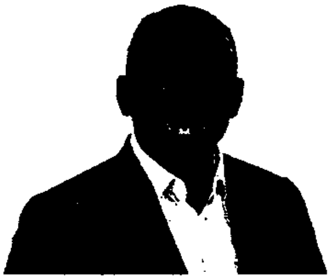
(2019[1]: Net Cash £5.7m)

1. Normalised results are prepared on the assumption that the four initial companies acquired at IPO were owned for a full period and the results of subsequent acquisitions from the date of completion adjusted for normalised salaries and bonuses and the same central costs as reported in the current year. Normalised numbers are used where the Directors believe it provides a more appropriate measure when comparing the year on year performance of the Group.
2. Normalised adjusted EBITDA is a non-IFRS measure that the Group uses to measure its performance and is defined as earnings before interest, taxation, depreciation and amortisation and after add back of costs related to acquisitions, restructuring and other one off costs made by the Group, fair value adjustments, share-based payment charges and pre IFRS 16 adjustments.
3. Cash decreased due to impact of acquisitions made in the year
4. Adjusted profit after tax is a non-IFRS measure and is, in the director's opinion, more representative of the underlying performance of the Group. To arrive at adjusted profit after tax, adjustments made include the add back of acquisition , restructuring and other one off costs, amortisation related to acquired intangibles, share-based payments, the impact of fair value adjustments and IFRS 16 adjustments and the tax impact of these adjustments.
5. Adjusted diluted earnings per share is calculated based on adjusted profit after tax as defined above. An adjusted diluted share count is calculated by taking the weighted average basic shares and including the maximum shares to be issued in respect of contingent consideration to be paid based on performance measures met in the period, together with the maximum Share-based payments outstanding.
6. Net debt is calculated as cash balances less borrowings.
7. Current ratio calculated before the impact of IFRS 16.

Key Takeaways

- Acquisition of FutureGov and Ameo
- Revolving Credit Facility (RCF) of £5m secured with HSBC
- Growth in customer base with 265 customers billed in the year (2019: 191)
- 75% of customers billed in 2020 were also billed in 2019 and/or 2018
- Top 10 customers represented 35% of revenue (2019: 54%)
- Clients billed where work was performed by two or more Group companies totalled £8.9m representing 28% of total revenue
- Collaborations within the Group (2020: 51 / 2019: 8)
- Average headcount in the year of 361 employees across the UK, Bulgaria and Norway including 220 in technology roles

Letter to Shareholders



Dear Shareholders,

It is hard to believe that the results to 31 March 2020 represent our first full year as a listed company, and indeed as an entity at all given that the IPO in December 2018 was the catalyst to create the Panoply.

The macro-economic headwinds that we have faced in that time are surely unprecedented. The uncertainty caused by any one of Brexit, the US-China trade war and the current Covid-19 pandemic makes plotting a corporate path difficult, let alone the combination of all three and, as I write, all three are still very much in full force.

Given this backdrop it is a source of immense pride to reflect on quite how much we have achieved since December 2018 and, in particular, in the twelve months to 31 March 2020. From the outset, our goal has been to establish the optimal model to help deliver the digital transformation programmes fit for the 21st century. Fundamentally we do this by recognising that small, diverse, expert, multidisciplinary teams can and do have incredible impact on client outcomes. Furthermore, forward thinking clients now want their service partner to work alongside in-house teams; upskilling them on modern tools and processes along the way. It is this recognition, along with the fact that we are cloud and agile native, that sets us apart from larger monolithic companies that are struggling to embrace this new model of delivery.

I have no doubt that the single most meaningful contributor to our success to date has been our collective sense of purpose. We fundamentally believe that serving our wider community and building increasing shareholder returns do not need to be mutually exclusive. We have been able to attract exciting companies and highly talented, driven individuals into the Panoply Group because together we can deliver outcomes that will have a positive effect on society as well driving financial value. This has been epitomised by the work that we have been doing since the onset of Covid-19. The pandemic highlighted many of the shortcomings in digital services and we have worked tirelessly with all levels of government to help transform them and make a meaningful difference to the lives of citizens up and down the country in difficult circumstances.

I am delighted that we have been able to support all of our staff throughout the pandemic without calling upon government support through either the furlough or business loans schemes. Although the roles of many of our support staff have been impacted by the restrictions enforced by lockdown, our enduring sense has been to provide from within and leave the government support to those more in need. By doing so, we can also allocate future capital with a clear conscience and maintain control of our destiny.

Today, the Panoply represents approximately 400 members of staff and within that, a true reflection of the diverse nature of our wonderful society. Our male to female ratio in senior leadership positions is now 61:39 with BAME representation at 12% and LGBT at 7%. Rather than celebrating this though, we believe it shows us that we still have a way to go. This coming year will see us setting long term diversity and inclusion targets across all groups and publishing them and our annual results on our website. The recent Black Lives Matter movement has shown us that to some extent, we have all been blindsided by the Black, Asian and Minority Ethnic (BAME) term. The reality is that in the tech industry, people of Asian descent have a very different life experience to our black colleagues. After all, the CEOs of Microsoft and Alphabet are of Indian origin and as such are great role models for others with the same background. However notable black leaders in our industry are few and far between. For that reason, moving forwards, we will split BAME into B and AME and report each separately so that we begin to do our bit to address this issue.

Our purpose will continue to be at the forefront of everything that we do, helping us to solve problems and deliver outcomes of which we can be truly proud. In turn, this will be reflected in our financial performance. This year has seen us increase revenues by 43%[8], normalised adjusted EBITDA[9] by 62% with a cash conversion ratio of 91% versus normalised 2019 figures. On a statutory basis, revenue has increased by 284%, adjusted EBITDA by 850% and operating loss has increased by 87.5% as a result of 4 months of trading in 2019 versus a whole year's worth of trading in 2020. That performance has continued into the current financial year with Q1 unaudited revenue of £10.1m representing 10% organic growth and adjusted EBITDA of £1.7m which is up 55% on a like for like basis. These are numbers that the whole group can be proud of but I can speak with near certainty that they wouldn't have been possible to achieve without a deep sense of purpose running through our core.

Thank you for your continuing support.

Neal Gandhi
18 August 2020

DocuSigned by:
Neal Gandhi
5E671A782582472...

8 Normalised results are prepared on the assumption that the four initial companies acquired at IPO were owned for full period and the results of subsequent acquisitions from the date of completion adjusted for normalised salaries and bonuses and the same central costs as reported in the current year. Normalised numbers are used where the Directors believe it provides a more appropriate measure when comparing the year on year performance of the Group.

9 Normalised adjusted EBITDA is a non-IFRS measure that the Group uses to measure its performance and is defined as earnings before interest, taxation, depreciation and amortisation and after add back of costs related to acquisitions, restructuring and other one off costs made by the Group, fair value adjustments, share-based payment charges and pre IFRS 16 adjustments.

Letter to Shareholders

Dear Shareholders,

It is hard to believe that the results to 31 March 2020 represent our first full year as a listed company, and indeed as an entity at all given that the IPO in December 2018 was the catalyst to create the Panoply.

The macro-economic headwinds that we have faced in that time are surely unprecedented. The uncertainty caused by any one of Brexit, the US-China trade war and the current Covid-19 pandemic makes plotting a corporate path difficult, let alone the combination of all three and, as I write, all three are still very much in full force.

Given this backdrop it is a source of immense pride to reflect on quite how much we have achieved since December 2018 and, in particular, in the twelve months to 31 March 2020. From the outset, our goal has been to establish the optimal model to help deliver the digital transformation programmes fit for the 21st century. Fundamentally we do this by recognising that small, diverse, expert, multidisciplinary teams can and do have incredible impact on client outcomes. Furthermore, forward thinking clients now want their service partner to work alongside in-house teams; upskilling them on modern tools and processes along the way. It is this recognition, along with the fact that we are cloud and agile native, that sets us apart from larger monolithic companies that are struggling to embrace this new model of delivery.

I have no doubt that the single most meaningful contributor to our success to date has been our collective sense of purpose. We fundamentally believe that serving our wider community and building increasing shareholder returns do not need to be mutually exclusive. We have been able to attract exciting companies and highly talented, driven individuals into the Panoply Group because together we can deliver outcomes that will have a positive effect on society as well driving financial value. This has been epitomised by the work that we have been doing since the onset of Covid-19. The pandemic highlighted many of the shortcomings in digital services and we have worked tirelessly with all levels of government to help transform them and make a meaningful difference to the lives of citizens up and down the country in difficult circumstances.

I am delighted that we have been able to support all of our staff throughout the pandemic without calling upon government support through either the furlough or business loans schemes. Although the roles of many of our support staff have been impacted by the restrictions enforced by lockdown, our enduring sense has been to provide from within and leave the government support to those more in need. By doing so, we can also allocate future capital with a clear conscience and maintain control of our destiny.

Today, the Panoply represents approximately 400 members of staff and within that, a true reflection of the diverse nature of our wonderful society. Our male to female ratio in senior leadership positions is now 61:39 with BAME representation at 12% and LGBT at 7%. Rather than celebrating this though, we believe it shows us that we still have a way to go. This coming year will see us setting long term diversity and inclusion targets across all groups and publishing them and our annual results on our website. The recent Black Lives Matter movement has shown us that to some extent, we have all been blindsided by the Black, Asian and Minority Ethnic (BAME) term. The reality is that in the tech industry, people of Asian descent have a very different life experience to our black colleagues. After all, the CEOs of Microsoft and Alphabet are of Indian origin and as such are great role models for others with the same background. However notable black leaders in our industry are few and far between. For that reason, moving forwards, we will split BAME into B and AME and report each separately so that we begin to do our bit to address this issue.

Our purpose will continue to be at the forefront of everything that we do, helping us to solve problems and deliver outcomes of which we can be truly proud. In turn, this will be reflected in our financial performance. This year has seen us increase revenues by 43%[8], normalised adjusted EBITDA[9] by 62% with a cash conversion ratio of 91% versus normalised 2019 figures. On a statutory basis, revenue has increased by 284%, adjusted EBITDA by 850% and operating loss has increased by 87.5% as a result of 4 months of trading in 2019 versus a whole year's worth of trading in 2020. That performance has continued into the current financial year with Q1 unaudited revenue of £10.1m representing 10% organic growth and adjusted EBITDA of £1.7m which is up 55% on a like for like basis. These are numbers that the whole group can be proud of but I can speak with near certainty that they wouldn't have been possible to achieve without a deep sense of purpose running through our core.

Thank you for your continuing support.

Neal Gandhi
18 August 2020

8. Normalised results are prepared on the assumption that the four initial companies acquired at IPO were owned for full period and the results of subsequent acquisitions from the date of completion adjusted for normalised salaries and bonuses and the same central costs as reported in the current year. Normalised numbers are used where the Directors believe it provides a more appropriate measure when comparing the year on year performance of the Group.
9. Normalised adjusted EBITDA is a non-IFRS measure that the Group uses to measure its performance and is defined as earnings before interest, taxation, depreciation and amortisation and after add back of costs related to acquisitions, restructuring and other one off costs made by the Group, fair value adjustments, share-based payment charges and pre IFRS 16 adjustments.

Market Overview

We are living in turbulent times. A world already grappling with political, environmental, social and technological change happening at a pace not seen in our lifetime, has been turned on its head by the Covid-19 pandemic.

Recent events have exposed just how far most organisations have to go to make digital-first a reality. For organisations across the private and public sector digital transformation has been high on the agenda for a number of years, yet not enough have taken the bold steps needed to build organisations fit for 2020 and beyond. Digital transformation means more than transitioning to remote working practices and video calls. It means seizing the opportunities of technology and data, to fundamentally reshape the way we deliver services.

While no organisation could have accurately predicted the many challenges we face today, those that have adapted best are those that had already developed digital-first strategies and ways of working. The importance of agility and of the central role of digital has been brought into sharp focus. In a period of just a few months, we've seen more purposeful discussion around the need to build resilient, digitally-driven business than in many months and years before. We are seeing organisations across every sector beginning to question their operating models, workspaces, culture, responsibilities towards employees, supply chains, management structures, and more.

In the public sector, departments which have traditionally been slow-moving have proven that they can deliver impactful, innovative services at speed. The Panoply are proud to have worked on several initiatives to support the government's emergency response to Covid-19.

In partnership with Camden Council, FutureGov designed and built Beacon – an open source service directory tool which helps the council and local public service partners match vulnerable residents with relevant support. Notbinary created a system with the Competition and Markets Authority via the Department for Business, Energy & Industrial Strategy which allows businesses to be held to account for unfair behaviour during the crisis.

In addition, FutureGov and Notbinary both built dashboards to help manage the provision of ventilators and personal protective equipment ('PPE') for health workers in North East London NHS Trust. In an example of how highly skilled, agile teams can make a difference with technology, these dashboard tools were taken from the initial concept stage to being operational in little over a week. This is a true testament to the power of technology to deliver business solutions and make a difference to peoples' lives. It also heralds a new age for service delivery, as organisations realise the benefits of moving away from the slow, monolithic approaches of transformation in the past.

An uncertain future

Understandably, organisations have a range of concerns as we enter an economic slowdown and a world operating under very different rules. Yet the dominant business impact of the pandemic can be most helpfully framed in terms of increased uncertainty. Institutions attempting to forecast for future scenarios risk wasted resources as circumstances change. Instead, agility and flexibility must be built into organisational DNA to flourish on the road ahead.

With the right mindset, every organisation has the potential to turn these events to their advantage. It is rare to face such a large and varied set of challenges. But it is also rare to be presented with such a strong catalyst for change. This is an unmissable opportunity to refocus services around the true needs of their users. To move away from the one-size-fits-all, rigid systems of the past to a more individualised approach.

The Directors believe in two clear ways of meeting this need. The first approaches digital transformation from a top-down, organisational perspective – asking what the end user need is and adopting working practices, business models, and technologies to achieve this. This user-centric approach is seen in our work at FutureGov, where we improve the relevance and delivery of public sector services, making a real difference to the lives of individuals.

The second looks at digital transformation through the power of technology. Our Group-wide expertise in data, automation, and engineering gets to the heart of the legacy technology infrastructure that still plagues many organisations today. By working with our clients to solve their deep-seated technical issues, we help them to remain competitive and deliver world-class experiences for their customers.

The Panoply has been expressly designed to provide digital transformation services in both of these ways, in a flexible and agile manner. This enables us to work alongside our clients at the fast pace that they require.

Guided by values

The past few years have seen social and environmental concerns pushed up the corporate agenda, as organisations have increasingly woken up to their responsibilities beyond pure shareholder profit. We now see businesses committing to initiatives around the UN's sustainability goals, to fostering increased diversity in talent pipelines, and making a positive impact in the local communities in which they operate.

Our Business Model

We believe an increasingly complex world needs a new business model to achieve high impact outcomes for clients and their employees and more value for stakeholders.

We combine the dynamism and agility of smaller, expert teams with the scale required to confidently address our clients' most pressing needs, as they navigate the rapidly changing nature of society and business.

Using our model of consistent autonomy, we embrace a culture of cultures to deliver impactful work and to drive profitable organic growth. And we're collectively entrepreneurial, creating a regenerative spirit of innovation, which delivers the transformative work our clients need.

Impactful Work

We deliver outcomes that have impact beyond financial gains.

Consistent Autonomy Operating Model

Culture of Cultures

We retain our individuality whilst delivering collectively.

Profitable Organic Growth

We achieve growth and profit as clients recognise our value through delivery.

The concept of consistent autonomy

Historically, there have only been two models for groups that are highly acquisitive. The first is a holding company with minimal cross fertilisation of clients, projects, ideas, systems and processes. The second is when a fully integrated single company with smaller acquisitions is swallowed whole by a larger acquirer.

The problem with the first is that it leaves value on the table and fails to generate the kind of transformational and aspirational engagements that the collective can take on. The problem with the second, particularly in services, is that often the best people from acquired companies become disillusioned, and within a few short years, they leave. Both are unsatisfactory outcomes for investors, acquired companies, founders, and employees – leading to the often quoted view that 'buy and builds don't work'.

With the collective experience of creating numerous services companies that went on to be acquired, we have distilled this experience into what we call our consistent autonomy model. This enables acquired companies to retain much of what makes them special, particularly their culture, while at the same time ensuring that clients experience the benefits of the group's collective range of services.

Group companies are bound together by a collective belief that business can be a force for good and that the work we undertake delivers impact beyond just financial gain. At the same time, by being allowed to retain their culture, they're able to retain and attract the experts that make the difference in client projects.

Our approach ensures clients get the best possible outcomes, rather than being bogged down in agendas that differ from what they are actually looking for. As clients recognise the benefits they receive as a result of engaging with us, this enables the group to continue to deliver profitable, organic growth.

Our Values

One of the pillars of our **Consistent Autonomy** model is Culture of Cultures; we retain our individuality whilst delivering collectively. To enable this, we share a core set of values that inform and inspire those of our individual companies.

Relationship with individual company values

The Group's values inform and inspire the values of all of our companies. We use this consistency as a tool to evaluate the culture fit of companies joining the Group through M&A activity.

These 4 shared values are:

Collaboration for impact

We work together effectively. We believe that together we can achieve and deliver more and amplify our impact.

Ambition with inclusion

We are bold, challenging ourselves to be better. We know we need to bring people along on this journey.

Difference with authenticity

We value difference not just in gender, ethnicity and class but in personality, talent and perspective. It takes all types of attributes to make a great team.

Agility with trust

We are dynamic, modern, and agile as well as professional and safe. We bring the benefits of a small business together with the security larger businesses provide.

Commercial Vision & 2020 Key Metrics

Our Commercial Vision

We are one year into our three-year plan of achieving a run rate revenue of £100m by 31 March 2023.

- Our ambition is to drive 10% to 15% organic revenue growth per annum over the next three years with maintained or improving margins.
- We plan that 70%+ of our operating profit will drop through into positive cash flow to generate significant cash reserves.
- We plan to use this cash to set up a progressive dividend policy for shareholders at approx 15%-20% of net income.
- We plan to use a mixture of positive cash flow and our listed shares to make further earnings enhancing acquisitions over the next 3 years to *add more than £35m of revenue.*
- On this basis we aim to achieve a run rate revenue of £100m by FY 2023 and deliver £12m-£14m EBITDA.
- Given our size and scale we believe that liquidity is important and will therefore keep leverage low at below 1x EBITDA.

2020 Key Metrics

Key financial and non-financial metrics:

(i) Key financial metrics

- Revenue growth 43% (2020: £31.5m / 2019[1]: £22.1m)
- Public services revenue totalled 64% (2019[1]: 56%)
- Gross Profit growth 33% (2020: £12m / 2019[1]: £9m)
- Normalised adjusted EBITDA[2] growth 62% (2020: £3.4m / 2019[1]: £2.1m)
- Net debt of £0.4m (2019: net cash £5.7m)[3]
- Adjusted profit after tax[4] of £2.7m (2019[1]: £0.2m)
- Adjusted diluted earnings per share[5] of 3.6p (2019 0.7p)
- Backlog[6] as at the 31 March 2020 of £15m to 31 March 2021 (sales backlog as 30 September 2019 of £12.8m to 31 March 2020)

(ii) Non-financial metrics

- Acquisition of FutureGov and Ameo
- RCF facility of £5m secured with HSBC
- Growth in customer base with 265 customers billed in the year (2019: 191)
- 75% of customers billed in 2020 were also billed in 2019 and/or 2018
- Top 10 customers represented 35% of revenue (2019: 54%)
- Clients billed where work was performed by two or more Group companies totalled £8.9m representing 28% of total revenue
- *Number of customers where there have been collaborations within the Group of 51 (2019: 8)*

Other key metrics

- Current ratio of 1.7 (2019: 2.4)[7]
- Brand awareness via website visits (2020: 20,265 / 2019: 11,675)
- Brand awareness via social media (Twitter and LinkedIn) (2020: 1,633 / 2019: 658)
- Employees scored an overall satisfaction rating of 7.5 out of 10
- The carbon intensity ratio per FTE employee was 0.34 tCO_2e
- 904 working hours donated to community investment projects

1. Normalised results are prepared on the assumption that the four initial companies acquired at IPO were owned for a full period and the results of subsequent acquisitions from the date of completion adjusted for normalised salaries and bonuses and the same central costs as reported in the current year. Normalised numbers are used where the Directors believe it provides a more appropriate measure when comparing the year on year performance of the Group.
2. Normalised adjusted EBITDA is a non-IFRS measure that the Company uses to measure its performance and is defined as earnings before interest, taxation, depreciation and amortisation and after add back of costs related to acquisitions, restructuring and other one off costs made by the Group, fair value adjustments, share-based payment charges and pre IFRS 16 adjustments.
3. Net debt is calculated as cash balances less borrowings. Cash decreased due to impact of acquisitions made in the year.
4. Adjusted profit after tax is a non-IFRS measure and is, in the director's opinion, more representative of the underlying performance of the Group. To arrive at adjusted profit after tax, adjustments made include the add back of acquisition , restructuring and other one off costs, amortisation related to acquired intangibles, share-based payments, the impact of fair value adjustments and IFRS 16 adjustments and the tax impact of these adjustments.
5. Adjusted diluted earnings per share is calculated based on adjusted profit after tax as defined above. An adjusted diluted share count is calculated by taking the weighted average basic shares and including the maximum shares to be issued in respect of contingent consideration to be paid based on performance measures met in the period, together with the maximum Share-based payments outstanding.
6. The value of contracted revenue that has yet to be recognised.
7. *Current ratio calculated before the impact of IFRS 16.*

Acquisition Strategy

The Panoply was founded in 2016, with the aim of identifying and acquiring best-of-breed specialist information technology, design and innovation consulting businesses. The Group collaborates with its clients to deliver the technology outcomes they're looking for at the pace that they expect and demand.

In the last three and a half years, The Group has identified and met numerous potential target companies and has completed ten acquisitions.

Unlike many buy and build models that have preceded The Panoply, the Directors are focused on creating an agile, decentralised group where employees join a culture of autonomy, purpose, collaboration and innovation. The Directors believe that this consistent autonomy operating model, embracing a culture of cultures and shared values, allows Group Companies to collaborate, providing clients with innovation and the rapid delivery of services.

The Panoply has developed an efficient, formulaic approach for acquiring companies. With an extensive acquisition pipeline, the Directors intend to continue to supplement the organic growth of existing Enlarged Group Companies through the addition of complementary companies largely originated by our own in-house team.

We continue to:

- Add further capabilities around the following technology stacks:
    - Microsoft, Azure, Power Platform, Power Apps & Power Automate, and Office365 & Dynamics CRM
    - Amazon Web Services, AWS
    - Google Cloud Platform, GCP
    - Software & Data Engineering
    - DevOps, DevSecOps
    - Automation
    - AI / ML
- Bolster capabilities that enhance our customer offering in the public, health and adjacent sectors.
- Ensure acquisitions are not seen as exits for their founders but incentivised to build long term sustainable growth through a consideration make-up that is majority share based.
- Ensure acquisitions are immediately earnings enhancing.

Investment Case

Strong financials with exposure to cutting edge technology, solving 21st century problems with 21st century solutions.

Why invest

- Approximately 70% public services revenue - Covid-19, the need for fundamental structural change and sentiment, mean that this is a great place to be
- Approximately £40m revenue Group created since IPO, with ambition to grow to £100m in the next 3 years through acquisition and organic growth
- Marquee clients and great reputation
- Strong management team that are all significant shareholders

1. Strong financial fundamentals

- Profitable (normalised adjusted EBITDA)
- Cash generative
- Intention to commence dividend payment in 2021

NORMALISED ADJUSTED EBITDA

£3.4m

CASH & CASH EQUIVALENTS

£4.6m

2. Access to structural growth markets

- Digital transformation within the UK public sector alone will represents a total addressable market of £20bn by 2025
- *Global digital transformation market is expected* to grow from USD 469.8 billion in 2020 to USD 1009.8 billion by 2025, at a Compound Annual Growth Rate (CAGR) of 16.5%
- 70% Public Sector Weighted, across Central and Local Government, Healthcare and education sectors

3. *A unique, 21st century proposition for clients*

- Cloud/Agile native
- Deep expertise on every engagement, collective strength
- Drives ability to take market share

4. Investing for growth:

- Proven capability to quickly build competitive *offerings in key areas.*
- Prepared for the move to conversational AI and Robotic Process Automation to solve the problems of legacy technology

REVENUE: GREENSHOOT LABS

£457,533

REVENUE: HUMAN+

£902,503

5. Laser focused acquisition strategy

- Originated from within
- Making only accretive acquisitions
- Adding scale or capability

6. Management buy-in:

- With significant stakes in the Company and invested in its Purpose

Case Studies

// Manifesto - Diabetes UK

Generating bigger returns on event acquisition spend

Challenge

Manifesto's partnership with Diabetes UK focuses on helping the charity boost fundraising through its participation events programme. This is a major source of fundraising revenue for Diabetes UK, with sponsorship money from swimmers, runners and walkers helping fund vital research work and supporting people with the disease. But with an ad hoc approach to planning, executing and evaluating digital acquisition campaigns, the charity was struggling to systematically improve the return it saw on digital advertising spend designed to drive sign ups.

Approach

Working collaboratively across a range of established and new events, Manifesto is helping Diabetes UK better plan, execute and gain insight from its paid search, display and social campaigns. We helped the charity adopt a more far-sighted approach to event acquisition, using live reports and custom dashboards to combine data from a variety of campaigns and channels, to gain insight and optimise activity for maximum value. As well as maintaining regular contact to develop a shared pool of strategic insight, we're also helping Diabetes UK trial new channels and technologies, like Spotify Ads, for reaching and engaging target audiences more cost effectively.

+227% funds raised
+93% sign ups
+98% average amount raised

Impact

During the first two years of the Manifesto and Diabetes UK partnership, the participation events programme has raised a projected £2.3m, a 227% increase over the prior period. The partnership has also boosted the total number of event participants by 93% and led to a 98% increase in the average amount raised per participant. Continuous knowledge sharing and regular reviews have also helped Diabetes UK expand the scope of their paid acquisition to encompass more channels and execute campaigns with greater confidence.

"We're really impressed with the continuous improvements Manifesto have implemented to our paid search, display and social campaigns over the past couple of years. It's a pleasure working with the team and we've learnt so much from their expertise. It's brilliant to see our participation events programme grow so effectively, and we look forward to our continued partnership."

– Daniel Larcey, Senior Events and Mass Participation Manager, Diabetes UK

FutureGov - FamilyStory

Improving outcomes for families by radically rethinking social care

Challenge

Legacy case management systems, focused on collecting information, are costing local authorities hundreds of thousands per year in licensing and maintenance. Social workers achieve amazing things with families, but are held back by the systems and technology they work with.

Hammersmith and Fulham, Kensington & Chelsea and Westminster Children's Services recognise this problem and asked FutureGov to help them radically rethink how technology can support children's social care. Together, we've been exploring how we approach child protection in a more user-centred way, that supports the people working hard to improve the lives of families and young people, so that we all help keep children safe.

Approach

During our initial Discovery phase, user research helped us explore the current experience of social workers and families. We found that on average, social workers can spend 60% of their time on a computer writing, recording and processing data.

With a design-led approach, we started working with frontline teams across the child protection journey, from referrals to leaving care. Meeting with a range of stakeholders, we worked with the councils to turn insights into a future journey, putting the user's experience at the heart of the entire service.

Spending time with families and young people, we sought to understand what it feels like to be using and going through these services. Challenges around transparency, having ownership over their story and tense relationships with practitioners showed an opportunity to improve the experiences and relationships for both families and social workers.

We created FamilyStory - a set of simple digital case management tools for social care that is designed to meet the needs of social workers, partner agencies and families.

Impact

FamilyStory reduces the administrative burden placed on social workers and increases the time they have available to work directly with families. FamilyStory aims to increase productivity by up to 30% and improve the ability for families and social workers to collaborate by:

- significantly reducing report writing and time taken on administrative tasks
- improving transparency, increasing the quality of relationships and trust between practitioners and families
- improving collaboration between social work teams and other professionals
- collaboratively building a picture of need, supporting social workers to manage risk and informing decision-making

---

"FamilyStory is really useful, especially for initial assessment - the location, who was there - it all helps. Right now we do so much copying and pasting from different places."

– Social Worker, London Borough of Hammersmith and Fulham

Case Studies
continued

FutureGov and Notbinary - Good Work Camden

Helping local residents to secure and sustain good work

Challenge

Camden Council's 2025 vision is that jobs will pay people what they need to earn to live and businesses will provide jobs flexible for modern lives. Camden borough has over eleven thousand council tenant households not in work, meanwhile, there are growing numbers of people in work who are struggling to meet their outgoings.

The Council wanted to leverage the rich assets in their borough to widen the impact of the work of their partners and local support services. FutureGov was invited to take the lead in preparing the borough to grow a support system of services that can help residents in their job search.

Approach

The Good Work Camden project took a whole system view to improving employment outcomes, working across the entire employment landscape from support providers to employers. A human-centred approach throughout ensured the Camden job market is inclusive and accessible for all.

- **Neighbourhood focused:** Camden wanted to extend their employment support via a neighbourhood approach that was bespoke to local people and the lives they lead. We developed a neighbourhood hub, building neighbourhood profiles, integrating assets, and ensuring the service serves long term resident needs.
- **Strategic collaboration:** Residents often found it hard to know where to go for employment support. We built on existing collaboration and joint working amongst providers in the Employment and Skills Network (ESN), running ESN workshops, reshaping the existing ESN format and prioritising opportunity areas.
- **Digital platform:** Before Good Work Camden, there wasn't one centralised place for employment support. We ran a provider workshop and three rounds of resident interviews and test sessions to understand what information people need, and how different digital solutions could help.
- **Inclusive business:** Residents on employment support lacked a clear and consistent path to move into good work. Inclusive job opportunities were not readily available, and poor employment practices meant that people in low-paid roles couldn't progress. We ran a literature review into interventions and 'good work' practices, and conducted research via workshops and employer interviews to refine the most promising interventions.
- **Earn and grow:** As of September 2019, over five thousand households in Camden were in in-work poverty. The council wanted to design an intervention for residents for whom the 'welfare and work relationship' presented a fundamental challenge. Our work in this area was informed by policy, service design and data: we explored external examples of similar interventions for inspiration; used a test and learn approach by engaging with residents to understand their experience; and used data to understand users and prioritise our work.

Impact

During the first phase of the Good Work Camden project, we provided the Council with outcomes within each focus area, contributing to their vision of a human-centred approach to employment within the borough.

- Extended the employment support available in Camden through the development of a neighbourhood hub and job hub.
- Working with the Employment and Skills Network, we prioritised opportunity areas and built a clear pathway for residents receiving employment support.
- Presented the Council with four recommendations around a digital platform. We advised that they conduct more testing with residents and providers to develop their ideas for a digital offer, its backend systems, and how it connects with offline services.
- Identified further interventions for Camden to test and pilot. These included the provision of free technology devices to enable people to access the support they need; increasing access to employment opportunities and services through free transport; a discretionary social fund to support single parents with unexpected costs; and a support package for residents transitioning onto Universal Credit.

Case Studies

continued

Notbinary – Food Standards Agency

A portfolio of Discovery projects to identify potential improvements to services

Challenge

At Notbinary we support clients at every point in the delivery lifecycle, from Discovery through Alpha and Beta all the way to supporting live services. Working with the Food Standards Agency (FSA), we led a portfolio of Discovery Projects across the organisation to consider potential improvements to its services.

Before you commit to building or improving a service, you need to understand the problem to be solved. This means finding out about your users and what they're trying to achieve, any pain points and where opportunities to improve things lie. During a Discovery, it is our responsibility to understand individual user needs, how the current service operates, and its systems and data flows.

Approach

The FSA had not been as exposed to the Government Digital Service standard ways of working due to falling outside of the GOV.UK remit. They therefore wanted us to help set their internal standards and build their capability. We worked closely with them to develop a repeatable and highly efficient, user-focused approach to conducting holistic Discoveries across the agency.

We held 50 qualitative interviews with representatives from across the FSA. This helped us to understand key service components in enough detail to analyse how the people, processes and technology involved were interacting. Our work ensures that a service will be built that is more robust and is able to flex to meet modern standards, and that data can flow and be used more easily.

Our teams were collocated with the FSA business teams and their Digital, Data & Technology (DDAT) team. We worked across multiple sites across the UK; travelling to meet users at their places of work to get hands-on experience of being a food business operator. DDAT colleagues were paired up with key members of our team to encourage upskilling and coaching throughout our Discoveries.

Impact

Over a year of working with the FSA, we successfully completed more than a dozen Discoveries across a vast range of domains including: incident management and reporting, allergen reporting, business advice, business registration and approvals, local authority data flows, intelligence and surveillance, science committee content, HR and financial processing, customer services, field operations and inspections, and digital badges.

As part of our drive to instill robust and effective practices for the FSA, we introduced Government Digital Service standard assessments for our Discoveries to ensure they were being run well across the organisation. Another key development we introduced was working in the open, documenting our Discovery findings as we went. This meant that our research, insights and analysis was constantly available to all to see, comment on and challenge. This helped with getting feedback as early as possible and negated any surprises at the final playback sessions. It also helps open up our research to the wider digital community who can access our open repositories.

Human+ - UCL

Driving efficiency savings in higher education with intelligent automation

Challenge

HR Services at University College London (UCL) were interested in the potential benefits Intelligent Robotic Process Automation (RPA) could bring to their department. The team dealt with many repetitive, manual tasks, and faced large fluctuations in workload throughout the year, leading to additional stress and the need to hire temporary workers. The characteristics of these processes were ideal for Intelligent RPA, but the university had little or no experience with automation solutions, and staff were understandably wary of a potential threat to their jobs.

Approach

Human+ worked with HR Services at UCL to select and implement two automation solutions in the first quarter of 2019. Aware of the need to get all staff on board with the project, the team selected a widely unpopular process as the first contender for automation. This dealt with payroll for casual workers – a manual, repetitive task which consisted of making 1500-2000 one-off payments per month. A human employee was capable of approving around 100 payments per day, but no one enjoyed completing this task and it was always put off until the last minute.

When speaking to departmental staff about the technology, HR leaders were careful to position Intelligent RPA as an automation solution – capable of relieving them of unpleasant tasks – rather than a more threatening sounding "robot". The team collectively named their RPA solution "Barbara", quickly coming to see it as another member of staff who could take care of the jobs no one wanted to do..

Impact

Barbara was particularly impactful in helping the team to deal with fluctuations in workload. In October, for example, payroll volumes at the university typically double in value, making it difficult for the HR team to cope. When Barbara was built, every new staff member was successfully added to the October payroll on time – a feat which had never been achieved before.

The automation of the payroll process resulted in a yearly saving of approximately 750 employee hours in the HR department. When combined with the second automation solution which dealt with the resignation process for staff - the HR team saved around 1000 hours annually. As a result they worked less overtime in busy periods and temporary staff costs were reduced. As testament to the success of this project, a Continuous Improvement team has been created within the UCL shared service centre and two finance solutions have already been built with Intelligent RPA. The team is also now working to take the technology in-house by training their own RPA developer.

- **1000 employee hours saved**
- **October payroll successfully completed for the first time ever**
- **"Barbara the bot" became a central part of the team**

Chairman's Statement

I am delighted with the continued progress that the Group has made this year. As set out in last year's annual report, the Group's strategy was to scale up the business through accretive acquisitions, whilst investing in the group companies to accelerate our competitive edge. I am pleased to confirm that we have executed on this strategy well, as demonstrated through our enhanced services offering, notable new contract wins and good financial performance.

We acquired best-of-breed businesses FutureGov and Ameo in the year, adding technology services business Arthurly to the Group post period. Through these actions, together with continual internal development, we have cemented The Panoply's position in the public sector. We provide a truly compelling offering in this space, with the breadth of capability and expertise to be able to take on the most well-regarded industry heavyweights, and to win.

The digital transformation market has continued to develop throughout the year and has undoubtedly accelerated since March 2020 as companies respond to the Covid-19 crisis. We are at the cutting edge of new developments with strength in many key technologies of the future, such as conversational AI and robotic process automation, and have seen these grow in importance. As a progressive, future-facing company we will continue to embrace new ideas.

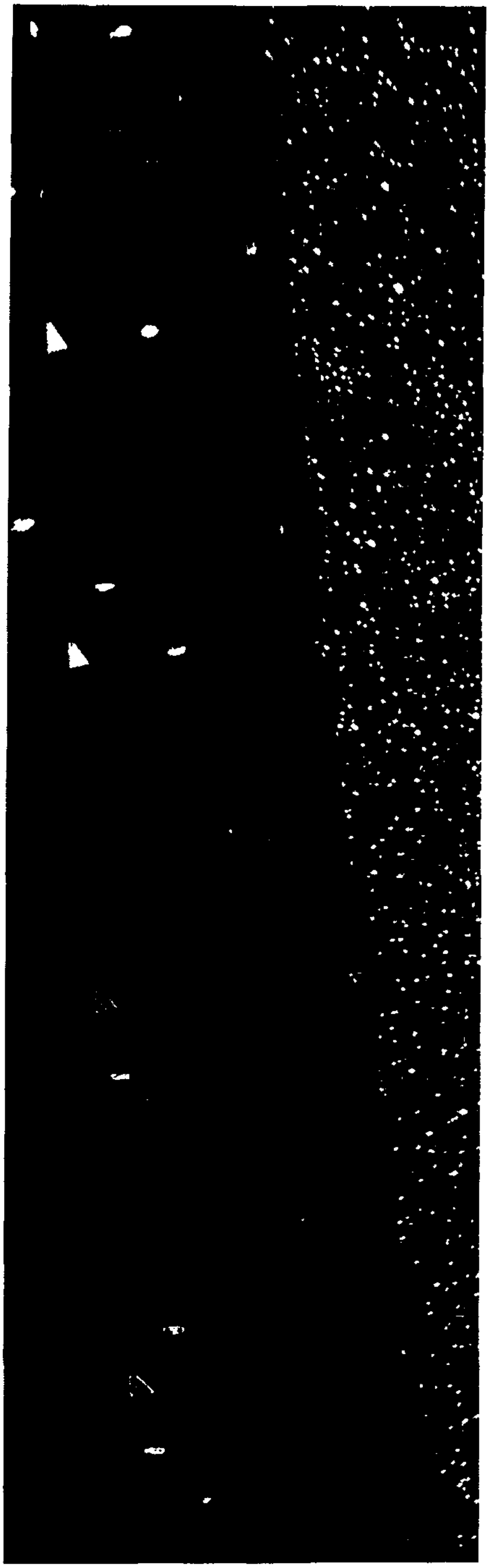
Our purpose

The Panoply continues to be a purpose-driven company, seeking to help people and organisations navigate the challenges presented in the modern era. It is increasingly important for companies to take responsibility for their actions in supporting environmental and social mobility and change for the better. I am proud to say that the motivation to help our clients achieve this is a huge driver for our teams and a key differentiator from many of our peers.

The Group's entire Board fully supports this purpose and endorses initiatives such as The Panoply's employee volunteer programmes and annual Community Action Day, which provides staff with the skills and time that they need to contribute to a purpose that they feel strongly about.

As stated last year, the Group focuses on four key areas within its Sustainable Futures work. The four areas are: helping communities to thrive in a digital future; making the tech industry fair and accessible; putting employee wellbeing first; and minimising our environmental impact. In order to provide transparency and accountability, the Group has published targets set in 2019 and the progress made against them in 2020, these can be found on page 27 and 37. It was particularly pleasing to see that 116 of our employees logged a total of 904 hours of donated work across 37 different community investment activities over the year.

We are looking to build on the success of our purpose led approach to date through closer alignment to the UN Sustainability Development Goals (SDGs) going forward.



Corporate governance

The Group's risk management is up to date and appropriate and the Board will continue to monitor its principal risks as events concerning Covid-19 and the wider economy unfold. The Panoply's Board has committed to a corporate governance approach commensurate with more mature businesses and has applied the principles set out in the QCA code to the Group.

We highly value our shareholders, for whom we are ultimately seeking to deliver value which has been achieved with purpose. Therefore, we deem it a priority to keep all shareholders up-to-date and engaged and we are committed to transparency in all our corporate communications.

People

I would like to take this opportunity to thank our team for their continued commitment throughout this year, and to welcome the FutureGov, Ameo and Arthurly teams to the Group. The growth of the business has undoubtedly been assisted by the dedication of our staff, whilst the continued high level of new contract wins and cross-selling of services is testament to the strength of our service offering, talented consultants and customer relationships.

Despite the difficult period that the world has recently entered, our team has worked tirelessly to continue to service customers, in a safe and efficient manner, and I am extremely grateful for everyone's effort and ongoing support.

Outlook

At the time of writing this, the Covid-19 pandemic has altered the world as we know it. The Group has done very well to not only withstand this extreme period of market uncertainty, but also to grow during this time. We are pleased to have continued to win new clients and to deliver a high levels of work to our existing clients.

Looking forward, as The Panoply benefits from the growth and enhanced service offering it has created, we have a clear opportunity to take on our monolithic competitors with projects on an even greater scale, delivered at speed and to an outstanding quality. We also continue to look for best-in-class companies to join the Group through acquisition.

I am confident that we have the right resources and management team in place to enable the Company to deliver growth in line with our commercial vision, which will ultimately create greater value for all our stakeholders.

Mark Smith
Chairman
18 August 2020

DocuSigned by:
Mark Smith
DC8CD14D29D84E7...

Chief Executive's Review

The year to 31 March 2020 was transformative for the Group, as we made great strides to cement our position as a leading alternative provider of digital transformation to the UK public services sector. It was our first full 12 month period as a public company, and as such sets the benchmark for which all future performance can be compared, with full PLC and central costs for the whole period, along with normalised market salaries for the incoming entrepreneurs. The year also proved our collaboration model with £8.9m of revenue (28% of total) spread across 51 client projects involving two or more group companies. Collaboration is now a way of life across the group and paves the way for the next phase of our journey, described in more detail below.

Alongside our strategic progress we delivered a robust financial performance with both revenue and adjusted EBITDA up 5% on consensus forecasts. Our acquisition strategy produced significant revenue growth, up 43%[1] to £31.5m in the year, with normalised adjusted EBITDA[2] up 62% to £3.4m (2019: £22.1m revenue and £2.1m adjusted EBITDA[3]). The statutory 2019 comparatives are revenue of £8.2m, adjusted EBITDA of £0.4m and operating loss of £1.6m. The 2020 operating loss is £3.0m. See financial review for more detail. Had both the acquisition of Ameo and FutureGov been included from the beginning of the year, revenue would be up 79% and adjusted EBITDA up 136% against 2019 normalised numbers.

The statutory loss after tax increased by 76% to £3.0m (2019: £1.7m). The adjusted profit after tax was £2.7m (2019: £0.2m). The Directors believe that this 'adjusted profit after tax' measure is most representative of the underlying performance of the Group. To arrive at adjusted results, adjustments made include acquisition expenses, amortisation related to acquired intangibles and share-based payments, the impact of fair value adjustments and IFRS 16 adjustments along with the corresponding tax impact of the adjustments.

Net cash generated from operations before tax and including IFRS 16 lease payments was £2.1m, delivering a cash conversion ratio[4] of 91%. Adjusted EBITDA margin for the year was 18% after accounting for investments made in our automation businesses (human+ and GreenShoot Labs).

Following a year of major developments to our operations, we now have all the right pieces in place to execute on our exciting growth strategy. We also now take this opportunity to lay out our commercial vision, detailed further below, based around the core ambition to achieve significant profitable growth over the next three years.

Growth strategy

From inception, the vision of the Group was to bring together a panoply of companies and skills in order to provide an entrepreneurial, full service capability at scale to deliver outcomes to large clients at a fraction of the cost and time of their traditional suppliers. This year saw us deliver on that vision with approximately 400 members of staff and capabilities ranging from hyperscale cloud transformations, robotic process automation and AI, through to organisation and service design. During the

1. Revenue growth calculated against the normalised revenue in FY19 of £22.1m. Normalised results for comparatives are prepared on the assumption that the four initial companies acquired at IPO were owned for full period and the results of subsequent acquisitions from the date of completion adjusted for normalised salaries and bonuses and the same central costs as reported in the current year.
2. Normalised adjusted EBITDA is a non-IFRS measure that the Company uses to measure its performance and is defined as earnings before interest, taxation, depreciation and amortisation and after add back of costs related to acquisitions, restructuring and other one off costs made by the Group, fair value adjustments, share-based payment charges and pre IFRS 16 adjustments.
3. Comparative normalised adjusted EBITDA figures are calculated using the same principles as current year adjusted for normalised salaries and bonuses and the same central costs as reported in the current year.
4. Cash conversion is calculated based on cash from operations pre tax and pre IFRS 16 adjustments and adjusted profit before tax figures which include adjustments made for amortisation related to acquired intangibles, share-based payments, the impact of fair value adjustments and IFRS 16 adjustments.

Covid-19 pandemic, the Group is proud to have not furloughed any staff and kept all staff on full pay.

It is clear we are now at a scale where we are trusted to deliver mission critical programmes of work and we see that credibility increasing as we grow further. It is clear to us that our time is now, as the UK Government recognises that it is time to address the stranglehold of the incumbent suppliers to deliver better outcomes for service users and better value for taxpayers.

As always, we foster an environment where we will continue to attract high calibre practitioners and where the entrepreneurialism of our leadership teams continues to flourish. We work with clients in a way which is both end-to-end and collaborative, separating ourselves from our peers.

Cementing our position in the public sector

We completed two major acquisitions in the year, both predominantly in the public sector:

- FutureGov Limited, a leader in digital service design; and
- Ameo Professional Services Ltd, a consultancy specialising in delivering business change

Following these acquisitions we are now in a position to offer a true end to end offering to our clients, particularly in public services, ranging from strategy and organisational and service design through to a full complement of technology skills including full stack software development, data, AI and automation.

Financially, both have performed in line with expectations since acquisition but their true value has been far higher. With reference clients such as Buckinghamshire Council, Camden Council, MHCLG, Food Standards Agency, DVLA, UK Hydrographics Office, NHS, UCL and many others, we are now able to prove that we are an alternative to the incumbent suppliers and provide much needed innovation in a sector now eager to embrace new models of delivery and new partners to assist them.

64% (£20.1m) of revenue in the year came from the public sector (2019: 56%, £12.3m normalised) from a wide range of projects ranging from hyperscale cloud migration programmes through to high level organisational change initiatives. This would have reached 68% of 2020 revenues if Ameo and FutureGov were included for the full year.

Example projects include:

- Transitioning legacy on premise systems to an open source cloud based model for the Ministry of Housing, Communities and Local Government
- Launching a public service modernisation programme for Trafford Council
- Automating pharmacy processes for NHS Wales
- Implementation of a chatbot based Clearing process for Brunel University
- Building an audience centred digital strategy for NSPCC

Consolidating our end to end propositions under two full stack brands: FutureGov and Foundry4

Now that we can offer an end-to-end service and provide case studies of our experience in doing so, we have been working to position FutureGov (FG) as our change-led brand and introduce Foundry4 (F4) as our technology-led brand. Both are positioned to win larger, multi-million-pound opportunities by presenting the entire capability of the Group under a single brand but with distinct messaging selling to differing audiences. In FutureGov's case, the audience is typically CEO/COO type economic buyers looking at digital transformation through the lens of organisational change and end-to-end service design including technology, whereas Foundry4 is focused on CTO/CIOs looking to enable digital transformation through the adoption of hyper scale cloud, data analytics, machine learning and automation. The two brands will have their own distinct messaging and brand promise aimed at those two sets of buyers.

Our other brands will continue to operate in their own right but will assist with sales opportunities that both FG and F4 uncover as required. Both FG and F4 and all other brands will adopt a visual identity that provides a strong family link between each other to facilitate even greater levels of leverage and collaboration.

Winning large scale, high profile engagements

Over the period we have won and delivered numerous high profile engagements, several with public sector clients. It is important to note that many of these contracts are multi-disciplinary and could only have been won through several group companies working together interchangeably.

Examples of collaborative projects with wide reaching impact include work with NHSx, the Food Standard Agency, Camden Council, British Film Institute and many others. Over the year more than one company worked on a client engagement for over 51 customers out of a total of 265, representing 19% of clients and £8.9m of revenue.

Chief Executive's Review
continued

Post period end we have seen our teams secure contracts which will extend our influence even further. For example, through the previously announced US$5.2m contract with a large, global philanthropic organisation, which will see FutureGov advising EU capital cities, and our work on the Government's major Towns Fund project, which will impact 100 towns across the UK. Our brand strategy as outlined above is designed to further facilitate the winning of these types of larger engagements.

Robust, recurring performance in commercial sector

36% of revenue came from the commercial sector in the period (reducing to 32% of revenues when a full year of FutureGov and Ameo's revenue is included). Of that, approximately two thirds is recurring revenue from clients like News UK, Funding Circle, Cargill and Dow Jones (post period end win). The roster of recurring revenue clients has now successfully transitioned from largely SMEs 2-3 years ago to mainly large scale corporate clients today.

Post period end we were contracted to help build Times Radio as part of a £1.5m contract over the next 12 months. This demonstrates the scale of commercial work the Group is involved with, co-creating with its clients and working alongside client team members but also taking responsibility for specific workstreams.

Previous investments demonstrating strong progress

In the previous financial year we invested in GreenShoot Labs (conversational AI) and human+ (robotic process automation). Both of these businesses have since gained excellent momentum and together generated £1.4m revenue in the year, over 600% up on the previous year (FY2019: £0.2m). Clients include UCL, NHS Wales, Defence Science and Technology Lab, Avaya and Mitel to name but a few.

Their achievements demonstrate the success of The Panoply's strategy to expand its portfolio of complementary businesses, both organically and through targeted investments, offering a diversified range of services and creating synergies to maximise value. We anticipate that these two startups will together generate meaningful revenues during the current financial year, from a standing start in April 2019.

Our Covid-19 response

Of course, a key event came in the latter part of the financial year as the Covid-19 crisis hit. Having flagged the risk relatively early and putting the welfare of our teams first, the Group instigated work from home plans during the week commencing 8 March 2020, two clear weeks ahead of UK Government instructions to do so. As expected from a cloud native 21st century company, the transition was straightforward, and we saw no loss in productivity during that time. The head start over our clients enabled us to perfect how we would deliver remote workshops so projects could continue as normal. Staff utilisation remained stable at approximately 70%.

We are also proud to have assisted in the Covid-19 emergency effort, building a personal protective equipment ("PPE") stock level dashboard for North East London NHS Trust, building a system to bring manufacturers together to manufacture ventilators, creating a system and processes for Camden Council to ensure shielding residents received the assistance they needed and supporting the Competition and Markets Authority via the Department for Business, Energy & Industrial Strategy to create a system which allows businesses to be held to account for unfair behaviour during the crisis.

To support our teams, we set up an employee assistance programme, and encouraged any under-utilised staff to volunteer in their communities. We have not furloughed any staff and have kept all staff on full pay. Thanks to our robust performance we were able to make the decision not to take government aid and believe this will provide us with greater financial flexibility in the future, particularly around potential for introducing a progressive dividend policy.

The Group continues to closely monitor and manage its costs in a prudent fashion. As at 31 March 2020 the Group's financial position showed retained cash reserves of approximately £4.6m and a net debt[1] position of £0.4m. As of 30 June 2020 the Group held £6.8m[2] of cash and cash generation is expected to remain strong. As one might expect with high quality clients such as those the Group works with, we have not suffered from any bad debts and all debtors in the year to date are within their usual payment profiles. As the Covid-19 crisis started and following the year end the Group has agreed a £1.5m overdraft facility with HSBC which is currently unutilised.

1. Net debt is calculated as cash balances less borrowings.
2. Actual cash at £8.8m taking into account £2.0m of deferred statutory taxes (VAT, PAYE and National Insurance) that is being paid down in the current quarter.

The impact on digital transformation

As businesses across the globe are now finding out, digital transformation goes beyond simply working from home. It means genuine changes to your operating model and ongoing strategic delivery, inextricably linked with embracing new technologies.

We believe that the impact of the pandemic will be to accelerate widespread understanding and demand for our services. During the pandemic we have proven our ability to complete entire projects, from design through to delivery, in an agile way over a very short timeframe. Once clients have seen our teams' capacity to do this, they cannot unsee it. They will not go back to being satisfied with the long and unwieldy projects offered by our monolithic competitors. This is a change for the long term. Indeed, this has already been recognised at the highest levels of HM Government. At his Ditchley Lecture, delivered on 27 June 2020, **The Rt Hon Michael Gove MP** said:

"It is a cliché to say of Government that no-one ever lost their job for recommending the contract go to IBM... We need to move to a system where those who propose the innovative, the different, the challenging, are given room to progress and, if necessary, fail. But we must then ensure that we learn quickly, adjust and respond."

Evidence indeed that sufficient public sector buyers are aware that the best outcome are often delivered by engaging mid-sized partners. This is distinct from small who are typically too small, or very large, who more often than not are slow, expensive and do not deliver.

Commercial vision

We take this opportunity to lay out a six step commercial vision which we aspire to achieve over the next three years:

- We aim to produce 10% to 15% organic revenue growth per annum
- We aim for c.70% of operating profit dropping through into positive cash flow to generate significant cash reserves
- We aim to use this cash to set up a progressive dividend policy for shareholders at approximately 15%-20% of net income
- We aim to use a mixture of positive cash flow and our listed shares to make further earnings enhancing acquisitions to add more than £35m of revenue
- Given our size and scale we believe that liquidity is important and will therefore aim to keep leverage low at below 1x EBITDA
- On this basis we aim to achieve a run rate revenue of £100m by March 2023 and deliver £12m-£14m EBITDA

Current trading and outlook

Coming into the current financial year, the Group had a confirmed backlog deliverable in the year, including annualised recurring revenue, of approximately £15m. The first quarter of FY2021 has been strong, and, as previously reported, we saw £13m of new contracts signed in the three months to 30 June 2020. Revenue for the first three months was £10.1m with adjusted EBITDA of £1.7m, up 10% and 54% respectively on a true like-for-like basis. Cash balances as at 30 June 2020 was £6.8m (after taking into account £2m of deferred statutory taxes that is being paid down in the current quarter) with £2.3m cash inflow in the period.

With our operating system and our two full stack brands in place, we are now in a very strong position to address the market opportunity ahead of us and drive true like-for-like organic growth.

In addition, we will continue to target acquisitions that will add to our capabilities or help us further strengthen our position within the UK public services market. As mentioned above, all future capabilities, brought into the Group either through acquisitions or through internal investment, will immediately be made available through either the FG or F4 brands to further facilitate integration.

We face the future with a great deal of excitement over what is to come. Having completed 10 acquisitions and launched one start up over the last 20 months, we have the breadth of capability and sufficient size to become a true challenger in the UK public services sector.
Our attention now turns to the build phase, dialling in predictable organic growth, improving margins and ensuring strong cash conversion. We will continue to look for acquisitions that add to our capabilities or our reach in a particular sub-sector of UK public services, although moving forwards, they will be integrated more fully to further leverage our scale benefits, yet all the while retaining that all important entrepreneurialism. We are convinced that our time is now.

Neal Gandhi
Chief Executive Officer
18 August 2020

DocuSigned by:
Neal Gandhi
5E871A782562472...

Financial Review

The results for the year reflect the first full year of The Panoply as a revenue generating entity having completed the IPO and its first four acquisitions eight months into the prior period. As such numbers for the current year are compared against normalised numbers (referenced as "Normalised") or statutory numbers (referenced as "Stat") as most appropriate. Normalised numbers are used where the Directors believe it provides a more appropriate measure when comparing the year on year performance of the Group. All numbers are also reported before the impact of IFRS 16.

The Panoply reported revenue of £31.5m (2019: £22.1m Normalised) representing an increase of 43%. The increase in revenue reflects organic growth as well as the acquisitions of FutureGov in June 2019 and Ameo in March 2020. 64% of revenue in the period related to public services, up from 56% in the prior period on a normalised basis.

Actual statutory revenue for 2020 represents an increase of 284% compared to 2019 statutory revenue of £8.2m. This is as a result of the benefit of a full year's worth of trading compared to 4 months of trading as a Group in 2019.

We continued to see a large amount of repeat business from customers, with 70% of customers billed in FY2020 also billed in FY2019.

Gross Margins remained strong at 38% against prior year 41%. The reduction was largely as a result of a strong performance of our dedicated teams business that whilst providing longer term contracts also attracts lower gross margins than other parts of the Group as well as investments made into Human+ and Greenshoot Labs.

Adjusted EBITDA was £3.4m up from £2.1m in 2019 (Normalised). After removing the investments into loss making subsidiaries, normalised adjusted EBITDA pre central costs was up 65% to £3.8m (2019: £2.3m Normalised). Statutory operating loss was £3.0m (2019: £1.6m) due to the reasons noted in more detail below.

Central costs in the period were £1.9m meaning that the underlying EBITDA of our subsidiaries after removing investments into loss making subsidiaries was up 73% to £5.7m (2019: £3.3m Normalised).

The statutory loss after tax pre IFRS 16 increased by 76% to £3.0m (2019: £1.7m Stat). The loss for the year has increased due to an increase in loss on fair value movement in contingent consideration and an increase in amortisation of intangibles offset by a decrease in costs due to listing and acquisitions. The Directors believe that an 'adjusted profit before tax' measure is more representative of the underlying performance of the Group. To arrive at adjusted results, adjustments made include acquisition expenses, amortisation related to acquired intangibles and share-based payments the impact of fair value adjustments and IFRS 16 adjustments along with the corresponding tax impact of the adjustments.The following table summarises the adjustments:

	2020 £'000s	2019 £'000s
Statutory loss before tax	(3,140)	(1,636)
Amortisation of intangible assets relating to acquisitions	1,558	339
Loss on fair value movement of contingent consideration	3,764	54
Share-based payments	129	239
Costs relating to acquisition, restructuring and listing	591	1,352
IFRS 16 adjustment	31	–
Adjusted profit before tax	**2,933**	**348**
Tax (including impact of amortisation and costs relating to acquisition, restructuring and listing adjustments)	(230)	(105)
Adjusted profit after tax	**2,703**	**243**

As a result of the acquisitive nature of the Group and its earn out model, the Directors believe that an adjusted share count for the purposes of calculating earnings per share is required. As such the Directors calculate an adjusted diluted share number by taking the weighted average basic shares and including the maximum shares to be issued in respect of contingent consideration to be paid based on performance measures met in the period, together with the maximum Share-based payments outstanding. The following table summarises the adjustments:

	2020 £'000s	2019 £'000s
Weighted average basic shares	48,162	18,186
Shares relating to future contingent consideration	22,774	14,666
Shares relating to Share-based payments	3,885	3,928
	74,821	36,780
Adjusted diluted earnings per share (pence)	3.6	0.7

Based on these alternative non GAAP measures the Group achieved adjusted profit after tax of £2.7m (2019: £0.2m) resulting in earnings per share of 3.6p (2019: 0.7p). The statutory loss per share for the period was 6.3p (2019: 9.2p Stat).

Net cash generated from operations before tax and including IFRS 16 lease payments was £2.1m. Cash conversion, calculated by reference to the adjusted profit before tax but after deducting costs relating to acquisition and restructuring was 91%. This is despite record debtor and accrued income levels as at 31 March 2020 caused by an incredibly strong final quarter.

In total, cash decreased in the year from £5.7m to £4.6m as a result of the acquisitions of Ameo and FutureGov. The cash consideration for the acquisitions was £9.6m with £2.4m respectively being funded from the Group's cash reserves, £2.2m funded from cash acquired and £5.0m funded through a new revolving credit facility put in place during the year with HSBC. This results in the Group having a small net debt at year end of £0.4m.

Additional consideration

As a result of the strong performance of Group companies during the current and prior period, further consideration is payable and will be satisfied through the issue of new ordinary shares. The total value of consideration that is currently payable is £17.1m resulting in maximum further shares to be issued totalling 22.8m.

Value £'000s	Minimum share price	Max shares to be issued £'000s
15,262	0.74	20,624
219	0.825	265
1,649	0.875	1,885
17,130		22,774

The expected timeframe for the additional consideration to be paid is set out below.

	10 days post publication of annual report £'000s	Up to 12 months post publication of annual report £'000s	Beyond 12 months post publication of annual report £'000s	Total £'000s
Consideration payments	6,569	8,110	2,451	17,130

DocuSigned by:

Oliver Rigby

072DA44571AD429...

Oliver Rigby
Chief Financial Officer
18 August 2020

Sustainable Futures

The Panoply is committed to creating sustainable change in our world by enabling communities and organisations to be more effective in shaping inclusive, equitable and productive societies.

The past few years have seen social and environmental concerns pushed up the corporate agenda, as organisations have increasingly woken up to their responsibilities beyond pure shareholder profit. We now see businesses committing to initiatives around the UN's Sustainable Development Goals, fostering increased diversity in talent pipelines, and making a positive impact in the local communities in which they operate.

The Panoply was founded as a values-driven business. Our values are the glue that bonds us together; a shared outlook on the world that underpins our culture, our principles, and everything we do. In times of uncertainty we – as all other businesses – must look to these core values for guidance.

Sustainable Development Goals

Our sustainable futures strategy is aligned with the UN Sustainable Development Goals. We contribute towards these goals through the work we do with our clients, through the jobs we create, through the investments we make in our wider communities and through the way in which we protect the environment.

We have integrated information on our work that aligns to the SDGs throughout this report. The table below show the targets and indicators we are committed to contributing to.

Target	Indicator	Page number
4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	• Programs and processes to ensure the availability of a skilled workforce	37, 38
4.7 By 2030, ensure all learners acquire knowledge and skills needed to promote sustainable development, including among others through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of cultures contribution to sustainable development	• Sustainability initiatives designed to raise awareness, share knowledge and impact behavior change	29, 32, 38
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life	• Female share of employment in senior management • Number of female board members	29
8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries	• Direct economic value generated and distributed • Revenue and/or (net) value added. • Tax payments	24-25
8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	• Number, type and impact of physical and technological legacies • Significant indirect economic impacts, including the extent of impacts	11-17
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	• Company policies and/or structured programmes for: i) training ii) access to finance • Estimated number of micro, small and medium enterprises (MSMEs) with significant increases in revenue and employment generation as a result of the initiative These are existing MSMEs that received training, financing, linkages with supply chain or other contributions from the company	36-39
8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead	• Energy Intensity ratio • Scope 1 & 2 emissions and energy consumption by country/region • Reduction of energy consumption	33
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	• Breakdown of employees per employee category according to gender, minority group membership, and other indicators of diversity • Explicitly recognize payment of living wage	29, 30, 31
8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	• Investments made in youth training and employability skills	37-38
8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	• Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor. • Company modern slavery statement	31
10.2 By 2030, empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	• Type and impacts of initiatives to create an accessible environment • Ratio of basic salary and remuneration of women to men	28-29

Sustainable Futures
People

Sustainable Futures for our people

39%

of the senior positions within The Panoply are filled by women.

Inclusive workplaces

The Panoply aims to ensure sustainable futures for all our people through the creation of inclusive and nurturing workplaces where employees can achieve personal and professional growth irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. The Group prides itself on being able to deploy uniquely diverse teams to clients, made up of different personalities, opinions and capabilities.

The Group will voluntarily publish its pay gap results each year to hold itself accountable to closing the gap. Our mean and median pay gap is currently 16% and 17% respectively. We are proud that, whilst only 5% of the leadership roles in tech in the UK are held by women, they make up 39% of the senior positions within The Panoply.

Our commitments

Last year we did a baseline diversity and inclusion (D&I) survey to assess the current make-up of the business. Using the results of that survey we set ourselves some targets and made commitments in order to help us achieve them.

To deliver unconscious bias training for all hiring managers

We went beyond just hiring managers and rolled out the training for all interested employees. The training was delivered by local facilitators and over a third of the Group's workforce have participated to date.

To ensure that the interview process is consistent and objective

Our HR teams have been working to ensure that the whole recruitment process is consistent and objective by:

- Introducing blind CVs at shortlist stages
- Setting diversity requirements for applicants at shortlisting stage
- Ensuring that the interview panels are diverse
- Having a consistent and transparent approach to salary decisions

To create networking opportunities for under-represented Groups within the business

We piloted a global LGBT network this year by elevating an existing, self-organised group within the business. The network exists to influence policy and culture and to ensure that The Panoply is an inclusive, safe-space for the LGBT community. We intend to roll out this model for other groups within the company, focusing this year on black talent and working parents.

To invest in a pipeline of diverse talent through partnerships and volunteering

We have looked to diversify our recruitment channels this year, in part by strengthening our relationships with community partners. We take a long-term approach to investing in our talent pipeline and therefore are sponsoring talent from secondary school age onwards. *Further details can be found on pages 37 and 38.*

	2019	2020 (target)	2020 (actual)
To increase representation of people from BME backgrounds*	17%	20	16%
To increase female representation in senior roles	32%	37%	39%
To increase the representation of those from less privileged backgrounds (Lower middle class and below)	19%	24%	28%
To increase representation of people with a disability	0%	5%	3%
To increase female directors on company boards	26%	30%	32%

People continued

This year we took a deeper dive not only into our diversity metrics but also our inclusivity indicators by exploring the current attitude and sense of belonging of key diverse groups. Through an anonymous global staff survey we have established an inclusivity score for employees from different groups to identify where the gaps are and to see where we need to be focusing our attention. These scores were taken from an average of four inclusivity responses scored out of 5.

Overall inclusivity score

4.25

Scored out of 5

We broke down the inclusivity scores to compare the following employees:

- BAME vs white
- With disability vs without disability
- Women vs men
- LGBT vs heterosexual
- Working class vs middle class background

In all instances the latter, 'dominant' group scored more highly than the underrepresented groups. The largest disparities were between BAME/white employees and those with a disability. We will work to close the gap so that all employees are able to experience the same sense of inclusion and belonging at work. This in turn will help us to achieve an authentically diverse and representative workforce.

2021 targets

When setting diversity targets The Panoply values a long-term view with short term focus. It understands that what gets measured gets done and will therefore invest in making its annual diversity and inclusion reports comprehensive, transparent and public.

Long-term, with continued investment in inclusivity for all staff, the group believes that it will achieve true representation of the diverse communities in which it operates. In the short term, it will set more focussed data-based targets by leveraging employee demographics, surveys and market segmentation to identify the gaps and opportunities.

- To increase representation of people from BAME backgrounds* in senior positions to 20%
- To increase representation of people with a disability to 5%
- To close the inclusivity gap** between white and BAME employees
- To increase female representation for senior roles to 44%

*UK only
** The gap is currently 0.58pts. Scored out of 5 from an average of 4 indicators.

Employee wellbeing

The Panoply prides itself on providing decent employment for its people and is constantly looking for ways in which it can improve the mental, physical and financial wellbeing of its staff. Each office within the Group pays above the living wage to every employee and delivers a programme of culturally relevant wellbeing initiatives. It measures the success of this work through a bi-annual employee satisfaction survey. Overall, our employee satisfaction score this year was 7.5/10.

We will target all business areas to achieve an average satisfaction score of 8.0.

As well as job satisfaction, the emotional wellbeing of its people whilst at work is another priority for the business. This year it has trained and mobilised a team of mental health first aiders across its offices and launched an employee assistance programme for all staff. The average employee wellbeing score was 7.2/10.

Human rights

Upholding human rights, particularly worker rights, is a core priority at The Panoply. This year it took the steps to address the risk of human trafficking and modern slavery including;

- Promoting awareness of modern slavery through the distribution of training materials in all offices
- Completing a risk assessment of all global suppliers using the vulnerability guidelines from the 2019 Global Slavery Index
- Publishing a full modern slavery statement

Sustainable Futures for our planet

The digital industry that The Panoply operates within is a significant, yet not widely understood, contributor to the climate and ecological emergency. The most widely accepted, and peer reviewed research by Ericson Research (2018), shows that between 2010-2015 the global digital industry was responsible for 1.4% of global emissions. This puts it on a par with the aviation industry. The Panoply company websites have contributed almost a tonne of CO2e to our overall emissions of 129.29 tonnes of CO2e.

Our planet is being irrevocably changed by humans. To meet the Paris agreement obligations, human emissions need to reduce year on year by 8% for the next decade. The latest calculations from the Breakthrough Institute shows that our emissions will be reduced by about that amount in 2020 because of the Covid-19 lockdown. This demonstrates the scale of the issue.

Our actions

In this financial year we:

- increased the breadth and depth of our carbon reporting;
- welcomed external speakers to educate us on the graveness of the climate situation;
- matched leave for people attending the September climate strikes;
- supported our companies in building environmental impact products and services;
- empowered our passionate teams to make changes to reduce our impact, and;
- promoted one of the team to lead on measuring, offsetting and reducing our carbon footprint.

The increased breadth and depth of reporting, alongside our acquisition of two new companies in the year and an additional office for Manifesto, has significantly increased the carbon we're responsible for from 54.31 tonnes of CO2e to 129.49 tonnes of CO2e. This has also increased our carbon intensity per FTE by 25% from 0.27 to 0.34 tCOe/FTE.

Carbon Emissions	Group	UK	Norway	Bulgaria
Scope 1				
Gas emissions (tCO2e)	3.20	3.20	0	0
Total Scope 1 cost (£)	£1,182.09	£1,182.09	£0.00	£0.00
Scope 2				
Purchased district heating emissions (tCO2e)	5.16	0	5.16	0
Purchased electricity emissions (tCO2e)	38.36	26.74	0.41	11.21
Total Scope 2 cost (£)	£15,280.39	£8,281.12	£2,483.27	£4,516.00
Total Scope 1 and Scope 2 CO2e (tCO2e)	46.72	29.94	5.57	11.21
Total Scope 1 and Scope 2 cost (£)	£16,462.48	£9,463.21	£2,483.27	£4,516.00
Scope 3				
Vehicle emissions	3.63	3.63	0	0
Flight emissions	78.26	66.48	6.55	5.23
Website emissions	0.87	0.75	0.01	0.11
Total Scope 3 CO23 (tCO2e)	82.76	70.86	6.56	5.34
Total Scope 1,2 and 3 CO23 (tCO2e)	129.48	100.80	12.13	16.55
Carbon Intensity (tCO2e)				
Per employee (equivalent FTE)	0.34	0.84	1.01	0.09

One of our companies' flights alone made up 20% of the Group's total emissions. Flights right across the Group contributed to 60% of the Group's total emissions. Our investments in remote working will ensure this figure is significantly reduced for the next financial year.

Source	CO2e tonnes
Electricity emissions	38.36
Gas emissions	3.20
District heating emissions	5.16
Vehicle emissions	3.63
Flight emissions	78.26
Website emissions	0.87

Sustainable Futures

Planet continued

A greener future

We will continue to deepen the measurement of, and action on, all of our emissions in the next financial year. We need to understand the variance in the energy consumption across the various properties we rent and the other factors behind the difference in the employee to emissions ratios across our companies. We will also focus on fully measuring our scope three emissions; employee commuting, waste disposal, supply chain, climate conflicts, investments and the products and services we have helped create.

This means we have ambitious plans for carbon neutrality certification, carbon budgets, employee incentivisation and continued growth of the products and services our companies are offering to help our clients understand, measure and reduce their impact on the planet. However, because there is still more to measure for a complete baseline and because of the significant impact coronavirus induced working from home will have, it is not possible to set meaningful KPIs for the level of reduction for the 2020/21 financial year. We will instead focus on constantly reprioritising our roadmap based on the latest social context and scientific research to reduce our impact on the planet.

The Panoply Group's strategy is based around impactful companies joining the group, therefore acquisitions could take place at any point during the financial year. When this happens we will use whatever data is available to account for, and offset, the emissions of that company for the entire financial year, not from the day they join. Emissions are a debt to the planet that we want to help future Panoply Group companies to pay back.

Finally, to offset the emissions we have identified, plus an additional 5% to compensate for the things we have undoubtedly missed, we will be partnering with organisations who can help us offset the 135 tCO_2e through UK flora and fauna restoration. We believe it is crucial for offsetting not to be seen as a cheap way to expunge the impact organisations have on the planet. As a UK headquartered company it is crucial to drive change within the UK and help the nation achieve it's Paris agreement obligations. The partnerships we form will also highlight that tree planting is not the only way to offset emissions.

Sustainable Futures
Communities

Sustainable Futures for our communities

1% Pledge

The Panoply donates 1% of its pre-tax profits and pledges 1% of employee time to invest in sustainable futures for the communities in which our employees live and work. By leveraging the success of the business to achieve social good and donating a percentage of its profits and time to charitable projects each year, this pledge helps to ensure that the Group's philanthropic giving keeps pace with the growth of the business.

In FY 19/20 The Panoply committed £32k to charitable projects based on it's pretax profits. £11.4k of this amount was distributed to community projects throughout the year in addition to £36.7k of charitable funds committed in FY 18/19.

In addition to its 1% pledge, Neal Gandhi, CEO, and Oliver Rigby, CFO each transferred respectively 323,529 and 58,823 ordinary shares to Founders Pledge, a charity which receives and administers charitable gifts, and reviews and distributes grants to qualified organisations suggested by donors. The shares were transferred at nil consideration and had a value of approximately £275,000 and £50,000 respectively.

Donating time

The Panoply believes in the power of people to transform their communities. Therefore it aims to donate 1% of time each year to supporting local communities to build sustainable futures. We encourage employees to get involved through our volunteer programme which was implemented in all business areas this year and gives full-time staff an annual benefit of at least 16 paid hours for community engagement.

In FY 2019/2020, 116 of our employees logged 904 hours across 37 different community investment activities.

Community Action Day

The Panoply hosted the first annual Community Action Day this year which saw employees across Europe coming together to show the impact they can make.

Our first event saw 99 employees support 13 projects and together donate 408 hours.

The Christmas Give

Last Christmas, to celebrate the season of giving, The Panoply donated £25 on behalf of every employee to a charity of their choice. Some of the impacts the charities were able to make with our donations included:

- Providing tea, breakfast and shower services for over 67 rough sleepers
- Paying annual internet costs for 30 refugees so that they can participate in digital training
- Training costs for a rescue dog handler in Norway

In total, the Group donated £5,430 to charities local to where its employees live and work.

BASH Festival

The Panoply wants to invest in sustainable futures for its communities and that means futureproof jobs for everyone. Therefore last year the Group partnered with BASH Festival to provide opportunities for 13 - 17 year old girls who are interested in tech, to participate in a week long festival of code.

Sponsored spaces for 38 girls.

Employee Volunteering Grant

To complement the incredible work that Panoply volunteers do for local charities and to celebrate the commitment of the employees, the company offers the opportunity to apply for a £1,000 grant to any member of staff who logs 1% of their time by the end of the FY. The grant, which is given directly to charities, strengthens the relationships between The Panoply and community organisations and helps our partners to do more work in providing sustainable futures for beneficiaries.

£5,000 donated through the employee volunteering grant programme.

The Panoply Enterprise Challenge

The Panoply Enterprise Challenge is designed to inspire secondary school students from underrepresented backgrounds to be entrepreneurial. Throughout the programme, students are exposed to lots of different people, skills and careers through a mixture of classwork and volunteer interaction.

Students are challenged, in teams, to come up with a business idea and pitch their plan in return for a £50 investment. Successful teams then have 6 weeks to run their businesses for the maximum profit.

60 students participated and created 12 micro-enterprises.

Sustainable Futures
Communities continued

The Future Leaders Programme

2019 marked the first edition of our Future Leaders Programme. The Mission was to shake up the boardrooms of tomorrow by investing in underrepresented talent today.

Women, ethnic minorities and people from low-income backgrounds are still massively underrepresented at senior levels in business. The Future Leaders incubator sought out young entrepreneurs from these communities and gave them the skills, network and support they will need for success.

Following the footprint of The Panoply, ***the Future Leaders programme*** was open to young people in London, Canterbury, Oslo and Sofia. Working with grassroots organisations, applicants came from the following backgrounds.

Successful participants were offered a weekly stipend, free desk space, a business coach, weekly professional development workshops and the chance to pitch to real investors at the end of the programme. Five young entrepreneurs were supported through the pilot. Here is what they said about the experience.

Our applicants were

79%
BAME

19%
with disability

70%
Low income

57%
Female

Natalie Angelova
'The program really makes you experiment, push out your comfort zone, and think fast. It was great.'

Awo Abdulqadir
'I've grown into a more secure and structured person. If I'd feel like I'm having a bad week, I could tell my coach and they'd assure me that it's normal but that I need to be stronger and more focused the next week.'

Emily Banks
'There is definitely a lack of support out there for young entrepreneurs and it can feel quite lonely at times... I'm so glad I took the risk to do this.'

Miranda Hatson
'My experience has been pretty life changing... I have had a space to work, learn and be around others. I have had support that I really needed'

Case Study

Chi Nguyen

Tell us a little bit about your business?

RISE FITNESS is an online platform which connects personal trainers to clients in their area. The workouts are provided at home, at the office, a local park – essentially, anywhere the client wishes. The business aims to tap into the growing sharing economy by providing an on-demand service for individuals who are seeking to empower themselves through personal fitness.

Why did you apply for the Future Leaders Programme?

I applied for the Future Leaders Programme because it offered an outlet for me to explore my business ideas. I believe it is important to surround yourself with people who are willing to push you to dream big and I felt the incubator could provide me that. Prior to attending the programme my main difficulty was the psychological aspect of starting a business due to self doubt and imposter syndrome. However, the programme has helped me overcome these fears by helping me understand that entrepreneurial pursuits are available to anyone and everyone.

Why do you think it is important that boardrooms of the future look different than the boardrooms of today?

I think it is important the boardrooms of tomorrow look different than the boardrooms of today because the world is changing. Traditional corporate structures dominated by a particular demographic at the pinnacle of every organisation is now being challenged by a new globally interdependent and diverse world. The economy of the future will undoubtedly operate within a new framework which values diversity and inclusion. Talent is indiscriminate and exists within everyone - regardless of your gender, race, economic background and so forth. The boardroom of the future will need to accommodate this reality to ensure the best talents make it into the boardroom.

Can you talk a little bit about your experience on the programme?

My experience on the programme was amazing. I thoroughly enjoyed the overall structure and guidance provided by the programme. I was able to gain valuable insight on various aspects of running a business i.e. accounting & tax, pitching, identifying target customers and more. The exposure to working in a business environment also allowed me to connect with CEO's to get an idea of what the position entailed.

"Fundamentally, the Future Leaders Programme is a beacon of hope in a world which still has not fully appreciated the value which a diverse talent pool can provide."

In what ways have you grown professionally or personally through the incubator?

In terms of professional growth I believe the exposure to various individuals in a business environment has improved my understanding of business and what it takes to build one. For example, interacting with CEO's allowed me to understand their mind-set and approach to business. As a result, I was then able to adopt many of their traits and instill them within my own personality. In terms of personal growth, I believe I have learnt a lot about myself and how I communicate with others. Being in this new environment has forced me to constantly introspect and improve my understanding of the world.

Why do you think there is a need for programmes like this?

Fundamentally, the Future Leaders Programme is a beacon of hope in a world which still has not fully appreciated the value which a diverse talent pool can provide. To reiterate my earlier idea – talent is indiscriminate and exist within everyone regardless of race, gender, and economic background. For example, without this programme I would not have been able to meet and interact with the other founders on the programme. These founders have the most amazing ideas and it is a shame to think without a platform like Future Leaders their ideas would not be nurtured. We need to shake up the boardrooms of tomorrow by supporting diverse entrepreneurial talent today – and this programme does just that.

Risk and Risk Management

The success of the Group depends on the proper management of risk. The Group has a governance structure to identify and monitor relevant risks at both a subsidiary and a Group level. The risks identified are ranked by likelihood and potential impact, then tracked through monthly board meetings. Once risks are identified, the Group will formulate and deploy mitigating strategies.

The principal risks and uncertainties that the Board believed could have a significant adverse impact on the Group's business are set out below. The table is not intended to be exhaustive and the principal risks are not listed in order of seriousness or potential impact. There may also be risks that are not currently considered to be serious or which are currently unknown and risks that are outside of the Group's control. Where reasonably possible, The Panoply has taken steps to manage or mitigate the risks, or potential risks, but it cannot entirely safeguard against all of them.

Risk	Description	Impact	Mitigation
Macro-economic risk - events outside of The Panoply's control			
Adverse developments in the global economy could impact the level of demand for the Group's services	The global economy is likely to suffer slower growth than current levels, impacting consumer and business spending and investment, in light of a new strain of coronavirus, Covid-19. The virus has quickly spread resulting in severe illness and, in many cases, death, and has prompted the World Health Organisation to declare a pandemic. This has resulted in the implementation by governments and businesses across the world of drastic measures to halt the spread of the virus and safeguard lives and health services.	Group's clients may be forced to respond to such circumstances by reducing their digital transformation and non-essential consulting budgets, thereby reducing the demand for the Group's services. Likely to be a significant amount of economic uncertainty and disruption to businesses and the wider economy in the short term.	The Group has evaluated the impact on the Covid-19 pandemic across all our operations and key risks identified. Weekly meetings have been held to assess the risks and we have developed short term responses and long term strategic actions to minimise the impact to our business. Finally, we have performed additional financial stress testing and liquidity impact analysis in order to reflect the impacts from the Covid-19 pandemic in the assessment of the Group's long-term viability.
Strategic risk			
Identification and integration of investment opportunities	The Groups' strategy is to grow both organically and through acquisitions.	There is a risk that failure to complete on transactions will leave the Group with substantial unrecovered costs; or that a company that has been successfully acquired does not integrate effectively.	The Group has a comprehensive M&A process to ensure that companies who join the Group aligns with the Groups' purpose, values and vision; adds strategic value to the Group and strengthens our proposition adding greater depth or breadth and has leaders who can work collaboratively. The Group makes use of expert advisers to conduct due diligence. In addition, warranties and indemnifications are included in transaction documents. Once companies are part of the Group, the Group integrates the newly-merged company into its standard monthly reporting cycle where (financial) risks, if any, are identified. Furthermore, the Group has appointed a COO who will further improve the Group processes.

Risk	Description	Impact	Mitigation
Operational risk - People			
Retention of key personnel throughout the whole organisation	The quality of the services provided by the Group's businesses are fundamentally derived from the quality of the Group's people. The Group's performance could therefore be adversely affected if it is not able to recruit, train and retain key talent in the Group's businesses and at the Group level.	A number of individuals are key to the management and performance of the Group and Group subsidiaries. Four of the companies acquired at IPO are now approaching their earn out. The Directors believe that the loss of key people could significantly impede the Group's financial plans, product development, project completion, marketing and other plans.	Retention of key people is supported by the Share Purchase Agreements (SPAs) which provide certain restrictive covenants. Furthermore, members of key management hold significant equity interests in the Group which are subject to certain lock-in and orderly market provisions. In order to retain key personnel, the Group actively discusses opportunities throughout the Group and has a succession plan for senior management and for up and coming leaders.
Inability to recruit and retain a diverse workforce	We are a people business, requiring high calibre people to work alongside clients to meet their needs. Failure to recruit employees with suitable qualifications at all required levels is a key risk in our operational strategy.	This could impact the Group's ability to provide contracted solutions and services exposing the Group to liability, negatively impacting profit and cash flow in the short term and causing damage to reputation, customer relationships and staff morale.	Our goal is to have a diverse workforce that replicates the diversity of where we operate. The Group puts culture and purpose in the forefront of what we do to become an employee of choice for employees.
Impact on employees due to Covid-19	As a result of Covid-19, the Government have implemented lock-down processes.	Prolonged lock-down and home working may have a negative impact on the mental wellbeing of team members.	Proactive measures to encourage social interaction between team members via video call/chats including regular check-ins with line managers to identify any emerging issues early. Use of mental health first aiders to inform how we can best support team members through this uncertain period. An employee assistance programme has been implemented throughout the Group.

Risk and Risk Management

continued

Risk	Description	Impact	Mitigation
Operational risks – IT and legal			
Breach of legal, regulatory and contractual information security and data privacy legislation	General compliance with legal, regulatory and contractual information security and data privacy requirements.	Non-compliance could expose the Group to liability and fines (for example under GDPR), and negatively impact profit and cash flow in the short term, cause reputational damage and damage customer relationships and credibility in the market.	The Group reviews the impact of new information security and data privacy regulations and legislation on the Group and its customers. The output of these reviews influences the Group's internal controls and processes and the design of products, solutions and working practices. Furthermore, the Group has appointed a COO who will focus on key Group risks and operating effectiveness.
Cyber security risk	The Group relies upon the confidentiality, integrity and availability of its IT systems internally and as part of its service offerings to customers. Cyber security events are occurring more frequently and attacks are designed with greater complexity.	A major cyber security event causing loss of availability or loss of customer data could limit the Group's operations, expose the Group to fines and cause reputational damage, and damage customer relationships due to reduced credibility in the market.	Cyber security threats are monitored by each individual company and any risks of cyber security are communicated throughout the whole group on a timely basis.
Financial risk			
Customer defaults	The Group has exposure to credit risk through the default of a client or other counterparty. The Group's operating business are generally paid for their services in arrears.	Risk that a client or other counterparty is unable to pay all or any of an amount due to the Group.	The Group makes credit checks and monitors its exposure to individual clients and negotiates payment terms in light of the credit worthiness of its counterparties. The Group is cash generative and the Board maintains focus on the Group's working capital needs.
EU Exit	Financial or trading risks associated with the UK leaving the European Union.	Potential to limit or harm the Group's trading activities, overheads and staff mobility.	The Group has evaluated scenarios associated with 'Brexit' and concluded that there is no substantial risk to operations in the next two to three years. The Group is not overly reliant on UK-EU trade, its most significant customers being UK public sector organisations.

Risk	Description	Impact	Mitigation
Risk of fraud or theft	Unauthorised access or misuse of the Group' bank accounts or other resources leads to loss of funds.	Impact the financials and cash flows of the Group.	System, review and approval controls are in place restricting access to accounts and are regularly monitored.
Competitive environment			
Competitors with the ability to undercut our businesses	The Group's competitors include large consultancies and technology companies, as well as smaller niche companies. It is part of the Group's strategy to exploit the current disruption of the digital transformation services industry and to focus on working with clients to meet their needs.	There is a risk that larger companies may be able to undercut with prices.	The Group is focused on delivering first class services to clients and working hand-in-hand with clients to meet their needs. We believe that the way we provide services sets us apart from competitors so that our clients can see the value of the work that we perform. We continue to monitor the bid to win ratios to identify potential risks.

Corporate Governance

Board of Directors

Mark William Smith, aged 65, Non-Executive Chairman

Mark has held several senior roles in creative and innovative communication businesses. He began his career as a chartered accountant at Touche Ross & Co. (Deloitte). He then spent 30 years at Chime Communications, which was acquired by Providence Private Equity in 2015.

Mark is currently chairman of Holiday Extras, a market leader in the provision of online ancillary travel services, a position which he has held for 15 years. He is also a non-executive director and acting Chairman at The Dods Group, an AIM listed intelligence, media, training and events company, operating in over 50 countries.

Neal Narendra Gandhi, aged 52, Co-Founder and Chief Executive Officer

Neal is a serial tech entrepreneur having co-founded four companies that exited successfully with a combined value of £117m. He co-founded his first company at the age of 21 and, under the brand name of Jungle.com, that company went on to be sold to GUS for £37m. In 1996 he co-founded Xplora and sold it to Nasdaq-listed USWeb in 1998.

Neal then co-founded Attenda, a managed services consultancy which went on to be sold for £72m; one part to Telecity Plc and the other to Darwin Private Equity. In 2006 he founded QuickStart Global, an off-shore IT service provider, which grew rapidly, and in 2010 was listed in the Sunday Times Tech-Track 100 at number 3, his second company in that list with Attenda having been listed at number 2 in 2001.

Oliver James Rigby, aged 39, Co-Founder and Chief Financial Officer

Oliver qualified as an accountant with MRI Moores Rowland LLP in 2006 before spending six years as an adviser in corporate finance with Daniel Stewart and Deloitte. Oliver acted as a Nominated Adviser to the AIM Market of the London Stock Exchange and was one of their youngest Qualified Executives.

Prior to co-founding The Panoply, Oliver set up Growth Company FD Limited in 2012 to provide part time CFO and corporate finance support to growing businesses.

Christopher Paul Sweetland, aged 65, Non-Executive Director

Chris qualified as a chartered accountant with KPMG before spending 9 years overseas in a variety of financial roles with PepsiCo Inc. In 1989, when he was CFO for the Central Europe Beverages Division, he was recruited by WPP to be part of their small central team.

Chris retired from his role as WPP Deputy Group Finance Director in 2016 having spent 27 years helping build the company and having been involved in all aspects of operations, investor relations and the many acquisitions that built that Group. Chris also represented WPP on the boards of a number of companies both in the UK and overseas.

Isabel Jane Kelly, aged 54, Non-Executive Director

Isabel is the founder of Profit with Purpose, a social purpose consultancy working with companies and nonprofits. She is also an Industry Careers Advisor for MBA students at the Saïd Business School, focused on social impact.

In 2002 Marc Benioff, CEO of Salesforce.com, hired Isabel to establish the Salesforce Foundation internationally (now Salesforce.org). For 12 years she grew and led an international team delivering technology, grants and programmes in 110 countries, as well as generating revenue of $12m to fund the work. Isabel worked at Oxfam and Amnesty International for 12 years prior to joining Salesforce.

Corporate Governance Report

The Panoply Holdings plc is committed to operating proper standards of good corporate governance and has established a corporate governance model based on the key principles of the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). The following outlines how the Company addresses the ten broad governing principles defined in the QCA Code. The Non-Executive Chairman is responsible for corporate governance and the overall leadership of the Board and ensuring its effectiveness.

The Panoply Holdings plc operates a business model and growth strategy that promotes the generation of shareholder value through its growth. The company promotes professionalism, openness, honesty and integrity between its customers, staff, shareholders and suppliers.

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders.

The Panoply is a digitally native technology enabled services group, at the forefront of a growing market, focused on sustainable digital transformation and positive, purposeful organisational change.

We believe an increasingly complex world needs a new business model to achieve high impact outcomes for clients and their employees and more value for stakeholders.

We combine the dynamism and agility of smaller, expert teams with the scale to confidently address our clients' most pressing needs as they navigate the rapidly changing nature of society and business. Using our model of Consistent Autonomy, we embrace a culture of cultures to deliver impactful work and to drive profitable organic growth. And we're collectively entrepreneurial, creating a regenerative spirit of innovation, which delivers the transformative work our clients need.

In the last three and half years, The Group has identified and met numerous potential target companies and has completed ten acquisitions.

Unlike many buy and build models that have preceded The Panoply, the Directors are focused on creating an agile, decentralised group where employees join a culture of autonomy, purpose, collaboration and innovation. The Directors believe that this consistent autonomy operating model, embracing cultures of cultures and shared values will allow Group Companies to collaborate, providing clients with innovation and rapid delivery of services.

The Panoply has developed an efficient, formulaic approach for acquiring companies. With an extensive acquisition pipeline, the Directors intend to continue to supplement the organic growth of existing Enlarged Group Companies through the addition of complementary companies.

Key Strengths

The Directors believe that the Enlarged Group's key strengths include:

- **Significant market opportunity** – independent research house, International Data Corporation (IDC), estimates that the market for digital transformation services in EMEA will rise from $45 billion in 2017 to $82 billion by 2021.
- **Group platform** – The Panoply provides a platform for companies which join the Enlarged Group to accelerate their organic growth through cross-selling, leveraging The Panoply brand, network, listed status and balance sheet.
- **Alignment of interests** – The Panoply's acquisition model involves a significant proportion of the consideration for an acquisition being issued in Ordinary Shares thereby ensuring alignment of interests with existing shareholders.
- **Consistent Autonomy model** – The Panoply's model allows companies within The Panoply Group to continue to remain entrepreneurial and creative, unstifled by bureaucracy;
  - Central control is provided by a non-executive director appointed by the Board to the board of each Panoply Group Company to provide governance as well as guidance and oversight on growth strategy and collaboration with other Panoply Group Companies;
  - The benefits of this model to clients are better outcomes, faster execution and lower cost for higher quality work.
- **Profitable and cash-generative** – the Enlarged Group is, cash generative and only intends to make accretive acquisitions going-forward.
- **Focused growth strategy**
  - The Panoply's acquisition model is designed to attract ambitious companies, confident in their ability to grow profitably and rewards cross-selling and collaboration;
  - The Panoply's management has an extensive network to help identify, attract and execute future acquisitions.
- **Experienced Management and Board with proven track record** – The Panoply is managed by highly experienced executive and non-executive directors combining strong sector, public company and international mergers and acquisitions expertise with a track record of building, growing and exiting services companies.

Principle 2 – Seek to understand and meet shareholder needs and expectations.

The Panoply proactively engages with its shareholders and potential shareholders alike. This is through a series of mechanisms:

- **Formal announcements** – as a London Stock Exchange (LSE) AIM listed company, we make all statutory announcements through the LSE's regulatory news service (RNS). A feed is maintained on our investor area (see below). The Panoply reports formally to shareholders by the publication of its annual and half-yearly financial statements.
- **Analyst and investor presentations** – the Executive Directors present the half-yearly and annual results to institutional investors, analysts and the media. The presentations are available on the investor section of the website.
- **AGM** – Notification of the date of the AGM is sent to shareholders at least 21 working days in advance of the meeting. Details are set out in the Notice of Meeting. The Directors (and the external auditor) are available at the AGM to answer questions, both during the course of the meeting, and informally afterwards. All details can be found on the Investor Announcements and the Investor Documents pages.
- **News releases** – in addition to statutory announcements, we use RNS Reach to present regular business news and updates to shareholders. We also have a full news service available on The Panoply website.
- **Interactive sessions** – The Panoply's Executive Directors arrange regular (six monthly) face to face sessions with any interested shareholders or potential shareholders, and are also available for updates at any point in the year. See contact details below.
- **Investor focused micro-site** – we maintain a full section on the main Panoply website for investors. This includes the Financial Calendar and real-time RNS announcements; the latest Investor Documents, presentations and reports; share information and share dealing interactive feeds; this corporate governance statement; a full list of investor related contacts.
- **LSE Profile** – we also maintain a profile on the London Stock Exchange Issuer services website.
- **Investor Email** – we also manage an investor email account for any direct queries – investors@thepanoply.com.

Contact with major shareholders is principally maintained by the Executive Directors, who ensure that their views are communicated to the Board as a whole. The Chair is also available to discuss governance and other matters directly with major shareholders. At every Board meeting, the Board is provided with the latest brokers' reports and a summary of the contents of any meetings with shareholders. The Board considers that the provision of these documents is a practical and efficient way for both the Chair and Senior Independent Director to be informed of major shareholders' opinions on governance and strategy and to understand any shareholder issues and concerns.

If you would like to know more about The Panoply as a shareholder, or potential shareholder, please contact us through our investors email address and we will put you in touch with one of our Executive Directors.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success.

Please see further details in the People, Planet and Community Section of our Annual Report and Financial Statements.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Risk management activity is overseen by the Chief Executive Officer and Chief Financial Officer, with the support of the Executive Management Team.

Our framework enables us to remain vigilant to all known and emerging risks and opportunities. Effective risk management supports informed decision making; enables us to minimise impact from unforeseen internal or external events; and allows us to fully exploit emerging opportunities. Our objectives for risk management are to:

- Identify, measure, control and report on business risk that may undermine the achievement of objectives, both strategically and operationally, through appropriate analysis and assessment criteria
- Effectively allocate effort and resources for the management of key and emerging risks
- Build an accurate picture at the highest level of the key risks facing our business, and use this information to drive business improvements in a considered and coordinated way
- Support and develop our reputation as a well governed and trusted organisation
- Minimise costs and drive efficiencies in the way that pervasive risk is controlled across the business
- Identify weaknesses in, and opportunities to improve, our business processes

Risk Registers

At the Operational level, a risk register is maintained within every business of the Group. Risks are recorded

Corporate Governance Report continued

and managed within as required and are reviewed regularly by the management of each business.

At a central level, there is a single central risk register for Group Significant risks, which records the top risks to the business.

Risk registers are reviewed on a quarterly basis which supports the escalation of any risks with a high residual impact, or potentially pervasive risks, to a higher level risk register as appropriate.

Risk Appetite

The Board determines the amount and type of risk that The Panoply is willing to take on in pursuit of its strategic objectives. The Board's appetite for risk is influenced by various key factors including (but not limited to) the overall economic, regulatory and operational landscape in which we operate.

The Executive Management Team advise the Board of these key influences which enables the Board to adjust the amount of risk that The Panoply takes on. Risk tolerance may, by business choice, differ in different parts of the company.

Review and Assurance

Risk registers are updated as and when required. A full review is undertaken quarterly. The highest rated risks are presented to the Board every quarter by the CEO. Every six months the Board is presented with the detailed risk registers for each line of business. Further details can be found in our Risk Section of the Annual Report and Financial Statements on pages 40 to 43.

Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair.

The PLC Board ("the Board") is responsible for the Company's corporate governance systems and processes that support good decision making.

The Non-Executive Directors, Mark Smith (Chair), Isabel Kelly and Chris Sweetland are considered independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgement. Both Mark Smith and Chris Sweetland own shares in The Panoply and all three Non-Executive Directors hold options, however this is not considered to alter their independent status.

Director's Commitment to The Panoply
The Directors acknowledge the importance of the principles set out in the QCA Code.

Our Non-executive Directors have committed in their letters of appointment to attend all reasonable board and committee meetings in addition to being reasonably available at other times for The Panoply business. Our Executive Directors have entered into employment contracts which require them to attend all board and committee (of which they are a member) meetings.

The Non-Executive Directors meet at least once a year without the Executive Directors present. All Directors submit to re-election each year at the Annual General Meeting ("AGM") of the Company.

The Board meets at least four times each year with additional meetings when circumstances and urgent business dictate. At each meeting the Board reviews a schedule of reserved matters including trading performance, financial strength, strategy (including investment and acquisition opportunities), risk management, controls, compliance, reports to shareholders and succession management.

The Directors have established two committees of its Board, namely the Audit, Risk and AIM Rules Compliance Committee and the Remuneration Committee.

The Audit, Risk and AIM Rules Compliance Committee is chaired by Chris Sweetland and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Enlarged Group's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit, Risk and AIM Rules Compliance Committee meets at least twice a year. Mark Smith is the other member of the Audit, Risk and AIM Rules Compliance Committee. Oliver Rigby, CFO, attends Audit, Risk and AIM Rules Compliance Committee meetings by invitation.

The Remuneration Committee is chaired by Isabel Kelly, and reviews the performance of the Executive Directors and determines their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meet at least once a year. Mark Smith is the other member of the Remuneration Committee.

The Remuneration Committee also considers Board policy in relation to the remuneration of the Chairman of the Board. Non-Executive Director remuneration is a matter for the Chairman and the executive members of the Board. No Director is involved in any decisions as to their own remuneration or benefits.

Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

The Board members and their relevant experience and skills are detailed on pages 46 and 47. The Non-Executive Chairman believes that, as a whole, the Board has a suitable mix of skills and competencies covering all essential disciplines bringing a balanced perspective that is beneficial both strategically and operationally and will enable the Company to deliver its strategy. The Board consists of two executive directors and three non-executive directors, all of whom are independent. The nature of the Company's business requires the Directors to keep their skillset up to date. Updates to the Board on regulatory matters are given by Company's professional advisers when appropriate.

In addition to the support provided by the Company's retained professional advisers (Nominated Advisor, lawyers, auditor and M&A advisor), external consultants have been engaged to advise on a number of matters including tax planning and market research. External advisers attend Board meetings or committee meetings as invited by the Non-Executive Chairman to report and/or discuss specific matters relevant to the Company.

Principle 7 – *Evaluate Board performance* based on clear and relevant objectives, seeking continuous improvement.

Board performance effectiveness process

The Chairman is responsible for the regular evaluation of the Board's performance and that of its committees and individual Directors.

Succession planning and Board appointments

The Remuneration Committee meet as and when necessary to consider the appointment of new executive and non-executive directors, although the Board as a whole take responsibility for succession planning. Board members all have appropriate notice periods so that if a Board member indicates his/her intention to step down, there would be sufficient time to appoint a replacement, whether internal or external.

The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation and that any new Directors appointed by the Board during the relevant year must stand for election at the annual general meeting immediately following their appointment. Any Directors who are not employed by the Company or holding executive office who have served on the Board for at least nine years will be subject to annual re-election.

Board appointments are made after consultation with advisers including the Nominated Advisor who undertakes due diligence on all new potential Board candidates.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.

The Board recognises that core values provide a framework which influences every level of the Group. One of the Group's four key values is **"Difference with authenticity"**. This means we value difference not just in gender, ethnicity and class but in personality, talent and perspective. It takes all types of attributes to make a great team.

See further details on our behaviours in the People, Planet and Community section of our Annual Report & Financial *Statements on pages 26 to 37 and our Values on page 8.*

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

On behalf of the Board, the Managing Director of the trading business of subsidiaries has overall responsibility for managing the day to day operations of that entity and the Board as a whole is responsible for monitoring performance against the Company's goals and objectives. The individual Board members' specific responsibilities, contributions and skills are set out on *pages 46 and 47.*

The Board has established two standing Committees, the Audit, Risk and AIM Rules and Compliance Committee *(Audit Committee) and the Remuneration Committee. Membership of both the Audit Committee and the* Remuneration Committee during the year under review was exclusively Non-Executive.

Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company maintains a regular dialogue with key stakeholders including shareholders to enable interested parties to make informed decisions about the Group and its performance.

Historical annual reports and notices of general meetings can be found in the Financial Reports section of the Group's website.

The Board discloses the results of Annual General Meetings and these can be found in the Regulatory News section of the website.

The Audit Committee meets at least twice a year, although the Company's Auditors or any member of the Audit Committee may request a meeting at any time, should they consider that one is necessary. The role of the Audit Committee is to make recommendations to the directors and shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditors and to approve their remuneration and terms of engagement. Prior to the commencement of each annual or interim audit, the Audit Committee will discuss and agree the nature and scope of the audit with the External Auditors and in discussion with them, will monitor the integrity of the financial statements of the Group and approve any formal announcements relating to the Company's financial performance.

The Audit Committee develops and implements policies on the engagement of the External Auditors to supply non-audit services and will report to the Directors,

Corporate Governance Report continued

identifying any matters where the Audit Committee considers that action or improvement is needed, making recommendations as to the steps to be taken.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and may seek information it requires from any employee of the Company. The Audit Committee may seek outside professional advice at the cost of the Company, in order to secure any relevant experience or expertise it considers necessary to fulfil its duties.

The terms of reference of the Remuneration Committee and its report can be found in Remuneration Report on pages 55 and 56.

Our Section 172 Statement

The directors of The Panoply and all those of all UK Companies must act in accordance with a set of general duties. Section 172 of the Companies Act requires Directors to take into consideration the interests of stakeholders in their decision making and is summarised as follows:

A Director of a company must act in a way they consider, in good faith, would most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- *The likely consequences of any decisions in the long-term*
- *The interests of the Company's employees*
- *The need to foster the Company's business relationships with suppliers, customers and others*
- *The impact of the Company's operations on the community and environment*
- *The desirability of the Company maintaining a reputation for the high standards of business conduct, and*
- *The need to act fairly between shareholders of the Company*

This section serves as our Section 172 statement.

The Board considers, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareowners as a whole (having regard to the stakeholders and matters set out in Section 172(i)(a-f) of the Act in the decisions taken during the year ended 31 March 2020).

Our vision is to create a Panoply of experts, opinions, ideas and cultures that can deliver genuine change within our world to maximise the opportunities of the 21st century.

The Board recognises that engagement with the Company's stakeholders is critical to the success of the business in realising this vision. The Directors continue to have regards to the interest of our people and the Company's other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation when making decisions. We recognise that promoting the long-term sustainability and success of the Company is intertwined with creating value for, and engagement with, our stakeholders. It should therefore be at the core of our business.

Engagement with stakeholders is not new and has been a part of the business since its inception, but the obligation to include the Section 172 statement presents an opportunity to illustrate to you how your Board engages with stakeholders and how this has impacted on your Company's decisions and strategies.

The Following sections summarise how the Directors' fulfil their duties and responsibilities:

Risk Management:

The Group is affected by a number of risks and uncertainties, not all of which are wholly within its control as they relate to the wide macroeconomic and legislative environment within which the Group operates. Therefore it is vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and how we manage our risk environment, please see pages 40 to 43 and our Risk Committee report on pages 57 and 58.

Our People:

We understand how important it is to have a workforce with different skills, perspectives and experiences. Across the Group, we are making sure that our workplaces are inclusive and supportive enough to attract the diversity of talent that will enable us to grow.

For further details on our people, please see pages 28 to 31.

Our Planet:

The environmental impact of the fourth industrial revolution has been vastly underestimated. With a carbon footprint today equal to the aviation industry, we want to raise awareness of this and work with our industry to minimise its impact.

We believe that there is a better, more sustainable way to do business. We're investing in training and research to build teams of technology experts within the Group who deeply understand the environmental impact of digital products and are able to design and advocate for better alternatives.

For further details on how we interact and protect our planet, please see pages 32 to 35.

Our Communities:

During periods of upheaval, communities face the threat of being left behind, we want to ensure those communities thrive and have a meaningful stake in the future. Our work is transforming the way that businesses operate. We want to make sure that we are equipping people with the skills they will need to thrive in the future workplace.

Our community investment work is focused on empowering vulnerable communities through technology and providing access to employment for diverse talent.

For further details on how we interact with our communities, please see pages 36 to 39.

Our Section 172 Statement continued

Our Shareholders:

The Board is actively committed to engaging with our shareholders, as we recognise the importance of continuing effective dialogue, whether with major institutional investors, private or employee shareholders. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly. Any feedback received is collated with any issues or questions identified being properly considered.

For further details on how we engage with our shareholders, please see page 49.

Remuneration Report

Remuneration Committee

The Remuneration Committee determines, on behalf of the Board, the Group's policy for executive remuneration and the individual remuneration packages for the Executive Directors. In setting the Group's remuneration policy, the Remuneration Committee considers a number of factors, including the following:

- salaries and benefits available to Executive Directors of comparable companies;
- the need to attract and retain Executives of an appropriate calibre; and
- the need to ensure continued commitment of Executives to the Group's success through appropriate incentive schemes.

The Committee meets at least once a year.

Remuneration of Executive Directors

The remuneration packages comprise the following components:

- **Base salary**
  The Remuneration Committee sets the base salary by reference to responsibilities and the skills, knowledge and experience of the individual.
- **Bonus scheme and other benefits**
  There is no annual bonus scheme or other benefits in place currently.
- **Share Incentive Schemes**
  An EMI and unapproved option scheme were implemented in the prior period and options were awarded to each of the Executive Directors.
- **Other benefits**
  Private medical and life cover for employees including the Directors have been provided in the current year.

Remuneration of Non-Executive Directors

The fees paid to the Non-Executive Directors are determined by the Board. They are not entitled to receive any bonus or other benefits but did receive unapproved Share-based payments at the time of their appointment. Non-Executive Directors' letters of appointment are on a three-month rolling basis.

Directors' remuneration

Details of individual Directors' emoluments for the year (excluding employer's National Insurance contributions) are as follows:

	Salary £'000	Pension £'000	Share Option £'000	Other benefits £'000	2020 total £'000	2019 total £'000
Non-Executive						
Mark Smith (appointed 18 October 2018)	50	–	4	–	54	21
Christopher Sweetland (appointed 18 October 2018)	35	–	3	–	38	14
Isabel Kelly (appointed 18 October 2018)	30	–	2	–	32	12
Executive						
Neal Gandhi (appointed 20 December 2016)	259	18	17	1	295	148
Oliver Rigby (appointed 20 December 2016)	141	20	17	2	180	150
Total	515	38	43	3	599	345

Remuneration Report continued

Directors' interests in shares

The interests of the Directors in the Ordinary Shares of the Company at 31 March 2020.

Name of Director	31-Mar 2020 Number	31-Mar 2019 Number
Christopher Paul Sweetland	-	30,000
Isabel Kelly	-	-
Mark William Smith	-	122,000
Neal Gandhi	9,306,885	9,786,884
Oliver Rigby	5,066,107	5,124,930
	14,372,992	15,063,814

Directors' interests in Share-based payments

The directors have been granted options over the shares of the Company as follows:

	Granted in 2019	Lapsed during the year	Type	31-Mar-19 & 31-Mar-20	Exercise price	Date when Exercisable
Christopher Paul Sweetland	20,300	-	Unapproved scheme	20,300	74p	31/03/21
Christopher Paul Sweetland	20,300	-	Unapproved scheme	20,300	74p	31/03/22
Christopher Paul Sweetland	20,302	-	Unapproved scheme	20,302	74p	31/03/23
Isabel Jane Kelly	20,300	-	Unapproved scheme	20,300	74p	31/03/21
Isabel Jane Kelly	20,300	-	Unapproved scheme	20,300	74p	31/03/22
Isabel Jane Kelly	20,302	-	Unapproved scheme	20,302	74p	31/03/23
Mark William Smith	33,834	-	Unapproved scheme	33,834	74p	31/03/21
Mark William Smith	33,834	-	Unapproved scheme	33,834	74p	31/03/22
Mark William Smith	33,836	-	Unapproved scheme	33,836	74p	31/03/23
Neal Gandhi	135,338	-	EMI scheme	135,338	74p	31/03/21
Neal Gandhi	135,338	-	EMI scheme	135,338	74p	31/03/22
Neal Gandhi	135,340	-	EMI scheme	135,340	74p	31/03/23
Oliver Rigby	135,338	-	EMI scheme	135,338	74p	31/03/21
Oliver Rigby	135,338	-	EMI scheme	135,338	74p	31/03/22
Oliver Rigby	135,340	-	EMI scheme	135.340	74p	31/03/23

By order of the Board

DocuSigned by:

Isabel Kelly

3AF17F076EC6410...

Isabel Kelly

Chairman, Remuneration Committee

18 August 2020

Audit, Risk and Aim Rules Compliance Committee

During the year The Audit, Risk and AIM Rules Compliance Committee ("the Committee") comprised Christopher Sweetland and Mark Smith. Both members are independent Non-Executive Directors and details of their skills, experience and qualifications set out on pages 46 and 47. The Chief Financial Officer and the Group Financial Controller attend the meetings. The Committee will also invite divisional leaders and specialists relevant and external auditors to the Committee's agenda if appropriate.

Main responsibilities

The terms of reference for the Committee are based on the Guidance on Audit Committees issued by the Financial Reporting Council. The main responsibilities of the Committee are summarised below:

- review the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance
- review the Group's internal controls established to identify, assess, manage and monitor risks, and receive reports from management on the effectiveness of the systems it has established, and the conclusions of any testing performed by the external auditor
- make recommendations to the Board in relation to the appointment of the external auditor and approve the remuneration and terms of engagement of the external auditor
- assess the independence, objectivity and effectiveness of the external auditor and develop and implement policy on the engagement of the external auditor to supply non-audit services
- review the integrity of the statement in the Annual Report on being fair, balanced and understandable, as required under the Companies Act 2006

Summary of activities in 2020

In 2020, the Committee's core work programme focused on a number of significant issues and other accounting judgements where the Committee believed the highest level of judgement was required and with the highest potential impact on the Group's financial statements. There were four meetings held in the year from the 1 April 2019 to the 31 March 2020 which included meeting with the external auditors to discuss their audit planning document and their audit findings report.

Financial reporting

The Committee reviewed and evaluated the appropriateness of the interim and annual financial statements (including the announcements thereof to the London Stock Exchange) with management and the annual financial statement with the external auditor, including:

- at the Board's request, the Audit Committee determines whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy
- the clarity of disclosures and compliance with financial reporting standards and relevant financial and governance
- discussing the critical accounting policies and use of assumptions and estimates, as noted on pages 85 to 87 of this Annual Report and Financial Statements, and concluding that the estimates, judgements and assumptions used were reasonable based on the information available and had been used appropriately in applying the Group's accounting policies
- reviewing the going concern and viability of the Group over the longer term as part of its assessment of the Group's risks

The Committee is able to question management at both Group and business unit levels to gain further insight into the issues addressed in these reports. The key significant financial reporting issues and other accounting judgements are set out below and further explained on pages 85 to 87 under section critical accounting judgements and key sources of estimation uncertainty.

Significant accounting judgements

- **Revenue and margin recognition**

  The Committee discuss whether revenue recognition within the Group is aligned to IFRS 15. This includes finding out any challenges subsidiaries may have in implementing IFRS 15 in their finance framework and accounts.

- **Carrying value of goodwill and other intangibles**

  The judgement largely relates to the assumptions underlying the value in use of the cash-generating units, primarily the macroeconomic assumptions (such as discount rates) underpinning the valuation process. The Committee received reports from management setting out the allocation of the purchase price between goodwill and other intangibles. The Committee also received reports from management outlining the impairment model and the assumptions used.

- **Carrying value of investments**

  The judgement largely relates to the assumptions underlying the value of investments held by the parent company. The Committee received reports from management indicating their assessment of the potential impairment of investments including consideration of triggering events, the calculation of value in use and discount rates and sensitivity analysis.

- **Cash generating units (CGUs)**

  IFRS 3 Business combination requires management to assess the CGU as part of purchase price allocation process. The Board uses their judgement

Audit, Risk and Aim Rules Compliance Committee continued

in deciding the number of CGU per entity acquired during the year. The Committee has reviewed managements judgement regarding the assessment of CGUs.

- **Fair value of contingent consideration**

  The Committee has reviewed the assumptions used to calculate the fair value of contingent consideration. This primarily includes a review and challenge of any EBITDA adjustments used in the calculation of valuations.

- **Share-based payments**

  The Committee has reviewed the change in valuation model used in estimating the fair value of Share-based payments in the year. The Committee received reports from external advisors which concluded that the Binomial and Monte Carlo valuation models would be more suitable given the vesting conditions attached to the Share-based payment arrangements. The Committee reviewed management reports that outlined the assumptions used.

- **Going concern**

  In order to satisfy itself that the Group has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern, the Committee considered the Group's budgets and forecasts, cash position (both existing and projected), bank facilities and covenants.

External auditor independence and effectiveness

The Committee carries out a formal review each year, to assess the independence and effectiveness of the external auditor, Nexia Smith and Williamson (NSW). The Committee has satisfied itself as to NSW's independence.

DocuSigned by:

Chris Sweetland

Christopher Sweetland

Chairman of the Audit, Risk and AIM Rules and Compliance Committee

18 August 2020

59

Directors' Report

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditor's report, for the year ended 31 March 2020.

Principal activities

The principal activity of the Group is the provision of digitally native technology services to clients within the commercial, government and non-government organisations (NGO) sectors.

General information

The Panoply Holdings Plc is a public limited company listed on the AIM market of the London Stock Exchange on 4 December 2018 and is incorporated and domiciled in the UK. The Company's registered number is 10533096.

Corporate governance

The statement on corporate governance on pages 48 to 52 is included in the Directors' Report by way of reference.

Results and dividends

The Group's loss on ordinary activities after taxation was £3.0m (2019: loss £1.7m). The audited financial statements of the Group are set out on pages 70 to 117. The Directors do not propose a dividend for the year ended 31 March 2020 (2019: £Nil).

Strategic review

The information satisfying the strategic review requirements is set out in this report on pages 3 to 43.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 3 to 25. The financial position of the Group, its billings, gross profit and profitability are described on pages 24 and 25. Details of the key risks and uncertainties in the business, including the operational impact of Covid-19 and expected impact on the economy, along with the mitigation has been presented in the risks and uncertainties is presented on pages 40 to 43.

Having considered the Group's cash flows, liquidity position and borrowing facilities, and after reviewing the budgets and cash projections for the next twelve months and beyond, the Directors believe that the Group and the Company have adequate resources to continue operations for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors

The present membership of the Board is as follows:

Mark Smith, Non-Executive Chairman Chris Sweetland, Non-Executive Director Isabel Kelly, Non-Executive Director Oliver Rigby, Chief Financial Officer, Neal Gandhi, Chief Executive Officer.

The names and biographical details of the current Directors of the Company are given on pages 46 and 47. During the year under review, all Non-Executive Directors were independent of management and any business or other relationships which could interfere with the exercise of their independent judgement.

Details of Directors' interests in the Company's shares, service contracts and remuneration are set out in the Directors' Remuneration Report on pages 55 and 56.

Post-balance sheet events

Details of post-balance sheet events are given in Note 27.

Political donation

The Group has not made any political donations during the year.

Financial risk management and objectives

Details of financial risk management and objectives are contained in Note 25 to the Consolidated Financial Statements.

Awareness of relevant audit information

Each of the Directors who held office at the date of approval of this Directors' Report confirms that, so far as they are aware:

- there is no relevant audit information of which the Auditor is unaware; and
- the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

Annual General Meeting

The Annual General Meeting will be held in London on 14 September 2020 - at 09:00am. Notice of the Annual General Meeting will be sent to shareholders on 20 August 2020.

Independent Auditor

The auditors are required to be reappointed annually at the AGM.

By order of the Board

DocuSigned by:
Oliver Rigby
Oliver Rigby ...D429...
Company Secretary

18 August 2020

Statement of Directors Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. 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 Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

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

The Directors are responsible for ensuring that the Directors' Report and the Strategic Report, in addition to any other information included in the Annual Report and Financial Statements, is prepared in accordance with United Kingdom company law. They are also responsible for ensuring that the Annual Report & Financial Statements include information required by the AIM Rules.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of The Panoply Holdings plc

Opinion

We have audited the financial statements of The Panoply Holdings plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 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 Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; 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 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 as applied to SME listed entities, 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 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.

Emphasis of matter – impact of Covid-19

We draw attention to note 1.1 of the financial statements which describes the impact of Covid-19 on the Group and the Company. Our opinion is not modified in respect of this matter.

Key audit matters

We identified the key audit matters described below as those which were most significant in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

Key audit matter	Description of risk	How the matter was addressed in the audit
Business combinations accounting – Group (See Note 8)	The Group has a business model based on acquiring business and during the year, two acquisitions have taken place. There is a high degree of judgments and assumptions involved to perform valuations of separately identifiable intangible assets arising from the acquisition of a business. There is a risk that the values and allocations of intangible assets and goodwill recognised are not in accordance with International Financial Reporting Standard (IFRS) 3 'Business combinations'.	We challenged management on the identification of intangible assets and the inputs and assumptions used in the purchase price allocation to determine the value of the identifiable assets and liabilities: As part of our procedures we: • Performed an assessment of the accounting for acquisitions in the year to check if it was in accordance with IFRS 3. • Obtained the business combination workings for each acquisition and checked the mathematical accuracy of these, obtaining support for any judgements used by management. • Agreed the calculation of residual goodwill based on the consideration payable and identifiable assets and liabilities. • Used our internal valuations team to assess the valuation models prepared in respect of each acquisition, including the basis and methodology adopted for identifying separate intangibles distinct from goodwill and the fair value of contingent consideration recognised. • Considered the appropriateness of the useful lives applied to the intangible assets identified. • Considered the overall valuation of intangible assets identified relative to similar companies in the industry. • Reviewed acquisition costs to ensure these have been expensed within the Income Statement in line with IFRS 3. • Checked the appropriateness of discount factors applied.

Independent Auditor's Report to the members of The Panoply Holdings plc continued

Key audit matter	Description of risk	How the matter was addressed in the audit
Fair Value of contingent consideration – Group and Company (See Note 20)	The Share Purchase Agreements (SPAs) contain clauses for contingent consideration and clawback provisions based on the acquired entities' performance over the first two to four years of acquisition. Management are required to apply judgement to determine the fair value of the consideration payable, in accordance with IFRS 3.	We challenged the inputs and assumptions used to determine the fair value of the contingent consideration payable at acquisition and subsequently at the reporting date. As part of our procedures we: • Reviewed the Share purchase agreements ("SPA's") to obtain an understanding of consideration payable and agreed this back to the supporting business combination workings. • Reviewed and challenged management's future forecasts of revenues and results which underpinned how the overall contingent consideration was calculated. • Compared historical forecasts against actual results and corroborated management's assertions where reasonably practicable. • Confirmed the appropriateness of discount factors applied. • Assessed if any of the contingent consideration should be treated as employee benefits given that some of the vendors have been retained in the business
Revenue – Group (See Note 3)	The Group's activities include the provision of business IT management, design, implementation and support services. These services have multiple deliverables and can be a fixed or variable price. A number of contracts are expected to span the year end and the acquisition dates. Judgement will be involved in determining the levels of revenue to be recognised in line with IFRS 15 'Revenue recognition', particularly for contracts which span the year end and acquisition dates.	As part of our procedures we: • Gained an understanding of the design and implementation of controls over revenue recognition which have been designed by the Group to prevent and detect fraud and errors in revenue recognition. • Performed tests of detail on the different revenue streams testing from the nominal ledger and separately from contracts. • Reviewed terms of major contracts and assessed the accounting for each revenue stream for compliance with IFRS 15. • Performed cut off testing around the subsidiary acquisition dates and the year end to determine if revenue is recognised in the correct period.

Key audit matter	Description of risk	How the matter was addressed in the audit
Carrying value of goodwill – Group (See Note 9)	The Group has a significant carrying value of goodwill arising on the acquisition of businesses in the prior year and current year. An annual impairment review is required to assess the carrying value of goodwill for each cash generating unit (CGU). Management uses a discounted cash flow model and compares the resulting valuation to the carrying value of goodwill for each CGU to assess if any impairment is required. There are significant judgements and assumptions, such as growth rates and discount factors, used by management in determining the valuation.	We reviewed management's assessment of impairment of goodwill. We challenged assumptions and assertions made by management in their assessment and considered whether the presence of impairment indicators should result in an impairment charge. As part of our audit procedures we: • Obtained the discounted cash flow models and the underlying valuations for each cash generating unit and checked the mathematical accuracy of these. Reviewed the basis of support for judgements and assumptions used by management. • Reviewed and challenged management's forecasts of future results which underpins how the valuations are calculated. • Compared historical forecasts against actual results and corroborated management's assertions where reasonably practicable. • Used our internal valuations team to assess the valuation models and the appropriateness of the discount rates applied. • Performed sensitivity analysis on key assumptions used in the calculations.
Carrying value of investments in subsidiaries – Company (See Note 11)	The Company has significant balances relating to investments in subsidiaries. The investments relate to the acquisition of subsidiaries in prior year and current year. The carrying value of the investments in subsidiaries is also underpinned by the future financial viability of the subsidiaries.	We reviewed management's assessment of impairment of the carrying value of investments in subsidiaries. We challenged assumptions and assertions made by management in their assessment and considered whether the presence of impairment indicators should result in an impairment charge. As part of our audit procedures we: • Obtained the discounted cash flow models and the underlying valuations for each investment in subsidiary and checked the mathematical accuracy of these. Reviewed the basis of support for judgements and assumptions used by management. • Considered the Company's market capitalisation value as at 31 March 2020 against the carrying value of the investments in subsidiaries for indicator of impairment. • Reviewed and challenged management's forecasted future results of the subsidiaries, which underpins how the valuations are calculated, and corroborated management's assertions where reasonably practicable. • Performed sensitivity analysis on key assumptions used in the calculations.

Independent Auditor's Report to the members of The Panoply Holdings plc continued

Materiality

The materiality for the Group financial statements as a whole was set at £460,000. This has been determined with reference to the benchmark of the Group's revenue, which we consider to be one of the principal considerations for members of the Company in assessing the performance of the Group. Materiality represents 1.5% of revenue as presented on the face of the Consolidated Income Statement.

The materiality for the Company financial statements as a whole was set at £299,000. This has been determined with reference to the benchmark of the Company's assets, which we consider to be an appropriate measure as the Company exists only as a holding company for the Group and carries on no trade in its own right. Materiality represents 0.5% of total assets as presented on the face of the Company's Statement of Financial Position.

An overview of the scope of our audit

Of the Group's eighteen reporting components, nine were subject to audit for group reporting purposes. The nine components covered: 95% of group revenue, 97% of group loss before tax, 97% of group assets and 95% of group liabilities.

For the remaining components, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within these.

One of the nine components and two of the nine components subject to audit for group reporting purposes were based in Norway and Bulgaria respectively and its audits were carried out by component auditors based in Norway and Bulgaria. We held a telephone meeting with the component auditors in Norway and Bulgaria as part of planning and discussed the component auditors' risk assessments and directed their planned audit approach. In addition to these meeting, we sent detailed instructions to the component auditors' audit teams and reviewed their key audit working papers.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, 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.

Opinion 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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
- the 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 Statement of Directors' Responsibilities set out on page 60, 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 controls 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 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 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 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.

Stephen Drew

Stephen Drew
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY
18 August 2020

Consolidated Income Statement
for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Revenue	3	**31,533**	8,152
Cost of sales		**(19,526)**	(4,811)
Gross profit		**12,007**	3,341
Administrative expenses		**(15,149)**	(4,992)
Other income		**184**	24
Operating loss	4	**(2,958)**	(1,627)
Adjusted EBITDA		**3,846**	402
Amortisation of intangible assets	10	**(1,583)**	(339)
Depreciation	12,13	**(737)**	(45)
Loss on fair value movement contingent consideration	20	**(3,764)**	(54)
Share-based payments	5	**(129)**	(239)
Costs relating to business restructuring	4	**(155)**	–
Costs directly attributable to business combination and listing	4	**(436)**	(1,352)
Operating loss		**(2,958)**	(1,627)
Finance income		**7**	5
Finance costs		**(189)**	(14)
Net finance expense		**(182)**	(9)
Loss before taxation		**(3,140)**	(1,636)
Taxation	6	**96**	(41)
Loss for the period		**(3,044)**	(1,677)
Other comprehensive income			
Exchange differences on translation of foreign operations		**104**	(38)
Total comprehensive loss for the period		**(2,940)**	(1,715)
Loss per share			
Basic and fully diluted	7	**(6.32)p**	(9.22)p

The accompanying accounting policies and notes on pages 77 to 117 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position
as at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Goodwill	9	**35,672**	20,585
Intangible assets	10	**8,591**	5,214
Property, plant and equipment	12	**290**	280
Right-of-use assets	13	**1,045**	-
Deferred tax asset	22	**-**	14
Total non-current assets		**45,598**	26,093
Current assets			
Trade and other receivables	14	**8,590**	3,918
Contract asset	18	**1,413**	232
Other taxes and social security costs	19	**206**	-
Cash and cash equivalents	15	**4,614**	5,650
Total current assets		**14,823**	9,800
Total assets		**60,421**	35,893
Current liabilities			
Trade and other payables	16	**(4,343)**	(2,210)
Other taxes and social security costs	19	**(3,001)**	(1,539)
Deferred and contingent consideration	20	**(10,685)**	(3,270)
Lease liabilities	13	**(609)**	-
Borrowings	17	**(29)**	-
Contract liability	18	**(1,454)**	(406)
Total current liabilities		**(20,121)**	(7,425)
Non-current liabilities			
Deferred tax liability	22	**(1,623)**	(925)
Deferred and contingent consideration	20	**(5,998)**	(8,292)
Borrowings	17	**(5,000)**	-
Provisions – Dilapidations		**(23)**	-
Lease liabilities	13	**(390)**	-
Total non-current liabilities		**(13,034)**	(9,217)
Total liabilities		**(33,155)**	(16,642)
Net assets		**27,266**	19,251
Equity			
Share capital	21	**551**	423
Share premium account	21	**31,477**	20,779
Capital redemption reserve	21	**5**	5
Other reserves	21	**434**	201
Retained earnings		**(5,201)**	(2,157)
Total equity		**27,266**	19,251

These financial statements were approved and authorised for issue by the Board of Directors on 18 August 2020. Signed on behalf of the Board of Directors by

DocuSigned by: Oliver Rigby
0720A44571A0429...

Oliver Rigby
Director

DocuSigned by: Neal Gandhi
5E871A782562472...

Neal Gandhi
Director

The accompanying accounting policies and notes on pages 77 to 117 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2020

	Share capital £'000	Share premium £'000	Capital redemption £'000	Foreign exchange reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2018	–	490	–	–	–	(480)	10
Loss for the period	–	–	–	–	–	(1,677)	(1,677)
Exchange differences on translation of foreign operations	–	–	–	(38)	–	–	(38)
Transactions with owners							
Shares cancellation	(5)	–	5	–	–	–	–
Shares issued	428	20,543	–	–	–	–	20,971
Share issue costs	–	(254)	–	–	–	–	(254)
Share-based payments	–	–	–	–	239	–	239
Equity at 31 March 2019	**423**	**20,779**	**5**	**(38)**	**239**	**(2,157)**	**19,251**

	Share capital £'000	Share premium £'000	Capital redemption £'000	Foreign exchange reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2019	423	20,779	5	(38)	239	(2,157)	19,251
Loss for the period	–	–	–	–	–	(3,044)	(3,044)
Exchange differences on translation of foreign operations	–	–	–	104	–	–	104
Transactions with owners							
Shares issued	128	10,698	–	–	–	–	10,826
Share-based payments	–	–	–	–	129	–	129
Equity at 31 March 2020	**551**	**31,477**	**5**	**66**	**368**	**(5,201)**	**27,266**

The accompanying accounting policies and notes on pages 77 to 117 form an integral part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Loss before taxation		**(3,140)**	(1,636)
Adjustments for:			
Depreciation	12	**737**	45
Amortisation	10	**1,583**	339
Share-based payments	5	**129**	239
Loss on disposal of property, plant and equipment		**–**	2
Foreign exchange losses		**104**	7
Finance expense		**189**	14
Finance income		**(7)**	(5)
Movement in fair value contingent consideration	20	**3,764**	54
		3,359	(941)
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		**(2,586)**	384
Increase/(decrease) in trade payables, accruals and contract liability		**1,978**	(650)
Net cash generated from/(used in) operations		**2,751**	(1,207)
Tax (paid)/received		**(44)**	27
Cash flows from investing activities			
Acquisition of subsidiaries (paid)	8	**(9,587)**	(5,613)
Acquisition of subsidiary cash inherited from acquisition	8	**3,711**	6,978
Deferred consideration paid	20	**(1,088)**	–
Purchase of property, plant and equipment	12	**(131)**	(33)
Additions to intangibles	10	**(196)**	–
Interest received		**8**	5
Net cash (used in)/generated from investing activities		**(7,283)**	1,337
Cash flows from financing activities			
Issue of ordinary share capital		**–**	5,659
Cost relating to the issue of shares		**–**	(254)
New borrowings		**5,000**	–
Costs relating to the issue of new borrowings		**(148)**	–
Repayment of borrowings		**(507)**	(24)
Payment of lease liabilities		**(629)**	–
Finance costs		**(176)**	(14)
Net cash generated from financing activities		**3,540**	5,367
Net (decrease)/increase in cash		**(1,036)**	5,524
Cash at bank and in hand at beginning of period		**5,650**	126
Cash at bank and in hand at end of period	15	**4,614**	5,650
Comprising:			
Cash at bank and in hand	15	**4,614**	5,650

The accompanying accounting policies and notes on pages 77 to 117 are an integral part of these Consolidated Financial Statements.

Company Statement of Financial Position
for the year ended 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Investments	11	54,952	32,499
Property, plant and equipment		1	–
Total non-current assets		54,953	32,499
Current assets			
Trade and other receivables	14	183	21
Other taxes and social security costs	19	–	137
Amounts owed by Group undertakings	23	1,337	628
Cash and cash equivalents	15	147	2,762
Total current assets		1,667	3,548
Total assets		56,620	36,047
Current liabilities			
Trade and other payables	16	(494)	(310)
Other taxes and social security costs	19	(157)	(19)
Deferred and contingent consideration	20	(10,547)	(3,270)
Amounts owed to Group undertakings	23	(3,227)	–
Total current liabilities		(14,425)	(3,599)
Non-current liabilities			
Deferred and contingent consideration	20	(5,998)	(8,292)
Borrowings	17	(5,000)	–
Total non-current liabilities		(10,998)	(8,292)
Total liabilities		(25,423)	(11,891)
Net assets		31,197	24,156
Equity			
Share capital	21	551	423
Share premium account	21	31,477	20,779
Capital redemption reserve	21	5	5
Other reserves	21	368	239
Retained earnings		(1,204)	2,710
Total equity		31,197	24,156

The Panoply Holdings Plc has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the company profit and loss account.

The Company's loss for the year ended 31 March 2020 was £3.9m (2019: £3.2m profit).

The financial statements were approved by the Board of Directors on 18 August 2020 and were signed on its behalf by:

DocuSigned by:
Oliver Rigby
Oliver Rigby ...A0429...
Director

DocuSigned by:
Neal Gandhi
Neal Gandhi ...2472...
Director

The accompanying accounting policies and notes on pages 77 to 117 form an integral part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 March 2020

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2018	–	490	–	–	(480)	10
Profit and total comprehensive income for the period	–	–	–	–	3,190	3,190
Transactions with owners						
Share cancellation	(5)	–	5	–	–	–
Shares issued	428	20,543	–	–	–	20,971
Share issue costs	–	(254)	–	–	–	(254)
Share-based payments	–	–	–	239	–	239
Equity at 31 March 2019	**423**	**20,779**	**5**	**239**	**2,710**	**24,156**

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2019	423	20,779	5	239	2,710	24,156
Loss and total comprehensive loss for the period	–	–	–	–	(3,914)	(3,914)
Transactions with owners						
Shares issued	128	10,698	–	–	–	10,826
Share-based payments	–	–	–	129	–	129
Equity at 31 March 2020	**551**	**31,477**	**5**	**368**	**(1,204)**	**31,197**

The accompanying accounting policies and notes on pages 77 to 117 form an integral part of these financial statements.

Company Statement of Cash Flow
for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
(Loss)/profit before taxation		**(3,914)**	3,190
Adjustments for:			
Dividends received		**(1,678)**	(5,438)
Share-based payments	5	**129**	173
Impairment of intercompany loans		**450**	–
Finance expense		**120**	3
Movement in fair value contingent consideration	20	**3,764**	54
		(1,129)	(2,018)
Working capital adjustments:			
Increase in trade and other receivables		**(392)**	(745)
Increase in trade payables, accruals and contract liability		**322**	172
Net cash used in operations		**(1,199)**	(2,591)
Tax received/(paid)		**–**	–
Cash flows from investing activities			
Acquisition of subsidiaries (paid)	8	**(7,360)**	(5,613)
Deferred consideration paid	20	**(713)**	–
Loans provided to subsidiary undertakings		**(765)**	–
Purchase of property, plant and equipment		**(1)**	–
Dividends received		**1,678**	5,438
Net cash used in investing activities		**(7,161)**	(175)
Cash flows from financing activities			
Issue of ordinary share capital		**–**	5,659
Cost relating to the issue of shares		**–**	(254)
Proceeds from loan from subsidiary undertakings		**1,000**	–
New borrowings		**5,000**	–
Cost relating to the issue of new borrowings		**(148)**	–
Finance costs		**(107)**	(3)
Net cash generated from financing activities		**5,745**	5,402
Net (decrease)/increase in cash		**(2,615)**	2,636
Cash at bank and in hand at beginning of period		**2,762**	126
Cash at bank and in hand at end of period	15	**147**	2,762
Comprising:			
Cash at bank and in hand		**147**	2,762

The accompanying accounting policies and notes on pages 77 to 117 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. General information

The Panoply Holdings plc is a public limited company incorporated in England and Wales under the Companies Act 2006 with registered number 10533096. The Company's shares are publicly traded on the AIM Market of the London Stock Exchange.

The address of the registered office is 141-143 Shoreditch High Street, London, England, E1 6JE. The principal activity of the Group is the provision of digitally native technology services to clients within the commercial, government and non-government organisation (NGO) sectors.

The following subsidiaries included in the consolidated financial statements of The Panoply Holdings plc have taken advantage of the exemption from audit conferred by s479A of the Companies Act 2006:

- Manifesto Digital Limited (Registered number 7885631)
- Not Binary Limited (Registered number 10686321)
- iDisrupted Limited (Registered number 9496322)
- Human Plus Limited (Registered number 11771564)
- Questers Global Group Limited (Registered number 8116392)
- Questers Resourcing Limited (Registered number 5640907)
- Deeson Group Holdings Limited (Registered number 11418077)
- Deeson Group Limited (Registered number 1073356)
- Greenshoot Labs Limited (Registered number 10967409)
- FutureGov Limited (Registered number 6472420)
- US-Creates Limited (Registered number 5938821)

1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRSs) as adopted by the EU and in accordance with the Companies Act 2006 and the AIM rules for Companies. The measurement bases and principal accounting policies of the Group are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

As detailed further in the Directors' Report, after reviewing the budgets and cash projections for the next twelve months and beyond, the Directors believe that the Group and the Company have adequate resources to continue operations for the foreseeable future and for this reason they have adopted a going concern basis in preparing these financial statements.

In considering the business activities for the forthcoming 12 months, the directors have assessed the impact of principal risks and uncertainties through scenario modelling. This includes an assessment of the impact of Covid-19 and the probable resulting recession by assessing the impact on our services, sector, customers and through looking at trends in the digital transformation sector. We have the ability to draw on a pre-agreed overdraft with HSBC of £1.5m and strong cash reserves within the Group. Furthermore, trading for the 3 months to 30 June 2020 has been strong with a cash balance of £8.7m as at the 30 June 2020.

After performing all the above assessments and through modelling scenarios, it is concluded that we would maintain sufficient undrawn capacity and satisfy all borrowing facility covenants in the next 12 months.

The financial statements include the financial results of the subsidiaries listed in Note 11 for the full year and the following subsidiaries from the date of acquisition. All subsidiaries are incorporated in the UK unless otherwise stated:

- FutureGov Group consisting of the following entities – acquired on 11 June 2019
  - FutureGov Limited
  - FutureGov Australia Pty (incorporated in Australia)
  - US Creates Limited
- Ameo Professional Services Limited – acquired on 10 March 2020

Further details of the above acquisitions can be found in Note 8 Business Combination.

1.2 New IFRS accounting standards adopted in the year

The following standards, amendments and interpretations are new and effective for the year ended 31 March 2020 and have been adopted. Details of the impact of new standards on the Group's consolidated results, assets or liabilities are included in the notes to the accounts as indicated.

- IFRS 16 Leases (effective 1 January 2019)

Notes to the Consolidated Financial Statements continued

On 1 April 2019, the Group adopted IFRS 16 Leases. The standard requires recognition of right-of-use assets and lease liabilities, representing the obligation to make lease payments for almost all lease contracts. Depreciation of the right-of-use assets and recognition of interest on the lease liabilities replaced amounts recognised as rent expense under IAS 17 in the consolidated income statement. The Group adopted IFRS 16 on a modified retrospective basis. Accordingly, prior year financial information has not been restated and will continue to be reported under IAS 17 Leases. The lease liability has initially been measured at present value of the remaining lease payments, and the right-of-use asset has been set equal to the lease liability adjusted for prepayments and accruals.

The following practical expedients have been taken on transition to IFRS 16:

- For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.
- The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 April 2019. At this date, the Group has also elected to measure the right-of-use assets, at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.
- Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.
- On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.
- The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The weighted average incremental borrowing rate applied to lease liabilities on initial recognition at 1 April 2019 was 3.25%. There was no material difference between the operating lease commitments disclosed at 31 March 2019 under IAS 17, discounted using the incremental borrowing rate on initial recognition, and the lease liabilities recognised in the Group statement of financial position at 1 April 2019.

The implementation of IFRS 16 resulted in:

- A recognition of right-of-use assets and lease liabilities in relation to property leases and other leases recognised in the consolidated statement of financial position as of 1 April 2019 of £1.5m.
- a reduction in trade and other receivables (prepayments) of £61k, which is now recognised in the right-of-use assets and lease liabilities; and
- a decrease of net result for the 2020 reporting period of £31k, consisting of a decrease of lease expenses recognised under operating expenses of £594k, an increase of depreciation recognised under net operating expenses of £583k and an increase in interest expenses recognised under finance expenses of £42k.
- ***New and amended IFRS accounting standards and interpretations issued but not yet effective***

  There are new IFRS accounting standards and amendments to existing accounting standards not yet effective in the current year, but none of these are expected to have a material impact on the Group in the following financial period.

1.3 Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

- The acquisition of FutureGov Group in June 2019 (see note 8) which resulted in the recognition of goodwill (see note 9) and other intangible assets (note 10).
- The acquisition of Ameo Professional Services Limited in March 2020 (see note 8) which resulted in the recognition of goodwill (see note 9) and other intangible assets (note 10).
- The adoption of the new accounting standard for leases (see note 13).
- A change in accounting estimate in calculating the fair value of share-based payments under IFRS 2 (see note 5).

For a detailed discussion about the Group's performance and financial position please refer to our operating and financial review on pages 24 and 25.

2. Principal accounting policies

a) Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2020. A subsidiary is an entity controlled by the Company. Control is achieved where the Company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with using the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Consolidated Statement of Financial Position at their fair values, which are also used as the cost bases for subsequent measurement in accordance with the Group accounting policies.

The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts, to the extent that they exceed the settlement amounts, are generally recognised in the profit or loss. Any deferred contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of consideration payable over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, share-based payments, fair value of this is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance.

When assessing segment performance and considering the allocation of resources, the Board of Directors review information about segment assets and liabilities. For this purpose, all assets and liabilities are allocated to reportable segments with the exception of borrowings.

The Group is organised into, and managed through, the following three operating segments, which are based on service and supported by central functions:

- Consulting and innovation – Services include strategy consulting and service design
- Software development – Services include digital transformation, technical software development, cloud based services and IT implementation
- Automation – Services include automation, robotics, chatbots and AI

Notes to the Consolidated Financial Statements continued

c) Goodwill

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, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired, and liabilities assumed.

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

Goodwill is carried at cost less accumulated impairment losses. Impairment review is carried out annually. If there is an impairment, the cost is reduced by the accumulated impairment amount.

d) Revenue and revenue recognition

Revenue consists of the value of work delivered to clients during the year exclusive of VAT and is recognised as performance obligations are met in accordance with the terms of the contract which are primarily on a time and materials basis. Revenue is wholly attributable to the principal activities of the Group. The Group adopt IFRS 15 principles in recognising the revenue. Revenue recognised in excess of invoices raised is included within contract asset. Where amounts have been invoiced in excess of revenue recognised, the excess is included within contract liability.

The majority of the services are provided on a time and material basis where clients are billed monthly for the time spent on a project which corresponds directly with the value to the customer of the entity's performance completed to date and accordingly revenue is recognised at the amount billed. For fixed-price contracts where criteria to recognise performance obligations over time have been met, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined by actual labour hours and cost incurred relative to the total expected labour hours and cost. The use of labour hours and costs is a faithful depiction of the transfer of services as it directly relates to the effort required to satisfy the performance obligation. Only inputs relating directly to the performance in transferring the services are included when measuring progress to date. Due to changing circumstances, extent of progress and completion may be revised which may affect revenue and costs. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The majority of the contracts are one single performance obligation. However, some contracts include multiple deliverables. In most cases, the deliverable is separately identifiable from other promises in the contract; therefore, it is accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

Standard terms of payment within 30 or 60 days are typically adopted. There is therefore no financing component.

Revenue is recognised when the Group satisfies the performance obligations, the timing of which is set out in Note 3.2. For the majority, contracts are for performance obligations that are satisfied over time. However, there are some contracts which contain performance obligations that are only satisfied at a point in time. The revenue for these contracts is recognised when the performance obligation has been satisfied, for project development work this occurs when the customer accepts the final output.

When the customer has a right to return the product within a given period, the entity is obliged to refund the purchase price. For instance, if potential candidates put forward are considered unsuitable by the client and no one is recruited. The contract stipulates reimbursement of 50% – 100% of the fee, under the agreed terms of contract. Under IFRS15, revenue is only recognised to the extent it is highly probable there will not be a significant reversal of revenue in a future period and is usually therefore recognised only when a successful candidate is recruited.

A small number of contracts have variable consideration associated with it, whereby a bonus is paid if certain cost savings are made by the client. These are recognised using the 'most likely amount method' once it has been identified that a significant reversal in the amount of cumulative revenue will not occur.

e) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in pounds sterling, which is the Company's functional and presentation currency and the Group's presentation currency.

Transactions and balances

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. All exchange differences are recognised in the Consolidated Income Statement.

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into pounds Sterling at the rate of exchange applicable at the reporting date and their Income Statements are translated at the average exchange rates for the period. The exchange differences arising from the retranslation of foreign operations are taken directly to foreign exchange reserve.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rates of exchange at the reporting date. Currency translation differences arising are transferred to the Group's foreign exchange reserve and are recognised in the Income Statement on disposal of the underlying investment.

f) Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Depreciation is calculated on a straight-line basis so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	3 – 10 years (depending on the length of the lease)
Fixtures and fittings	4 – 5 years
Computer equipment	3 – 5 years

Useful economic lives and estimated residual values are reviewed annually and adjusted as appropriate.

g) Intangible assets acquired as part of a business combination and amortisation

In accordance with IFRS 3 "Business Combinations", an intangible asset acquired in a business combination is recognised at fair value at the acquisition date. A fair value calculation is carried out based on evaluating the net recurring income stream from each type of intangible asset. Intangibles are initially recognised at fair value, and are subsequently carried at this fair value, less accumulated amortisation and impairment. The following items were identified as part of the acquisitions of entities by the Group and were still owned at 31 March 2020:

- brand amortised over two to five years;
- customer lists amortised over three to six years;
- database over five years; and
- Intellectual property over ten years.

The allocation of fair values to the tangible assets and the identification and valuation of intangible assets affect the calculation of goodwill recognised in respect of an acquisition and as such represent a key source of estimation uncertainty.

h) Other intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;

Notes to the Consolidated Financial Statements continued

- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product is available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion or relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 3 years.

i) Impairment testing of goodwill

Impairment reviews are tested at cash generating unit ("CGU") level. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination. During the year, the each acquired entity is equivalent to one CGU.

Impairment reviews are carried out using multi-year cash flow projections from the approved budgets of the Group. These are discounted using a weighted average cost of capital ("WACC") specific to each CGU. The internal rate of return for each CGU reflects the time value of money and the nature and risks of the CGU. Cash flows are estimated over a maximum of five years and a terminal value.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses are credited to the carrying amount of the relevant goodwill.

j) Investment in subsidiaries and impairment

The investment in the Company's subsidiaries is recorded at cost less provisions for impairment. Carrying values are reviewed for impairment annually to determine if there is any indication that any of the investments might be impaired. The Company uses forecast cash flow information and estimates of future growth to assess whether investments are impaired.

If the results of operations in a future period are adverse to the estimates used for impairment testing, an impairment may be triggered at that point.

k) Taxation

Current tax is the tax currently payable based on taxable profit for the year. Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable profit. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Income Statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

l) Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets
The Group classifies its financial assets as follows:

Amortised cost
These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at the transaction price that is directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables and contract assets are recognised based on the simplified approach within IFRS 9 using the *lifetime expected credit losses. During this process the probability of the non-payment of the* trade receivables and contract assets is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administration expenses in the Consolidated Income Statement. On confirmation that the trade receivable and contract assets will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Fair value on contingent consideration
Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised through profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

m) Employee benefits

Share-based payments – equity-settled
All material share-based payment arrangements are recognised in the financial statements. All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share-based payments awarded.

Notes to the Consolidated Financial Statements continued

Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the Consolidated Income Statement with a corresponding credit to "share-based payment reserve". If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share-based payments expected to vest. Estimates are subsequently revised if there is any indication that the number of share-based payments expected to vest differs from previous estimates.

Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share-based payments ultimately exercised are different to that estimated on vesting.

Upon exercise of share-based payments, the proceeds received, net of attributable transaction costs, are credited to share capital and share premium.

The fair value for the share-based payment is measured using the binomial model for share-based payments with no market performance conditions and the monte carol method for options with market performance conditions.

n) Pensions

Contributions to defined contribution schemes are charged to the Consolidated Income Statement as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Consolidated Statement of Financial Position.

o) Presentation of results

In some instances, Alternative Performance Measures (APMs) such as adjusted EBITDA (refer to Financial Review on page 24) are used by the Group to provide 'adjusted' results. This is because Management are of the view that these APMs provide a more meaningful basis on which to analyse business performance and is consistent with the way that financial performance is measured by Management and reported to the Board. Furthermore, the statutory numbers for the year ended 31 March 2019 does not reflect a true picture of trading given the number of acquisitions made in the latter part of the year and the exceptional costs due to listing. Therefore, management believe that the APMs provide a more meaningful picture rather than statutory actuals to actuals.

Adjusted EBITDA is a non-IFRS measure, defined as the Group's operating profit before expensing depreciation of tangible fixed assets, amortisation, costs relating to listing, acquisitions and restructuring, impairment, gain or loss on fair value movement contingent consideration and share-based payments.

p) Leases

Under IFRS 16

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 annual 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 earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful economic lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid 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. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonable certain to exercise an extension option, and 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 for a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low value assets including IT equipment. Assets with a value less than £5,000 are considered low value. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under IAS 17
In the comparative period, as a lessee the Group held operating leases that were not recognised in the Group's Statement of Financial Position. Payments made under operating leases were recognised in profit and loss on a straight-line basis over the term of the leases. Lease incentives were recognised as an integral part of the total lease expense, over the term of the lease.

q) Grant income

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are generally recognised in the Consolidated Income Statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Judgement is applied in assessing when there is reasonable assurance the grant conditions have been complied with and that the grant money will be received.

r) Research and development

Research and development expenditure is recognised in the Consolidated Income Statement as an expense until it can be demonstrated that the conditions for capitalisation under IAS 38 'Intangible Assets' apply. The criteria for capitalisation include demonstration that the project is technically and commercially feasible, the Group has sufficient resources to complete development and the asset will generate probable future economic benefit.

During the year, research and development costs are within Administrative expenses and are not identifiable with its own subheading. The allocation of the administrative costs that relates to research and development for the Group is carried out annually at the point of assessing for R&D tax credit relief as part of the tax work.

The Group benefits from both small, medium enterprises for R&D tax credits and research and development credits (RDEC).

RDEC research and development credits are accounted for as having the substance of a government grant and recognised in other income. The grants are recognised on the basis of the fair value of claims made. A corresponding other receivable is recognised at the time the claims are accepted and will subsequently be offset against tax payable.

s) Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, management is required to make estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities. The resulting accounting estimates, which are based on management's best judgment at the date of these financial statements, will seldom equal the subsequent actual amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below.

Notes to the Consolidated Financial Statements continued

Critical judgements:

1. *Revenue recognition*

The main judgements are:

- Deciding what are the performance obligations in a contract
- Deciding whether the contract should be measured over time or at a point in time
- The cost to complete contracts to determine the percentage completion

Under IFRS 15, measurement and recognition of revenue required the Group to make judgements and estimates. In particular, there are a large number of contracts within the business which may require significant contract interpretation to determine the appropriate accounts such as whether promised goods and services specified in an arrangement are distinct performance obligations and based on the contract terms, whether the performance obligation should be recognised at a point in time or over time (refer to Note 3.2).

2. *Cash generating units (CGUs)*

IFRS 3 Business combination requires the management to assess the CGU as part of purchase price allocation process. The Board uses their judgement in deciding the number of CGU per entity acquired during the year. CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The board determines the number of CGU by ascertaining the number of main income stream generating from an entity. Each entity acquired during the year, was deemed as one CGU. There are a total of 9 CGUs as a result from the business combination in 2020. (2019: 7).

3. *Intangible assets from acquisition*

Acquiring a business entity would include purchasing its intangible assets even when there were no intangible assets on its Statement of Financial Position. The board uses judgement in identifying the types of intangible assets as a result of business combination. During the year the board identified several intangibles such as customer list, brand, client database and software. Details of intangible assets identified on acquisitions are in notes 8 and 10.

Key source of estimation uncertainty:

1. *Valuation of intangible assets*

Intangible assets (2020: £8.6m, 2019: £5.2m) are non-physical assets which have been obtained as part of an acquisition and which have an identifiable future economic benefit to the Group at the point of acquisition. Each intangible asset is valued at acquisition by measuring the future discounted cash flows over a range of two to ten-year period from the date of acquisition, depending on class. For example, 'customer list' uses assumptions such as using the average retention rate, revenue growth over the prior three to five-year period. All future cash flows are discounted using a WACC, based on the internal rate of return for each asset, calculated over its useful economic life.

2. *Impairment of goodwill*

Impairment of goodwill requires an estimate of whether there is an impairment indicator. The key estimate for the carrying value of CGU is the cash flows associated with the CGU and the WACC. Each of the CGU held by the Group is measured regularly to ensure that they generate discounted positive cash flows.

The Group determines CGUs are impaired on at least an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the intangible value is allocated. Estimating a value in use amount requires management to make an estimate of the expected 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. Where there is indication of impairment, the goodwill is impaired by a charge to the Consolidated Income Statement. The key area of uncertainty is the revenue growth. Management perform sensitivity analysis to ascertain the level of growth rate that will start to impair the goodwill on a yearly basis. Further explanation is included in Note 9 – Goodwill and impairment.

3. *Impairment of investments*

An assessment of impairment of investments is performed if there is an indicator of impairment. The key estimate for the carrying value of the investment is the cash flows associated with the investment and the WACC. Each investment is reviewed regularly to ensure that they generate discounted positive cash flows.

The same principles used in the assessment of impairment of goodwill is used for estimating the 'value in use' of the cash flows of the investment. Where there is an indication of impairment, the investment is impaired by a charge to the consolidated income statement. The key area of uncertainty is the revenue growth. Management perform sensitivity analysis to ascertain the level of growth rate that will start to impair the investment on a yearly basis.

4. Measuring the fair value of contingent consideration
The fair value of contingent deferred consideration is determined by reference to the future EBITDA of the acquired business and applying the contingent deferred consideration formula as specified in the asset or share purchase agreement and discounting the net present value of the future cash flows. The total fair value of consideration for the businesses acquired during the year was £22m (2019: £32m) and the goodwill was calculated as £15m (2019: £21m). The range of contingent consideration in the current period was £Nil to £6.1m; further details are included in Note 8.

5. Valuation of share-based payments
The valuation of share-based payments is calculated using valuation models. In the prior year, the estimated fair value of the share-based payments was calculated by applying a Black Scholes valuation model. In the current year, the appropriateness of the valuation model used was reassessed taking note of the vesting conditions, including any performance-based conditions. It was concluded that the Binomial and Monte Carlo valuation models would be more suitable give the vesting conditions attached to the share-based payment arrangements. This change in accounting estimate resulted in an immaterial change to the prior year charge which has been recorded in the current year

3. Segment reporting

The Group has identified its operating segments based on the internal reports reviewed and used by the Chief Operating Decision Maker (CODM), being the Board of Directors, in assessing the Group's performance and in determining the allocation of resources.

The Board has concluded that it monitors the Group's performance and makes business decisions around investments, resource allocation and acquisitions based on the Group's services. These services are noted below and consists of 3 *reportable segments. All other revenue that is not classified as a reportable segment are classified as* 'All other Segments' or 'Central Services'.

- **Consulting and innovation** – This part of the business provides strategy consulting and service /organisational design services to external clients in the government, commercial and NGO sectors
- **Software development** – Services within this sector Business IT Management, include digital transformation, technical software development and implementation, cloud based services, data based services and support services.
- **Automation** – Services include automation, robotics, chatbots and artificial intelligence
- **All other segments** – Other segments not included in the above. This primarily relates to the Group's operations comprising of magazine publication and events management services which are not core to the Group.

The Board of Directors primarily uses a measure of revenue and adjusted EBITDA which is taken as earnings before interest, tax, depreciation, amortisation, costs relating to business acquisitions and restructuring, costs relating to share-based payments and fair value movement in contingent consideration to assess the performance of the operating segments. Information about segment revenue is disclosed in the tables below.

3.1.1 Revenue

i) Revenue by service
Included in revenues arising from 'Software development' service are revenues of £3.2m (2019: £2.4m) which arose from the Group's largest customer and represents 10% of the Group's total revenue.

	2020 £'000	2019 £'000
Consulting and innovation	**9,581**	769
Software development	**21,242**	7,389
Automation	**1,361**	35
All other segments	**278**	20
Intersegment eliminations	**(929)**	(61)
Total Revenue	**31,533**	8,152

Notes to the Consolidated Financial Statements continued

ii) Revenue by geography

	2020 £'000	2019 £'000
United Kingdom	**25,279**	6,511
Norway	**2,046**	769
Switzerland	**1,814**	552
Rest of EU	**902**	28
USA	**1,488**	291
Other	**4**	1
Total Revenue	**31,533**	8,152

iii) Revenue by sector

	2020 £'000	2019 £'000
Commercial	**11,476**	2,871
Government	**13,207**	3,050
NGO	**6,850**	2,231
Total Revenue	**31,533**	8,152

3.1.2 Adjusted EBITDA by service

	2020 £'000	2019 £'000
Consulting and innovation	**1,548**	60
Software development	**4,575**	1,227
Automation	**(236)**	(58)
All other segments	**(200)**	(137)
Central services	**(1,841)**	(690)
Total Adjusted EBITDA	**3,846**	402
Finance costs	**(189)**	(14)
Finance income	**7**	5
Depreciation and amortisation	**(2,320)**	(384)
Restructuring costs	**(155)**	-
Costs directly attributable to business combinations	**(436)**	(1,352)
Fair value movement for contingent consideration	**(3,764)**	(54)
Share-based payments	**(129)**	(239)
Loss before tax from continuing operations	**(3,140)**	(1,636)

3.1.3 Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

	2020 £'000	2019 £'000
Consulting and innovation	**29,985**	3,522
Software development	**32,565**	29,045
Automation	**1,425**	272
All other segments	**204**	54
Total Segment Assets	**64,179**	32,893
Intersegment eliminations	**(5,425)**	(548)
Unallocated:		
Central services	**1,667**	3,548
Total assets per the Statement of Financial Position	**60,421**	35,893

3.1.4 Segment liabilities

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The Group's borrowings are not considered to be segment liabilities, but are managed by the Group finance function

	2020 £'000	2019 £'000
Consulting and innovation	**7,324**	1,640
Software development	**20,272**	14,702
Automation	**1,768**	340
All other segments	**338**	179
Total Segment Liabilities	**29,702**	16,861
Intersegment eliminations	**(5,425)**	(548)
Unallocated:		
Central services	**8,878**	329
Total liabilities per the Statement of Financial Position	**33,155**	16,642

3.2 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time in the following service line:

Year ended 31 March 2020	Consulting and innovation £'000	Software development £'000	Automation £'000	All other segments £'000	Adjustments[1] & Eliminations £'000	Total £'000
External revenue	9,238	20,672	1,345	278	–	31,533
Inter-segment revenue	343	570	16	–	(929)	–
Total revenue	9,581	21,242	1,361	278	(929)	31,533
Recognised at a point in time	23	7,408	1	159	–	7,591
Recognised over time	9,558	13,834	1,360	119	(929)	23,942
Total revenue	9,581	21,242	1,361	278	(929)	31,533

Year ended 31 March 2019	Consulting and innovation £'000	Software development £'000	Automation £'000	All other segments £'000	Adjustments[1] & Eliminations £'000	Total £'000
External revenue	769	7,378	35	20	–	8,202
Inter-segment revenue	–	11	–	–	(61)	(50)
Total revenue	769	7,389	35	20	(61)	8,152
Recognised at a point in time	–	1,768	–		–	1,768
Recognised over time	769	5,621	35	20	(61)	6,384
Total revenue	769	7,389	35	20	(61)	8,152

(1) Inter-segment revenues are eliminated on consolidation and reflected in the adjustments and eliminations column.

Notes to the Consolidated Financial Statements continued

4. Operating loss

	2020 £'000	2019 £'000
Operating loss is stated after charging:		
Depreciation of property, plant & equipment (see note 12)	**154**	45
Depreciation of right-of-use assets (see note 13)	**583**	-
Amortisation of intangible assets (see note 10)	**1,583**	339
Employee costs (see note 5.2)	**18,080**	4,346
Costs directly attributable to the business combination and listing (see note 4.1)	**436**	1,352
Costs relating to restructuring*	**155**	-
Disposal of fixed assets	**34**	2
Loss on fair value movement contingent consideration (see note 20)	**3,764**	54
Share-based payments (see note 5.5)	**129**	239
Operating lease rentals (see note 13)	**317**	245

** Business restructuring costs were incurred in the year relating to the closure of the publication part of the business and in relation to restructuring of personnel.*

4.1 Costs directly attributable to the business combination and listing/IPO:

	2020 £'000	2019 £'000
Acquisition costs attributable to business combination	**436**	473
Listing costs	**–**	879
	436	1,352

4.2 Auditors remuneration

	2020 £'000	2019 £'000
Fees payable to the Company's auditors and its associates for the audit of parent company and consolidated financial statements	**145**	106
Fees payable to Company's auditors and its associates for the audit of Company's subsidiaries	**27**	16
Fees payable to Company's auditors and its associates for other services:		
Audit-related assurance services	**2**	29
Other assurance services	**–**	335
Other services	**4**	–
Tax compliance and other tax advisory services	**131**	23
	309	509

4.3 Finance income and costs

	2020 £'000	2019 £'000
Finance income		
Interest income from financial assets held for cash management purposes	7	5
Finance income	7	5
Finance costs		
Interest payable on bank loan and overdrafts	147	-
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	42	14
Finance costs expensed	189	14
Net finance costs	182	9

5. Employee costs

5.1 Directors and employees

The average number of staff employed by the Group during the financial year is 361 (2019: 77) as follows:

	2020	2019
Consultant **	**220**	37
Administrative staff ***	**115**	34
Management	**26**	6
Total	**361**	77

*** Consultant include consultants employed by Questers solely for clients' projects.*

**** Administrative staff also participate in income generating activities, sales and marketing.*

Employee numbers are stated including Directors.

5.2 Employee remuneration

	2020 £'000	2019 £'000
Wages and salaries	**16,144**	3,807
Pension contributions	**494**	87
Share-based payments	**129**	133
Social security costs	**1,313**	281
Other benefits	**–**	38
Total	**18,080**	4,346

5.3 Key management personnel

	2020	2019
Number of key personnel for the parent company.	**5**	5

	2020	2019
Number of key personnel for the Group	**26**	18

Group key personnel comprises of Directors of the parent company and the directors of the principal operating companies.

5.4 Key management emoluments

Emoluments for the key management personnel for the parent company.

	2020 £'000	2019 £'000
Wages and salaries	**515**	296
Pension contributions	**38**	9
Share-based payments	**43**	40
Social security costs	**65**	28
Other benefits	**3**	–
Total	**664**	373

The total emolument for the Group key personnel for the year:

	2020 £'000	2019 £'000
Wages and salaries	**2,310**	757
Pension contributions	**98**	41
Share-based payments	**70**	77
Social security costs	**295**	56
Other benefits	**13**	–
Total	**2,786**	931

Notes to the Consolidated Financial Statements continued

The aggregate of remuneration of the highest paid director (including Employer NI) of the Company was £329k (2019: £164k). The amount of pension contribution paid into the defined contribution scheme for the highest paid director totalled £18k in the year. The full breakdown of other benefits are detailed in the remuneration report.

Details of individual Directors' emoluments for the year (including employer's National Insurance ("NI") contributions) are as follows:

	Fees and salaries		Employer's NI		Other benefits (refer to remuneration report)		Total	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-Executive								
Chris Sweetland	35	12	4	1	3	2	42	15
Mark Smith	50	17	6	2	4	4	60	23
Isabel Kelly	30	10	3	1	2	2	35	13
Executive								
Neal Gandhi	259	128	34	16	36	20	329	164
Oliver Rigby	141	129	18	8	39	21	198	158
Total	515	296	65	28	84	49	664	373

5.5 Share-based payments

(i) Share-based payment plans for employees

The Company has an HMRC-approved EMI share-based payment scheme for certain staff and senior management. There is also an unapproved share-based payment scheme in place which is used where the individuals do not fall under the rules of the approved scheme.

	2020 Number of options	2020 Weighted average exercise price	2019 Number of options	2019 Weighted average exercise price
Outstanding at 1 April	3,680,119	74p	–	–
Granted	–	–	3,680,119	74p
Forfeited	(42,631)	–	–	–
Outstanding at 31 March	3,637,488	74p	3,680,119	74p

Weighted average remaining contractual useful life is 8.68 years

(ii) Non-employee share-based payments

The total non-employee share-based payments are:

	2020 Number of options	2020 Weighted average exercise price	2019 Number of options	2019 Weighted average exercise price
Outstanding at 1 April	247,669	74p	–	–
Granted	–	–	247,669	74p
Outstanding at 31 March	247,669	74p	247,669	74p

In the prior year, the estimated fair value of the share-based payments was calculated by applying a Black Scholes valuation model. In the current year, the appropriateness of the valuation model used was reassessed taking note of the vesting conditions, including any performance-based conditions. It was concluded that the Binomial and Monte Carlo valuation models would be more suitable given the vesting conditions attached to the share-based payment arrangements. The Binomial model was deemed to be the best model to value shares where there are no market-based performance conditions. There are a number of shares where the awards contain a market performance condition. These share-based payments were valued using the Monte Carlo model as it was deemed more accurate in estimating the impact of market conditions.

(iii) Total share-based payments

The number of outstanding options under each valuation method has been disclosed in the table below.

	Binomial model	Monte Carlo model	Total
Number of outstanding options as at 31 March 2020	2,856,579	1,028,578	**3,885,157**

The change in the accounting estimate has resulted in an immaterial reduction to the charge recognised in the prior year and this has been credited to the Consolidated Income Statement in the current year.

The changes in estimate around model inputs for the options granted in 2019 were as follows:

	Binomial and Monte Carlo model	Black Scholes Model
Exercise price	£0.74	£0.74
Share price at grant date	£0.74	£0.74
Risk-free interest rate	0.88%	0.87%
Expected volatility[1]	31.95%	48.80%
Dividend yield	1.00%	0.00%
Contractual life of option (years)	10	10

The total share-based payments expense included in the Consolidated Income Statement is:

	2020 £'000	2019 £'000
Share-based payments to employees	**171**	133
Share-based payments to non-employees	**(42)**	106
Total	**129**	239

The total share-based payments expense relating to Directors of the Company:

	2020 £'000	2019 £'000
Share-based payments	**43**	40
Total	**43**	40

The total share-based payments expense relating to key personnel of the Group:

	2020 £'000	2019 £'000
Share-based payments	**70**	77
Total	**70**	77

1 The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information

Notes to the Consolidated Financial Statements continued

6. Taxation

Current tax	2020 £'000	2019 £'000
UK corporation tax for the period at 19% (2019: 19%)	**(581)**	(121)
Adjustments in respect of prior period provisions	**121**	–
Adjustments in respect of prior period R&D credits	**461**	–
Overseas current tax charge on income for the year	**(95)**	(1)
Total current tax	**(94)**	(122)
Deferred tax		
Current year	**268**	81
Change in deferred tax rate	**(77)**	–
Adjustments in respect of prior periods	**(1)**	–
Total deferred tax	**190**	81
Total tax credit/(charge)	**96**	(41)

During 2020 a deferred tax credit of £296k (2019: £64k) was attributable to deferred tax on intangible assets acquired as part of business combination. For further deferred tax information – see Note 22.

The relationship between expected tax expense based on the effective tax rate of the Group of 4% (2019: 3%) and the tax expense recognised in the Consolidated Income Statement can be reconciled as follows:

	2020 £'000	2019 £'000
Loss for the year before tax:	**(3,140)**	(1,636)
Tax rate	**19%**	19%
Expected tax credit	**597**	311
Principal differences due to:		
Fixed asset differences	**–**	(14)
Expenses not deductible for tax purposes	**(956)**	(376)
Non taxable income	**(3)**	–
Additional deduction for R&D expenditure	**–**	98
Adjustments in respect of prior period provisions	**121**	–
Adjustments in respect of prior period R&D credits	**461**	–
Difference in tax rates	**39**	(8)
Movement in deferred tax rates	**(80)**	(13)
Deferred tax asset not recognised	**(83)**	(103)
Deferred tax credit on intangible assets arising on business combinations	**–**	64
	96	(41)

7. Earnings per share

	2020 £'000	2019 £'000
Loss attributable to ordinary shareholders	**(3,044)**	(1,677)

	2020 Number	2019 Number
Weighted average number of Ordinary Shares in issue, basic	**48,162,078**	18,186,006
Basic and diluted loss per share	**(6.32)p**	(9.22)p

Earnings per ordinary share has been calculated using the weighted average number of shares in issue during the year.

There is no difference between basic loss per share and diluted loss per share as the share-based payments are anti-dilutive.

The Group have a number of share-based payments (see note 5) and share purchase agreements (see note 8) where the terms and conditions could affect the measurement of basic and diluted earnings per share. A number of shares that were issued during the period are contingent on certain conditions being met and therefore these have been excluded from the calculation of the weighted average number of Ordinary Shares in issue.

8. Business combinations

During the year the Company completed two acquisitions; the first acquisition was of FutureGov Limited ('FutureGov'), a group of 3 companies consisting of FutureGov Limited, FutureGov Australia Pty Limited and US Creates Limited. Additionally, the Company completed the acquisition of Ameo Professional Services Limited ('Ameo') in the period. A summary of the acquisitions is shown below.

Summary

Business combination summary as at 31 March 2020	Note	FutureGov £'000	Ameo £'000	Total £'000
Date of acquisition	11	11 June 2019	10 March 2020	
Consideration payable		Cash & Shares	Cash & Shares	
% acquired	11	100%	100%	
Acquisition related costs	4	208	109	317
Intangible assets acquired on acquisition	10	2,842	1,922	4,764
Net assets		694	1,800	2,494
Total identifiable net assets acquired at fair value	8 (iv)	**3,536**	**3,722**	**7,258**
Cash		6,060	3,527	9,587
Shares (including contingent deferred consideration)		7,252	5,506	12,758
Total fair value consideration	8 (iv)	**13,312**	**9,033**	**22,345**
Goodwill	8 (iv)	**9,776**	**5,311**	**15,087**
Cash flow				
Acquisition of business (net of cash acquired)		3,909	1,967	5,876
Total cash flow from acquisition of business (net of cash acquired)				**5,876**

(i) Revenue and profit/(loss) if acquired from 1 April 2019

The consolidated pro-forma revenue and profit/(loss) for the year ended 31 March 2020, had the acquisitions occurred on 1 April 2019 are shown below. These amounts have been calculated using the subsidiary's results adjusted for:

- differences in the accounting policies between the Group and the subsidiary; and
- the additional depreciation and amortisation that would have been charged, assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 April 2019, together with the consequential tax effects.

Revenue	Acquisition to 31 March 2020 £'000	(from 1 April 2019) FY 12m £'000
FutureGov	6,792	8,223
Ameo	737	7,262
	7,529	**15,485**

Profit/(loss) before tax	Acquisition to 31 March 2020 £'000	(from 1 April 2019) FY 12m £'000
FutureGov	900	1,345
Ameo	173	1,325
	1,073	**2,670**

Notes to the Consolidated Financial Statements continued

(ii) Cashflows from investing activities – acquisition of subsidiaries
The cash paid for acquiring the companies and the cash inherited are summarised as follows:

Paid by the Group during the year

Entity	Cash paid for acquisition of subsidiaries £'000	Cash inherited from acquisition £'000
FutureGov	6,060	2,151
Ameo	3,527	1,560
Total	**9,587**	**3,711**

The cash paid by the parent company only is as follows

Entity	Cash paid for acquisition of subsidiaries £'000	
FutureGov	5,160	–
Ameo	2,200	–
Total	**7,360**	–

Business combination explained by entity

a. FutureGov

On 11 June 2019 the Company acquired the entire issued share capital of FutureGov for an initial consideration of £11.8m being £5.7m in shares and £6.1m payable in cash. Further contingent deferred consideration may be payable, in shares, dependent upon the performance of FutureGov post-acquisition. As at 31 March 2020, this was estimated to be £1.5m. The Panoply also procured, on Completion, the repayment of loan notes issued by FutureGov to certain shareholders with a principal amount totalling £500,000 by FutureGov (the "Loan Notes").

As with previous transactions, all Panoply Shares allotted and issued under the SPA (including the shares issued as part of the Initial Consideration) are subject to customary lock-in arrangements and subject to claw-back by The Panoply if FutureGov's EBITDA decreases over the 2 year earn-out period.

The partial or full clawback subject to the future EBITDA performance of FutureGov (based on EBITDA) during the 15 month period 1 January 2019 to 31 March 2020 (annualised) and 12 month period from 1 April 2020 to 31 March 2021. In addition to the Initial Consideration, the shareholders of FutureGov will be entitled to receive deferred earn-out consideration, of which 96% will be payable by the allotment and issue of shares in The Panoply ("Panoply Shares") and 4% in cash following the agreement of the relevant EBITDA calculations at the end of each of those financial periods. The number of Panoply Shares to be allotted and issued shall be calculated by dividing the earn-out price payable by a price per share in The Panoply which is the greater of 87.5 pence and the volume-weighted average mid-market price over the 30 business days prior to the issue of the relevant Panoply Shares. Any Panoply Shares allotted and issued by way of deferred consideration will be allotted and issued as follows:

- in four equal tranches over a 24-month period following the determination of the accounts in respect of the financial year ending 31 March 2020 and the publication of the Group's results for the same period; and
- in four equal tranches over a 24-month period following the determination of the accounts in respect of the financial year ending 31 March 2021 and the publication of the Group's results for the same period.

The total consideration payable by The Panoply in respect of the Acquisition is capped at a maximum of £21m.

IFRS 3 requires that consideration to be measured at fair value. The total consideration (before calculating its fair value) of £13.8m is further analysed based on the timing of the consideration payments and an estimation of the contingent consideration likely payable as at the transaction date to work out the fair value (net present value) of the consideration as at the transaction date using cost of debt 3.7% for calculating cash consideration and completion shares using WACC of 14.4%. The fair value of the total consideration is calculated to be £13.3m.

At 31 March 2020, the actual EBITDA for the year and the fair value forecast EBITDA for March 2020 are assessed to be higher than the total EBITDA forecast calculated at completion date. The estimated total consideration was calculated at £13.6m, a debit of £286k has been recognised in the Statement of Total Comprehensive Income in respect of the movement on the deferred contingent consideration liability.

FutureGov Limited was incorporated in 2008. For over more than a decade FutureGov has built an enviable reputation for the delivery of scaled digital transformation and organisational change across government organisations, saving money and improving outcomes for citizens at local and national level across health and public services. Digital transformation in the public sector follows a defined process from Discovery, where the suitability and need for a new service is assessed, through to Alpha where a proof of concept is created, then to Beta where a scaled full version is delivered and then to Live. Historically, FutureGov has had a reputation for Discovery and Alpha phases, typically ending their engagements there or partnering with third party organisations for the Beta and Live phases.

The acquisition will significantly increase the Group's revenue originating from the health and public sectors. The combination of FutureGov's wealth of experience and The Panoply's extended capabilities creates a very strong disrupter in these sectors, challenging the status-quo of larger organisations. The Group is now able to offer public sector clients an end-to-end service from discovery through to live digital transformation programmes, which is entirely tailored to the needs of the industry.

Futuregov

	Book cost £'000	*Fair value* adjustments £'000	Fair value £'000
Intangibles			
Brand	-	293	293
Customer lists	-	2,549	2,549
Goodwill	722	(722)	-
Tangible assets			
Property, plant and equipment	30	-	30
Current assets			
Trade and other receivables	1,493	-	1,493
Cash and cash equivalents	2,151	-	2,151
Current liabilities			
Trade and other liabilities	(1,272)	(149)	(1,421)
Non-current liabilities			
Borrowings	(507)	-	(507)
Deferred consideration	(513)	-	(513)
Deferred tax	(3)	(536)	(539)
Net assets	**2,101**	**1,435**	**3,536**
Cash			6,060
Share issued (Contingent to performance until FY2020)			5,786
Contingent consideration (Equity)			1,466
Fair value of total consideration			13,312
Goodwill			**9,776**

Acquisition-related costs of £208k that were not directly attributable to the issue of shares are included in administrative expenses in the Consolidated Income Statement and in operating cash flows in the Statement of Cash Flows.

The trade and other receivables are all considered recoverable. The goodwill is related to assemble workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

b. Ameo

On 10 March 2020 the Company acquired the entire issued share capital of Ameo for an initial consideration of £8.3m being £4.8m shares plus £2.2m, cash and an additional cash payment of £1.3m made to the vendors at completion representing cash held on Ameo's statement of financial position in excess of its normalised working capital requirements. Further deferred contingent consideration may be payable, in shares, dependent upon the performance of Ameo post-acquisition. As at 31 March 2020, this is estimated to be £0.7m. As with other acquisitions, there may be a partial or full clawback of the initial share consideration in the event of underperformance of Ameo post acquisition. The deferred contingent consideration or clawback will be determined by reference to the forecast during the 17 month period 1 November 2019 to 31 March 2021 (annualised) and 12 month period from 1 April 2021 to 31 March 2022.

The number of Panoply Shares to be allotted and issued shall be calculated by dividing the earn-out price payable by a price per share in The Panoply which is the greater of 82 pence and the volume-weighted average mid-market price (VWAP) over the 30 business days prior to the issue of the relevant Panoply Shares. Any Panoply Shares allotted and issued by way of deferred consideration will be allotted and issued in one tranche following the publication of the

Notes to the Consolidated Financial Statements continued

Group's results for the relevant period for financial year end 31 March 2021 and 31 March 2022 of the acquired business and applying the deferred contingent consideration formula as specified in the share purchase agreement.

IFRS 3 requires that consideration to be measured at fair value. The total consideration (before calculating its fair value) of £9.2m is further analysed based on the timing of the consideration payments and an estimation of the contingent consideration likely payable as at the transaction date to work out the fair value (net present value) of the consideration as at the transaction date using cost of debt of 3.4% for calculating cash consideration and WACC of 14.3% for calculating completion shares. The fair value of the total consideration is calculated to be £9.0m.

At 31 March 2020, the actual EBITDA for the year and the fair value forecast EBITDA for March 2020 are assessed to be lower than the total EBITDA forecast calculated at completion date. The estimated total consideration was calculated at £9.0m, a credit of £52k has been recognised in the Statement of Total Comprehensive Income in respect of the movement on the deferred contingent consideration liability.

Ameo, founded in 2009, based in UK, is a consultancy specialising in delivering business change, with a strong focus on the public sector. Ameo has been working with businesses for over 10 years seeking to deliver long-lasting, cost-effective change across a wide range of areas, from financial reporting and process design to digital innovation. Ameo's ethos is to seek to work as a partner with its clients in order to develop sustainable solutions and improve the skills of its clients' teams. In addition, to Public sector, Ameo also has considerable experience delivering projects across other sectors such as higher education, energy and utilities, and various industries within the private sector.

The Acquisition will bring additional and complementary capabilities to the Group's public sector offering, as well as extending its reach into this key market. The strategy and change delivery capability of Ameo, alongside the organisational and service design capability of FutureGov, and the backing of The Panoply's first-in-class technology businesses provides the basis for targeting and winning increasingly large digital transformation projects in the UK public sector.

Ameo	Book cost £'000	Fair value adjustments £'000	Fair value £'000
Intangibles			
Brand	–	233	233
Customer lists	–	1,689	1,689
Tangible assets			
Property, plant and equipment	2	–	2
Current assets			
Trade and other receivables	1,649	–	1,649
Cash and cash equivalents	1,560	–	1,560
Current liabilities			
Trade and other liabilities	(694)	–	(694)
Taxes and social security costs	(352)		(352)
Non-current liabilities			
Deferred tax	–	(365)	(365)
Net assets	**2,165**	**1,557**	**3,722**

Ameo	Book cost £'000	Fair value adjustments £'000	Fair value £'000
Cash			3,527
Share issued (Contingent to performance until FY2020)			4,800
Contingent consideration (Equity)			706
Fair value of total consideration			9,033
Goodwill			**5,311**

Acquisition-related costs of £109k that were not directly attributable to the issue of shares are included in administrative expenses in the Consolidated Income Statement and in operating cash flows in the Statement of Cash Flows.

The trade and other receivables are all considered recoverable. The goodwill is related to assemble workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

The total consideration payable by The Panoply in respect of the Acquisition is capped at a maximum of £10.5m, which includes the reimbursement payment of £1.3m meaning that the effective cap is £9.2m.

8.1 Acquisitions post year end

The Panoply Holdings Plc acquired the entire issued share capital of Arthurly, a technology services business with strength in the Microsoft Technology Stack on the 10 June 2020. The initial consideration for the Acquisition was £0.4m, satisfied though the payment of circa £0.2m cash and the issue of 365,853 new ordinary shares in The Panoply.

£100,000 worth of the shares are subject to claw back in the event of underperformance in accordance with the Group's acquisition formula. Further consideration may be payable based on revenue generated for the 16 months to 30 September 2021. Any such additional consideration shall be calculated following the agreement of the relevant revenue calculations and publication of the Group's results relating to the financial period ending on 30 September 2021 and shall be payable by the allotment and issue of shares in The Panoply. The number of such shares to be allotted and issued shall be calculated by dividing the deferred consideration payable by a price per share in The Panoply which is the greater of 82 pence and the volume-weighted average mid-market price over the 30 business days prior to the relevant issue date. Any shares in The Panoply which are allotted and issued as part of the deferred consideration will be allotted and issued in 4 tranches at six-month interval.

The total consideration payable by The Panoply in respect of the Acquisition is capped at a maximum of £1.5m. Acquisition costs of £44k were incurred. These are recorded in the financial statements year ended 31 March 2021.

All Panoply Shares allotted and issued under the SPA (including the shares issued as part of the Initial Consideration) are subject to customary lock-in arrangements and subject to claw-back.

The acquisition is expected to be immediately margin and earning enhancing to Notbinary.

The Group is currently performing a fair value review of Arthurly's assets and liabilities and will report these within its next published financial statements.

Arthurly Limited, company registration number 11560054 is incorporated in England and Wales. Its registered office is 17 Sunnybank Road, Griffithstown, Pontypool, United Kingdom, NP4 5LT.

9. Goodwill and impairment

	Cost £'000	Accumulated impairment losses £'000	Carrying amount £'000
As at 1 April 2018	–	–	–
On acquisitions	20,585	–	20,585
As at 31 March 2019	20,585	–	20,585
On acquisitions	15,087	–	15,087
As at 31 March 2020	35,672	–	35,672

Management have concluded the acquisitions in the year are separate cash generating units. In the year ended 31 March 2020, there are nine cash generating units (CGU), being one CGU per entity acquired.

Impairment tests for goodwill

The value of CGUs is assessed according to the projected performance of the business. This is performed by calculating the recoverable amount of all CGUs based on value-in-use calculations. These calculations uses a post-tax cash flow projects based on latest forecasts by each CGU which are extrapolated to cover a 5 year period. The forecasts used are latest forecasts which have been adjusted for the impact of Covid-19 and the expected resulting market downturn. A risk-free discount rate is based on WACC using the CAPM model. A risk free rate has been used to mitigate the risk of double counting risk adjustments as these have been taken into account in the cash flows. As the WACC used in the value-in-use calculation are post- tax WACC, the implied pre-tax WACC has been subsequently calculated and disclosed below.

Each reporting period, management compares the resulting cash flow projections by CGU to the carrying value of goodwill. Any material variance in this calculation results in an impairment charge to the Consolidated Income Statement. The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them. The growth rate used varies between years, with the maximum growth rate shown in the table below. As well as the following assumptions, EBITDA margin based on historic and latest forecasts have been used for each CGU and

Notes to the Consolidated Financial Statements continued

ranges from 10% to 21%. A long term growth rate of 1.9% based on CPI as at 31 March 2020 was used to extrapolate cash flows beyond the budget period.

CGU	Carrying value 31 March 2020 £'000	Annual revenue growth rate %	Pre-tax discount rate %
Ameo	5,311	10.0%	15.5%
Bene Agere	1,845	12.5%	14.8%
Deeson	1,239	10.0%	13.1%
FutureGov	9,776	12.5%	14.5%
Greenshoot Labs	130	12.5%	13.1%
Manifesto	6,092	10.0%	13.1%
Not Binary	8,287	12.5%	13.1%
Questers	2,992	12.5%	18.8%
	35,672		

Based on the impairment review carried out at the end of 31 March 2020, the management believe that the projection of cash flow from the CGUs exceeded the carrying value of the goodwill.

Sensitivity analysis:
Management concluded that the key factor for sensitivity analysis is the growth rate (revenue). The discount factor is assumed to be easily determined by way of the known risk of the market and the cost of debt which is based on the credit facility from HSBC at 2.5% plus LIBOR. If the existing annual revenue for each CGU falls by the following growth rate shown in the table below, goodwill impairment would be required:

CGU	Annual revenue growth/ (contract) rate %
Ameo	(11.6)%
Bene Agere	(4.4)%
Deeson	(36.0)%
FutureGov	(1.8)%
Greenshoot Labs	(39.0)%
Manifesto	(6.1)%
Not Binary	(6.0)%
Questers	(10.1)%

10. Intangible assets

Intangible assets are non-physical assets which have been obtained as part of an acquisition or research and development activities, such as innovations, introduction and improvement of products and procedures to improve existing or new products. All intangible assets have an identifiable future economic benefit to the Group at the point the costs are incurred. Customer lists and brands are amortised over a maximum period of six years from the date of acquisition.

Intangible assets	Brand £'000	Customer Lists £'000	Data base £'000	Software (IP) £'000	Software £'000	Total £'000
Cost						
At 1 April 2018	–	–	–	–	–	–
Acquired on acquisition	1,051	4,400	50	50	2	5,553
At 31 March 2019	1,051	4,400	50	50	2	5,553
Additions	–	–	–	–	196	196
Acquired on acquisition	526	4,238	–	–	–	4,764
At 31 March 2020	**1,577**	**8,638**	**50**	**50**	**198**	**10,513**
Accumulated amortisation						
At 1 April 2018	–	–	–	–	–	–
Charge for the year	73	263	2	1	–	339
At 31 March 2019	73	263	2	1	–	339
Charge for the year	319	1,224	10	5	25	1,583
At 31 March 2020	**392**	**1,487**	**12**	**6**	**25**	**1,922**
Carrying amount						
At 31 March 2020	**1,185**	**7,151**	**38**	**44**	**173**	**8,591**
At 31 March 2019	978	4,137	48	49	2	5,214

11. Investment in subsidiaries

	Cost £'000	Accumulated impairment losses £'000	Carrying amount £'000
As at 1 April 2018	–	–	–
Additions in the year	32,499	–	32,499
As at 31 March 2019	32,499	–	32,499
Additions in the year	22,453	–	22,453
As at 31 March 2020	**54,952**	–	**54,952**

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid plus the fair value of contingent consideration determined at the acquisition date.

Notes to the Consolidated Financial Statements continued

At 31 March 2020, the Company had the following subsidiaries:

Companies	Country of incorporation	Registered address	Principal activity	Shareholding
Bene Agere Norden AS	Norway	Postboks 573 Sentrum O105 Oslo	Strategic and management consultancy with a focus on digital transformation	100%
Not Binary Limited	England & Wales	141-143 Shoreditch High Street, London, E1 6JE	Digital service consultancy mainly in transformation, software development, data and automation	100%[1]
Manifesto Digital Limited	England & Wales	141-143 Shoreditch High Street, London, E1 6JE	Digital experience agency	100%
Manifesto Digital Pty Limited	Australia	Manifesto Australia 7 Winton Street Warrawee NSW 2074	Digital experience agency – Ceased trading in the year	100%[2]
Questers Global Group Limited	England & Wales	141-143 Shoreditch High Street, London, E1 6JE	Holding company	100%[3]
Questers Resourcing Limited	England & Wales	141-143 Shoreditch High Street, London, E1 6JE	Provides dedicated highly skilled IT teams from its technology centre in Sofia, Bulgaria, a leading European talent pool, to businesses located in Europe and worldwide	100%
Questers Bulgaria EOOD	Bulgaria	Sofia, 17 H. Ibsen Str., fl.5 BG175406553	Bulgaria, a leading European talent pool, to businesses located in Europe and worldwide	100%
Questers Techpark RS Limited	Serbia	Živka petroviča 52 11080 Beograd-Zemun	Dormant – Ceased trading in the year	100%
Deeson Group Holdings Limited	England & Wales	27 Castle Street, Canterbury, Kent, CT1 2PX	Holding company	100%
Deeson Group Limited	England & Wales	27 Castle Street, Canterbury, Kent, CT1 2PX	Digital experience agency	100%[4]
iDisrupted Limited	England & Wales	Platform, New Station Street, Leeds, LS1 4JB	Publish content on websites/ magazines in the technology industry and provide collaborative membership in technology space	100%
Greenshoot Labs Limited	England & Wales	27 Castle Street, Canterbury, Kent, CT1 2PX	IT development mainly in conversational interfaces and AI	100%
Human Plus Limited	England & Wales	141-143 Shoreditch High Street, London, England, E1 6JE	IT focus in Robotic Process automation (RPA)	100%
FutureGov Limited	England & Wales	Runway East (Second Floor) 20 St. Thomas Street, London, SE1 9RG	Digital and service design consultancy	100%[5]
FutureGov Australia Pty Limited	Australia	Level 4, 29 Kiora Road, Miranda NSW 2228	Dormant	100%

1 Not Binary Limited owns 100% of Human Plus Limited
2 Manifesto Digital UK owns 100% Manifesto Australia
3 Questers Global Group Limited fully own Questers Resourcing Limited, Questers Techpark and Questers Bulgaria
4 Deeson Group Holdings Limited owns 100% of Deeson Group Limited
5 FutureGov Limited owns 100% of FutureGov Australia Pty Limited and US Creates Limited

Companies	Country of incorporation	Registered address	Principal activity	Shareholding
US Creates Limited	England & Wales	Runway East (Second Floor) 20 St. Thomas Street, London, SE1 9RG	Dormant	100%
Ameo Professional Services Limited	England & Wales	The Grange, 37 Alcester Road, Studley, Warwickshire B80 7LL	Strategic and management consultancy focusing on digital transformation	100%

12. Property, plant and equipment

	IT equipment £'000	Fixtures & Fittings £'000	Leasehold Improvements £'000	Total £'000
Cost of assets				
1 April 2018	–	–	–	–
Acquisition of subsidiaries	67	43	185	295
Additions	25	8	–	33
Disposals	(2)	(1)	–	(3)
At 31 March 2019	90	50	185	325
Depreciation				
1 April 2018	–	–	–	–
Charge for the year	14	8	23	45
Disposal	–	–	–	–
At 31 March 2019	14	8	23	45
Net book value				
At 31 March 2019	**76**	**42**	**162**	**280**

	IT equipment £'000	Fixtures & Fittings £'000	Leasehold Improvements £'000	Total £'000
Cost of assets				
At 1 April 2019	90	50	185	325
Acquisition of subsidiaries	30	37	–	67
Additions	114	17	–	131
Disposals	(34)	–	–	(34)
At 31 March 2020	**200**	**104**	**185**	**489**
Depreciation				
Accumulated depreciation b/f	14	8	23	45
Charge for the year	70	16	68	154
Disposal	–	–	–	–
At 31 March 2020	**84**	**24**	**91**	**199**
Net book value				
At 31 March 2020	**116**	**80**	**94**	**290**
At 31 March 2019	76	42	162	280

Notes to the Consolidated Financial Statements continued

13. Leases

The Group leases various offices and office equipment. Rental contracts vary from rolling 3 month contracts to fixed contracts up to several year.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

Until 31 March 2019, leases of property, plant and equipment were classified as operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

13.1 Amounts recognised in the Statement of Financial Position
Right-of-use assets relates to property rentals where the lease term is greater than 12 months in duration. Items that do not meet the criteria of a right-of-use asset has been recorded in the income statement and is summarised below.

The Statement of Financial Position shows the following amounts relating to leases:

Right-of-use assets	**2020 £'000**	**2019 £'000**
Leased buildings	1,045	–
	1,045	–
Lease liabilities		
Current	609	–
Non-current	390	–
	999	–

Maturity analysis
The maturity profile of the Group's lease liabilities is as follows:

	£'000	**£'000**
Within one year	614	–
In more than one year but less than two years	345	–
In more than two years but less than three years	73	–
	1,032	–
Effect of discounting	(33)	
Lease liability	999	–

Right-of-use assets

	Leased buildings £'000	Total £'000
Cost of assets		
1 April 2019	–	–
Adjustment on adoption of IFRS 16	1,501	1,501
Additions	127	127
At 31 March 2020	**1,628**	**1,628**
Depreciation		
1 April 2019	–	–
Charge for the year	583	583
At 31 March 2020	**583**	**583**
Net book value		
At 31 March 2020	**1,045**	**1,045**

The income statement shows the following amounts relating to leases:

Amounts recognised in Consolidated Income Statement	2020 £'000	2019 £'000
Interest on lease liabilities	**42**	–
Expenses relates to short term leases	**317**	245
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets	**1**	–
	360	245

Amounts recognised in the Consolidated Statement of Cash Flows	2020 £'000	2019 £'000
Total cash outflow for leases	**629**	–

IAS 17 Operating leases

The Group's minimum non-cancellable lease payments relate to short term properties that do not meet the criteria of a right-of-use asset under IFRS 16.

	Due within 1 year £'000	Total £'000
At 31 March 2020	**304**	**304**
At 31 March 2019	9	9

14. Trade and other receivables

Group	2020 £'000	2019 £'000
Trade receivables	**7,734**	3,426
Prepayments	**335**	176
Other receivables	**521**	316
Trade and other receivables	**8,590**	3,918

Trade receivables at the reporting date comprise amounts receivable from the provision of the Group's products and services.

The average credit period taken on the provision of these services is 87 days (2019: 56 days).

The breakdown of the trade receivables by currency is explained under financial instrument section.

Trade receivables are non-interest bearing and generally have a 30 to 60 day payment term. The age of trade receivables before impairment is as follows:

	2020 £'000	2019 £'000
Not yet due	**5,694**	2,310
Past due 1-30 days	**1,800**	718
Past due 31-60 days	**174**	242
Past due 61-90 days	**96**	10
Past due 91-120 days	**(23)**	246
Past due 121+ days	**75**	–
Trade receivables before impairment	**7,816**	3,526

Provision for bad debt	**(82)**	(100)
Trade receivables as at March	**7,734**	3,426

Loss rates are calculated based on actual credit losses over the past three years and adjusted to reflect differences between the historical credit losses and the Group's view of the economic conditions over the expected lives of the receivables. The Group's provision for the loss allowance is £82k (2019: £100k).

Company	£'000	£'000
Other receivables	**183**	21
Trade and other receivables	**183**	21

15. Cash and cash equivalents

Group	2020 £'000	2019 £'000
Cash at bank and in hand	**4,614**	5,650

Cash balances are held with a small number of counterparties, with high credit rating. Borrowings were taken out during the year. These are discussed in note 17.

Company	2020 £'000	2019 £'000
Cash at bank and in hand	**147**	2,762

The Directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. The credit risk on liquid funds is limited because the counterparty is a bank with a high credit rating.

16. Trade and other payables

16.1 Current

Group	2020 £'000	2019 £'000
Trade payables	**2,560**	1,061
Accruals and other payables	**1,783**	1,149
Trade and other payables	**4,343**	2,210

Company	2020 £'000	2019 £'000
Trade payables	**236**	57
Accruals and other payables	**258**	253
Trade and other payables	**494**	310

17. Borrowings

The Group entered into a three year £5m revolving credit facility ("RCF") with HSBC UK Bank Plc ("HSBC") on 11 June 2019. On the same day, £3.55m was drawn-down to pay a proportion of the cash consideration payable pursuant to the acquisition of FutureGov Group. The remaining amount of £1.45m was drawn-down on 10 March 2020 in relation to the acquisition of Ameo.

Interest is payable on a quarterly basis at a margin of 2.5% plus LIBOR.

HSBC has taken security over The Panoply and all of the Group's subsidiaries and their assets in connection with the RCF Facility. The RCF Facility contains customary terms and covenants, including financial covenants.

Under the terms of the RCF facility, the Group is required to comply with the following financial covenants:

- the adjusted leverage (based on adjusted EBITDA over net debt) should be less than 2 and
- the interest cover taken as adjusted EBITDA over net finance costs must be not more than 4.

Adjusted EBITDA is taken on a proforma basis, assuming that all companies have been part of the Group for 12 months.

The Group has complied with these covenants throughout the reporting period. As at 31 March 2020, the adjusted leverage was 0.11 and the interest cover was 31.

Group secured	2020 £'000	2019 £'000
Bank loans	5,000	–
Total secured borrowings	5,000	–
Group unsecured		
Credit cards	29	–
Total unsecured borrowings	29	–
Total borrowings	5,029	–

Company secured	2020 £'000	2019 £'000
Bank loans	5,000	–
Total secured borrowings	5,000	–
Total borrowings	5,000	–

18. Assets and liabilities related to contracts with customers

All revenue relates to contracts with customers. The Group have a number of contracts where it receives payments from customers based on a billing schedule. Revenue recognised in excess of invoices raised is included within contract asset. Where amounts have been invoiced in excess of revenue recognised, the excess is included within contract liability.

Group	2020 £'000	2019 £'000
Current contract asset	1,413	232
Loss allowance	–	–
Total contract asset	1,413	232
Contract liability	1,454	406
Total contract liability	1,454	406

Contract assets have increased mainly due to the acquisition of two new businesses in the year (see note 8) alongside strong trading in the last three months of the year in line with the public sector procurement timeline. Similarly, contract liabilities have increased due to overall contract activity where customers are paying in advance for performance obligations that have yet to be satisfied.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

Group	2020 £'000	2019 £'000
Revenue recognised that was included in the contract liability taken over on acquisition	78	126
Revenue recognised that was included in the contract liability balance at the beginning of the period	398	–
Revenue recognised from performance obligations satisfied in previous periods	16	–

Notes to the Consolidated Financial Statements continued

Unsatisfied long-term contracts

The majority customer contracts for the Group as at 31 March 2020 are 12 months or less. Long term contracts with unsatisfied performance obligations as at 31 March 2020 is nil (2019: £486k).

19. Other taxes and social security costs

Group

Current Liability	2020 £'000	2019 £'000
Corporation tax	**861**	609
VAT	**1,471**	573
Other taxes and social security costs	**669**	357
Total	**3,001**	1,539

Current Asset	2020 £'000	2019 £'000
Corporation tax	**197**	–
VAT	**9**	–
Total	**206**	–

Company

Current Liability	2020 £'000	2019 £'000
Other taxes and social security costs	**33**	19
VAT	**124**	–
Total	**157**	19

Current Asset	2020 £'000	2019 £'000
VAT	–	137
Total	–	137

20. Gain/(loss) on the fair value movement of deferred and contingent consideration

The consideration payment of the acquired businesses includes deferred consideration, in the form of equity payment, contingent upon certain results being achieved over relevant periods.

Group	2020 £'000	2019 £'000
Fair value at April 2019	**10,849**	–
Initial fair value for deferred contingent consideration on acquisitions in the year	**2,172**	10,795
Settlement of deferred consideration	**(240)**	–
Movement on fair value contingent consideration	**3,764**	54
Fair value at 31 March	**16,545**	10,849
Deferred consideration measured at amortised cost	**713**	713
Acquired as part of business combination	**513**	–
Settlement in the year	**(1,088)**	–
Amortised cost at 31 March	**138**	713
Total	**16,683**	11,562
Deferred and contingent consideration as at 31 March:		
Deferred and contingent consideration due less than one year	**10,685**	3,270
Deferred and contingent consideration due more than one year	**5,998**	8,292
As at 31 March	**16,683**	11,562

Company	2020 £'000	2019 £'000
Fair value at April 2019	10,849	–
Initial fair value for deferred contingent consideration on acquisitions in the year	2,172	10,795
Settlement of deferred consideration	(240)	–
Movement on fair value contingent consideration	3,764	54
Fair value at 31 March	16,545	10,849
Deferred consideration measured at amortised cost	713	713
Settlement in the year	(713)	–
Amortised cost at 31 March	–	713
Total	16,545	11,562
Deferred and contingent consideration as at 31 March:		
Deferred and contingent consideration due less than one year	10,547	3,270
Deferred and contingent consideration due more than one year	5,998	8,292
As at 31 March	16,545	11,562

The fair value movement resulted from the fair value of the actual EBITDA to what was initially forecasted as part of the consideration. The contingent consideration more than one year has a range of years due from 1 April 2021 to 31 March 2024.

As a result of the exceptional performance of Deeson for the 12 months to 30 September 2019 further consideration of £0.96m is payable in respect of the acquisition of Deeson Group Holdings Limited in ordinary shares in the Group. These shares are to be issued at the higher of 82.5p and the prevailing market price at the time. This is payable in four tranches on publication of the 30 September 2019 half year results, over a period of 18 months. The initial tranche of £0.24m was paid in December 2019. In order to incentivise the management team of Deeson we have increased the cap of total consideration from £3.6m to £4.1m.

21. Share capital and reserves

Share capital and reserves comprise of the following categories:

- Share capital: The nominal value of shares in issue.
- Share premium: The excess of the value received for shares issued over their nominal value less transaction costs and amounts used to fund bonus issues.
- Capital redemption reserve: The nominal value of shares cancelled.
- Foreign exchange reserve: Cumulative gains or losses recognised on retranslation of overseas operations.
- Share-based payment reserve: The cumulative charge recognised under international financial reporting standards less amounts exercised.
- Retained earnings: Cumulative gains or losses not recognised elsewhere

Shares issued and fully paid

	2020 £'000	2019 £'000
Beginning of year	423	–
Issued during year	128	423
Shares issued and fully paid	551	423

Share capital allotted, called up and fully paid

	2020	2019
Ordinary shares of £0.01 each		
At 31 March	55,052,267	42,295,147

Notes to the Consolidated Financial Statements continued

Movement in ordinary shares	Number of shares thousands	Par value £'000	Share premium £'000	Total £'000
Opening balance 1 April 2018	10.5	–	490	490
Share issue during the year (between May 18 to November 18)	13.8	–	660	660
Bonus shares (October 18 and November 18)	15,502	155	(155)	–
Share cancellation (October 18)	(481)	(5)	–	(5)
Shares at placing (IPO) (December 18)	6,757	68	4,932	5,000
Acquisition of subsidiaries (between December 18 to January 2019)	20,493	205	15,106	15,311
Less transaction costs arising on share issues		–	(254)	(254)
As at 31 March 2019	42,295	423	20,779	21,202
Acquisition of subsidiaries (between June 2019 and March 2020)	12,466	125	10,461	10,586
Settlement of contingent consideration (December 2019)	291	3	237	240
As at 31 March 2020	**55,052**	**551**	**31,477**	**32,028**

The share price with reference to the acquisitions in the year ranged from 82.0p to 86.5p. The settlement of contingent consideration in the year relates to the prior year acquisition of Desson Group Holdings. The consideration payable is calculated based on the performance of Deeson Group Holdings for the 12 months to 30 September 2019. These shares will be issued in 4 tranches over an 18 month period, with the first tranche issued in December 2019

22. Deferred tax

Deferred tax liability

Accelerated capital allowances and intangible assets arising from acquisition of subsidiaries:	2020 £'000	2019 £'000
As at 1 April	**925**	–
Deferred tax arising from acquisition of subsidiaries	**903**	989
Changed in deferred tax rate	**77**	–
Movement in income statement for the year	**(282)**	(64)
As at 31 March	**1,623**	925

Deferred tax is recognised at 19% (2019: 17%).

Deferred tax asset

Accelerated capital allowances:	2020 £'000	2019 £'000
As at 1 April	**14**	–
Deferred tax arising on acquisition of subsidiaries	–	(3)
Movement in income statement for the year	**(14)**	17
As at 31 March	–	14

Tax losses	2020 £'000	2019 £'000
Unused tax losses for which no deferred tax asset has been recognised	**691**	1,500
Potential tax benefit available for offset against future profits in the jurisdiction in which the loss arises.	**131**	533

23. Ultimate controlling party and related party transactions

In the opinion of the Directors there is no ultimate controlling party. All other transactions and balances with related parties, which are presented for the Group and the Company, are detailed below.

Transactions with subsidiaries

(i) Transaction Company (to and from) subsidiaries:

Transactions with subsidiaries comprise sale and purchase of services in the ordinary course of business at normal commercial terms. Total income accrued in the Company as a result of management fee was £1,231k (2019: £365k). During the year the Company received £1,678k (2019: £5,438k) dividends from its subsidiaries (refer to Company

Statement of Cash Flow). There was also purchases totalling £169k (2019: £2k). Intercompany loans to and from subsidiaries for the year are noted in the table below.

Balances outstanding at 31 March 2020 and 2019 in respect of the transactions between Company and its subsidiaries are shown below:

Outstanding balances between Company and subsidiaries	2020 £'000	2019 £'000
Other receivables from Group undertakings	760	365
Intercompany loans to Group undertakings*	577	263
Intercompany loans from Group undertakings	(3,227)	–
Total	(1,890)	628

*Intercompany loans are interest free loans to subsidiaries which are repayable on demand. As at 31 March 2020, the balance was £1,027k (2019: £263k) with a provision of £450k (2019: £nil).

In addition, the Company owed £2k (2019: £8k) to subsidiaries which is included within the trade payables.

The expected credit loss on intercompany receivables and loans are £450k based on actual credit losses over the past three years and adjusted to reflect differences between the historical credit losses and the Company's view of the economic conditions over the expected lives of the receivables. The Company's provision for the loss allowance as at 31 March 2020 was £450k (2019: £nil).

(ii) Transaction amongst subsidiaries:
Transactions with subsidiaries comprise sale and purchase of services in the ordinary course of business at normal commercial terms. Total intercompany sales excluding to parent Company were £853k (2019: £58k).

Transactions with Directors

Details of Directors' interests in the Company's shares, service contracts and remuneration are set out in the report of the Board to the members on Remuneration report on pages 55 and 56. .

During the year ending 31 March 2020 there were no payments made by the Group to Growth Company FD Limited (a company controlled by Oliver Rigby) (2019: £63k). The director's loan provided to Neal Gandhi of £50k in the year ending 31 March 2019 from its subsidiary, Questers Resourcing Limited remains outstanding as at 31 March 2020.

In the prior year, the Group acquired Not Binary Limited. Neal Gandhi and Oliver Rigby owned shares in Not Binary Limited totalling 5 per cent and 1 per cent respectively. The fair value of deferred contingent consideration shares due to the directors is valued at £383k (£325k being deferred consideration less than one year and £58k due from 31 March 2021 to 31 March 2022).

In the prior year, the Group acquired Questers Global Group Limited. Neal Gandhi owned shares in Questers Global Group Limited totalling 46.2 per cent. The fair value of deferred contingent consideration shares due to him is valued at £1,450k (£528k being deferred consideration less than one year and £922k due from 31 March 2021 to 31 March 2022).

24. Financial instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. The significant accounting policies regarding financial instruments are disclosed in Note 2.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Deferred and contingent consideration
- Lease liabilities
- Borrowings

Notes to the Consolidated Financial Statements continued

Financial assets and liabilities measured at amortised cost

The book values of the financial instruments (excluding equity shares) used by the Group, from which financial risk arises, are as follows (note prepayments and other receivables are not financial assets under IFRS 9 but are disclosed for ease of reconciliation):

Group

Financial assets at amortised cost*	2020 £'000	2019 £'000
Trade receivables	7,734	3,426
Prepayments	335	176
Other receivables	521	316
Cash and cash equivalents	4,614	5,650
As at 31 March	13,204	9,568

Financial assets at amortised cost include the following debt investments which is included within 'Other receivables':

	2020 £'000	2019 £'000
Loans to related parties	50	50
As at 31 March	50	50

*The fair value of financial assets carried at amortised cost approximates to the carrying amounts because of the short maturity of these instruments.

Financial liabilities at amortised cost less than one year	2020 £'000	2019 £'000
Trade payables	2,560	1,061
Other payables	756	660
Accruals	1,027	489
Borrowings	29	–
Deferred and contingent consideration	138	713
Lease liabilities	609	–
As at 31 March	5,119	2,923

Financial liabilities at amortised cost greater than one year	2020 £'000	2019 £'000
Borrowings	5,000	-
Lease liabilities	390	–
As at 31 March	5,390	713

At a Company level, the principal financial instruments used from which financial instrument risk arises, are as follows:

- Intercompany loans and other receivables due from Group undertakings
- Cash and cash equivalents
- Trade and other payables
- Deferred and contingent consideration
- Borrowings
- Intercompany loans due to Group undertakings

Company

Financial assets at amortised cost	2020 £'000	2019 £'000
Other receivables	183	21
Other receivables from Group undertakings	760	365
Intercompany loans to Group undertakings*	577	263
Cash and cash equivalents	147	2,762
As at 31 March	1,667	3,411

Financial liabilities at amortised cost due on demand or within one year	2020 £'000	2019 £'000
Trade payables	236	57
Accruals and other payables	258	253
Deferred consideration	–	713
Amounts owed to Group undertakings	3,227	–
As at 31 March	3,721	1,023

Financial liabilities at amortised cost due greater than one year	2020 £'000	2019 £'000
Borrowings	5,000	–
As at 31 March	5,000	–

Fair value measurement

Financial instruments in the category "fair value through profit or loss" are measured in the Consolidated Statement of Financial Position at fair value. Fair values of financial instruments are recognised and measured of measurements are disclosed by level of the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in an active market for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 – Inputs for asset or liability that are not based on observable market data (that is unobservable inputs)

The following table presents the Group's and Company's assets and liabilities that are measured at fair value at 31 March 2020:

			2020			2019
Group and Company	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Contingent consideration (See below)	–	–	16,545	–	–	10,849

Reconciliation for level 3 is shown below:	2020 £'000	2019 £'000
Opening balance	10,849	–
Additions	2,172	10,795
Settlements	(240)	–
Fair value movement deferred contingent consideration (reflected in Consolidated Income Statement)	3,764	54
Deferred contingent consideration (See Note 20)	16,545	10,849

25. Risk management

The Group finances its activities through equity and bank financing. No speculative treasury transactions are undertaken, and no derivative contracts were entered into. Financial assets and liabilities include those assets and liabilities of a financial nature, namely cash and borrowings. The Group is exposed to a variety of financial risks arising from its operating activities, which are monitored by the Directors and are reported in the Risk and Risk Management section on pages 40 to 43.

25.1 Cash and liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group policy throughout the year has been to ensure continuity of funding by a combination available bank facility and the issue of equity. The following table shows the contractual maturities of financial liabilities measured at amortised cost:

Notes to the Consolidated Financial Statements continued

Contractual maturities of financial liabilities at 31 March 2020:

	Group					Company				
	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Effect of discounting £'000	Total £'000	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Effect of discounting £'000	Total £'000
Trade and other payables	4,343	–	–	–	**4,343**	494	–	–		**494**
Borrowings (Note 17)	173	144	5,048	(336)	**5,029**	144	144	5,048	(336)	**5,000**
Deferred consideration (Note 20)	138	–	–	–	**138**	–	–	–		–
Lease liabilities (Note 13)	614	345	73	(33)	**999**	–	–	–		–
Amount owed to Group undertakings	–	–	–	–	–	3,227	–	–		**3,227**
	5,268	**489**	**5,121**	**(369)**	**10,509**	**3,721**	**144**	**5,048**	**(336)**	**8,721**

Contractual maturities of financial liabilities at 31 March 2019:

	Group			Company		
	6 months or less £'000	6 to 12 months £'000	Total £'000	6 months or less £'000	6 to 12 months £'000	Total £'000
Trade and other payables	2,152	58	**2,210**	255	55	**310**
Deferred consideration (Note 20)	713	–	**713**	713	–	**713**
	2,865	**58**	**2,923**	**968**	**55**	**1,023**

25.2 Capital risk management

Covid-19

The macro economic impact of the Covid-19 pandemic is uncertain, and continues to evolve, with potential disruption to financial markets including to currencies, interest rates, borrowing costs and the availability of debt financing. However, the Group's financial risk management strategies seek to reduce our potential exposure in relation to these risks.

The Group has a combined cash and cash equivalent of £4.6m, providing significant headroom over short term liquidity requirements.

The Group's operating activities result in customer credit risk, for which provisions for expected credit losses are recognised. This customer related credit risk is generally short term in duration and while Covid-19 impacts on our customers had no material impact on credit loss provisioning at 31 March 2020 there remains a risk in relation to this matter for the year ending 31 March 2021.

The Group's policy on capital structure is to maintain a level of gross cash available, which the Board considers to be adequate to fund a range of potential EBITDA movements, taken from a series of business projections and scenarios. Based on these business projections which takes into account the impact of Covid-19 the Board believes it has sufficient cash resources at its disposal to pursue its chosen strategy of maximising shareholder returns from its customer base.

The Group manages its capital to ensure that trading entities in the Group will be able to continue as going concerns, while maximising the returns to shareholders through the organisation of cash and equity balances. The capital structure of the Group consists of cash at bank and in hand and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity on page 72.

The Directors seek to promote recurring revenues to a wide range of business customers, to reduce the risks associated with fluctuations in the UK economy and to increase the long-term value to customers and shareholders.

The declaration and payment by the Group of any future dividends on the Ordinary Shares and the amount will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. In order to maintain or adjust the capital structure, the Group may adjust the amount of any pay-outs to the shareholders, return capital to the shareholders, issue new shares and make borrowings or sell assets to reduce debt.

Due to the ongoing risks with Covid-19, the Director are not proposing a dividend for financial year ended 31 March 2020. The Board will regularly review the appropriateness of its dividend policy.

25.3 Credit risk
The Group's policy is to monitor trade and other receivables and avoid significant concentrations of credit risk. The principal credit risk arises from trade receivables. Aged receivables reports are reviewed monthly as a minimum. The credit control function follows a policy of sending reminder letters that start once an invoice is over 30 days overdue. These culminate in a legal letter with the threat of legal action. In a limited number of cases, legal action has been pursued. An aged analysis of receivables is shown in Note 14 to the financial statements.

In line with IFRS 9, the Group assesses the credit risk balances at each reporting date, to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The simplified approach has been applied to trade debtors to measure the loss allowance at an amount equal to the lifetime expected credit loss (ECL) at initial recognition and throughout its life. The credit risk is assessed by reviewing the contract income amount compared to the amount subsequently recovered. The Group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers, including some government authorities. Assessment of the average expected credit loss across the Group is deemed to be nil over a period of 36 months to 31 March 2020 with the exception of Questers. The bad debt provision as at 31 March 2020 was assessed to be £82k. Trade receivables are stated net of an impairment for estimated irrecoverable amounts of £7.7m (2019: £3.4m). This impairment has been determined by reference to known issues. Write-offs are made when the irrecoverable amount becomes certain. During the year £82k of bad debt was written off against the provision which relates to pre-acquisition of Questers. The Group's main risk relates to trade receivables which are stated net of the provisions above. No collateral is held as security against these debtors and the carrying value represents the fair value.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward- looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

25.4 Foreign currency risk
The Group's main foreign currency risk is the short-term risk associated with accounts receivable and payable denominated in currencies that are not the subsidiaries functional currency. The risk arises on the difference in the exchange rate between the time invoices are raised/received and the time invoices are settled/paid. For sales denominated in foreign currencies the Group will try to ensure that the purchases associated with the sale will be in the same currency. Most monetary assets and liabilities of the Group were denominated in pound sterling except for the following currency in the table below, and which are included in the financial statements at the sterling value based on the exchange rate ruling at the Statement of Financial Position date.

Sensitivity analysis in foreign exchange rates show an increase or decrease by 10% with all other variables held constant, the net assets attributable to shareholders would increase or decrease by approximately £181k (2019: £208k).

The maximum exposure to foreign currency risk for the Group trade receivables at the reporting date was:

	2020 £'000	2019 £'000
Norwegian Krone (NOK)	**248**	230
European Union currency (EUR)	**181**	–
United States of America Dollar (USD)	**40**	–
As at 31 March	**469**	230

Notes to the Consolidated Financial Statements continued

The maximum exposure to foreign currency risk for Group cash and cash equivalent at the reporting date by was:

	2020 £'000	2019 £'000
European Union currency (EUR)	**150**	15
Norwegian Krone (NOK)	**475**	1,064
Australian Dollar (AUD)	**–**	56
Bulgarian Lev (BGN)	**–**	38
Serbian Dinar (RSD)	**58**	1
United States of America Dollar (USD)	**13**	21
As at 31 March	**696**	1,195

The maximum exposure to foreign currency risk for the Group trade and other payables at the reporting date was:

	2020 £'000	2019 £'000
USD	**12**	–
EUR	**90**	–
NOK	**441**	336
AUD	**–**	3
RSD	**–**	1
BGN	**103**	310
As at 31 March	**646**	650

25.5 Interest rate risk
In the year ended 31 March 2020, the Group has taken out an RCF facility of £5m denominated in GBP. The facility has been taken out on a floating rate basis (LIBOR) for a period of 3 years up to June 2022. Interest rate risk arises on the change in LIBOR which affects the interest payable the interest payable by the Group.

Sensitivity analysis in interest rates show that with an increase in 100 basis points, with all other variables held constant, the net assets attributable to shareholders would increase or decrease by approximately £7k. Management periodically reviews the interest rates with lenders to manage the interest rate risk associated with the loans.

26. Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Partial settlement of a business combination through the issue of shares (see note 8)
- Acquisition of right-of-use assets (see note 13)

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Group	Liabilities from financing activities				
	Borrowings £'000	Leases £'000	Sub-total £'000	Cash/bank overdraft £'000	Total £'000
Net cash at 1 April 2018	–	–	–	126	126
Cash flows	–	–	–	5,524	5,524
Net cash as at 31 March 2019				5,650	5,650
Recognised on adoption of IFRS 16 (see note 13)	–	(1,501)	(1,501)	–	(1,501)
Net (debt)/cash as at 1 April 2019	–	(1,501)	(1,501)	5,650	4,149
New leases		(127)	(127)	–	(127)
New borrowings	(5,029)	–	(5,029)	–	(5,029)
Loans acquired on acquisition	(507)	–	(507)	–	(507)
Cash flows	507	629	1,136	(1,036)	100
Net (debt)/cash at 31 March 2020	**(5,029)**	**(999)**	**(6,028)**	**4,614**	**(1,414)**

Cash has decreased in the year as a result of acquisitions completed in the year offset by an increase in trading and cash acquired on acquisition.

Company	Liabilities from financing activities				
	Borrowings £'000	Intercompany loans £'000	Sub-total £'000	Cash/bank overdraft £'000	Total £'000
Net cash at 1 April 2018	–	–	–	126	126
Cash flows	–	–	–	2,636	2,636
Net cash as at 31 March 2019	–	–	–	2,762	2,762
New borrowings	(5,000)	(1,000)	(6,000)	-	(6,000)
New borrowings - non cash items	-	(2,227)	(2,227)	-	(2,227)
Cash flows	–	–	–	(2,615)	(2,615)
Net (debt)/cash at 31 March 2020	**(5,000)**	**(3,227)**	**(8,227)**	**147**	**(8,080)**

Cash has decreased in the year as a result of acquisitions completed in the year where the Company utilised cash reserves to pay for the consideration due.

27. Post-balance sheet events

The Panoply Holdings Plc acquired Arthurly Limited on the 10 June 2020. Further details are disclosed in note 8.1.

The Group agreed a £1.5m overdraft facility with HSBC on 7 May 2020.

Directors, Secretary and Advisers

Directors

Mark Smith
Non-Executive Chairman

Chris Sweetland
Non-Executive Director

Isabel Kelly
Non-Executive Director

Neal Gandhi
Chief Executive Officer

Oliver Rigby
Chief Financial Officer

Secretary

Oliver Rigby

Company number

10533096

Registered office

141-143 Shoreditch High Street,
London E1 6JE

Nominated adviser and broker

Stifel Nicolaus Europe Ltd
150 Cheapside,
7th Floor,
London EC2V 6ET

Solicitors

Harbottle & Lewis LLP
14 Hanover Square,
London W1S 1HP

Registered Auditor

Nexia Smith & Williamson
25 Moorgate,
London EC2R 6AY

Bankers

HSBC UK Bank plc
4th Floor,
3 Temple Quay,
Bristol BS1 6DZ

Handelsbanken
Staines Upon Thames Branch,
Staines upon Thames TW18 3BA

Registrars

Neville Registrars
Neville House,
Steelpark Road,
Halesowen B62 8HD