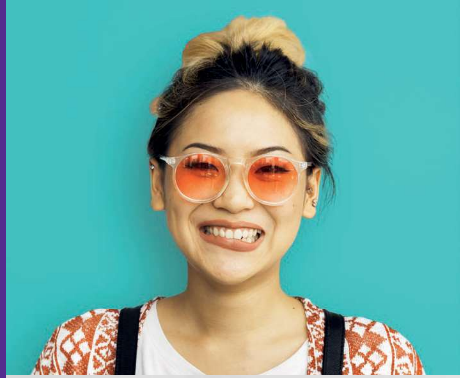
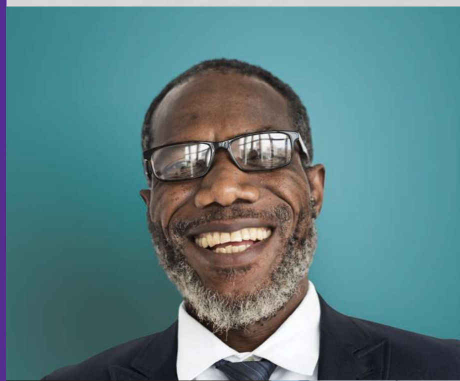
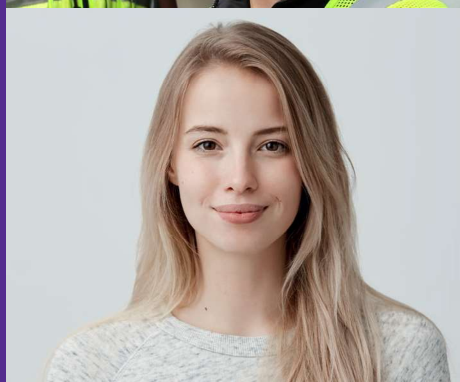
Annual Review 2019/20

Garden Private Holdings Limited

Holding company for **Northgate Public Services**







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STRATEGIC REVIEW

2019/20 AT A GLANCE

RESULTS[1]		**2019/2020**	**2018/2019**
Revenue	*+29%*	£195.6m	£151.4m
Recurring revenue[2]		66%	70%
Gross profit	*+45%*	£161.7m	£111.6m
Underlying EBITDA[3]	*+13%*	£35.1m	£31.1m
Underlying EBITDA %[4]		18%	21%

HIGHLIGHTS

Significant investment: £32m invested in acquisitions, product development, infrastructure and international expansion.

High-performing acquisitions: In-year acquisitions, EMIS Care and Snook, attracted new customers. APD Communications and i2N, acquired in 2018/19, landed major new deals with the Home Office and HM Prisons & Probation.

Success in all core markets:

Government: major Home Office contract, 19 new cloud customers and an award-winning integration of the Organ Donor Register with the NHS App.

Healthcare: registries wins with CMR Surgical and EUROSPINE, and enhancing the OptoMize eye screening solution for a national rollout in Scotland.

Housing: hitting a win-rate of 65%, including deals with New South Wales Family & Community Services, Homes for Haringey and Hull City Council.

Public Safety: new contracts with HM Prisons & Probation, Home Office and West Yorkshire Police, and for major enhancements to CONNECT.

LEADERSHIP

Chief Executive Officer	Stephen Callaghan
Chief Financial Officer	Alan O'Reilly / Stefan Maynard
Chief Operating Officer	Greg Huntley
Chief Technology Officer	Paul Broome
Executive Director, Public Safety	Ian Blackhurst
Executive Director, Government, Health & Housing	Tina Whitley
Group Human Resources Director	Patrick Smith
Group Legal Director	Zoe Fahy
Company Secretary	Mark Morrell
Chief Digital Officer	Sarah Drummond

[1] These results have been prepared under IFRS 15. The 2018/19 figures have been restated to enable a like-for-like comparison.
[2] Proportion of revenue derived from Software as a Service and other recurring revenues. Major implementations in Housing and Public Safety during 2019/20 account for the four percentage point variance to 2018/19.
[3] Underlying EBITDA represents profit before interest, taxation, depreciation of tangible fixed assets and amortisation of intangible fixed assets, and non-recurring items.
[4] Underlying EBITDA as a percentage of revenue reduced by three points, an inevitable dilution arising from the operating margins of our strategic acquisitions.

STRATEGIC REVIEW

CHAIRMAN'S STATEMENT

The 12 months to 31 March 2020 mark the company's second full year under NEC Corporation's ownership, and I am delighted to report that NPS continues to outperform on many levels. This year, the company has delivered solid organic growth across all markets and integrated two well-chosen acquisitions in the form of EMIS Care and service design agency, Snook.

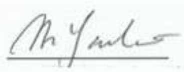
This success has been complemented by significant NEC support. In 2019/20, we invested in excess of £32m in acquisitions, product development, infrastructure improvements and international expansion. This represents an overall increase of 5% compared to 2018/19 which doubles the product investment anticipated by the previous owners. This level of commitment is a strong endorsement of the company's leadership and reflects our shared desire to secure long-term customer value. Post year end, we have also injected £30m in additional equity to address the contingent payment to Cinven from the acquisition.

Once again, NPS has been able to convert targeted product development into new wins, renewals and contract extensions. In Public Safety, CONNECT has now been chosen to support 60% of the UK's uniformed officers, and in-year improvements to the Duty Management solution led to a major contract with West Yorkshire Police. The win rate in Housing now stands at 65%, including £8.4m in new deals and the retention of three customers following competitive tenders. The newly expanded Healthcare business performed well, with new or extended contracts in both registries and screening. Snook also signed a major new deal with the Home Office, in line with the company's strategy to enter government procurements at an earlier stage.

NPS has also delivered on its global growth strategy this year. The Healthcare business landed three new international deals and I was delighted that South Australia Housing Trust, representing one of the company's biggest deals in recent years, went live with their housing system on time.

Our acquisition of NPS anticipated significant revenue and operational synergies, and I am pleased to report success in both areas. NPS joined us in NTT's state-of-the-art data centres, creating a robust platform to support delivery and growth. NPS has also assumed sales responsibility for NEC's facial recognition product, NeoFace® Watch, working with affiliate companies in the Middle East, Eastern Europe and southern Africa. Furthermore, via their Mumbai-based subsidiary, Rave, we have asked NPS to manage offshore software development for our Denmark affiliate and to provide back-office services for five further affiliates across Asia. These initiatives are in direct support of NEC's goal of improving KPIs across revenue, retained margin and cashflow. The alignment of our operating strategies will continue after year end, with both companies adopting the same KPIs to help drive further efficiencies.

In the closing weeks of this financial year, NPS was faced with the challenges associated with the Covid-19 pandemic. During that time, and since year end, colleagues at all levels have exhibited exemplary customer focus. Major projects continue to move forward as planned while others accelerated to meet pressing customer needs. As we look forward to the year ahead, I would like to extend my thanks to NPS leadership and all colleagues for their hard work and dedication.



Dr Masakazu Yamashina
Chairman, NPS and Executive Vice President, NEC Corporation
19 March 2021

STRATEGIC REVIEW

CHIEF EXECUTIVE'S STATEMENT

In our second full year under NEC Corporation's ownership, their wholehearted support for our strategy has enabled exceptional performance. Continued investment in product development and acquisitions, combined with a relentless focus on our customers, has driven organic growth of 11% and taken our solutions into new sectors.

Echoing Dr Yamashina, the alignment of key areas of our operating model with NEC Corporation has also strengthened resilience, delivering tangible benefits to our customers and releasing further cash for potential investment.

Financial highlights

Overall revenue for the year ended 31 March 2020 grew by 29% to £195.6m (2018/19: £151.4), including solid organic growth in both existing and recently acquired companies. Record investment in our core solutions of £16.8m (2018/2019: £13.6m) has led to £24m of new business in the order book as at year end.

The proportion of income derived from Software as a Service ('SaaS') and other recurring revenue models remains high at 66%, with major new implementations in Housing and Public Safety accounting for a four percentage point reduction from 2018/19. Underlying EBITDA grew by 13% to £35.1m (2018/19: £31.1) and sits at 18% of revenue compared to 21% in 2018/2019, an expected dilution arising from the operating margins of the acquired companies.

The rapid integration of the in-year acquisitions, EMIS Care and Snook, has already delivered new customers. APD Communications and i2N, acquired the previous year, also landed major new contracts with the Home Office and HM Prison Service. Since joining us, all four companies have benefited from investment in infrastructure, headcount, product development and office space commitments to drive organic growth, and I am delighted to report the immediate success of this strategy.

Focused investment

Across strategic acquisitions and product development, well-executed investment has been pivotal to attracting and retaining customers in all markets:

Government

Across new wins, renewals and contract expansions, we signed deals worth £78.8m this year (2018/19: £64.7m), including new long-term deals for ASSURE following major investment in 2018/19.

In a transformative deal signed in March 2020, Snook will support the Home Office to place user-centred design at the forefront of service development in post-Brexit Britain. Our strategy for Snook's acquisition was to secure expertise in Pre-Discovery, Discovery and Alpha service design, the preferred procurement method of many government departments. By committing to growing Snook from a 21-strong team to a 75-strong team inside 12 months, we were able to submit a 'best in class' bid and secure a two-year, £4m contract. This expansion not only opens up access to higher-value user design deals, it also provides greater visibility of future design and build 'Beta' contracts for the wider NPS business, a model we aim to extend to other public sector areas in the years ahead.

STRATEGIC REVIEW

Healthcare

Our acquisition of EMIS Care in April 2019 trebled the size of the Healthcare business, cementing our leading positions in key markets and enabling well-managed, profitable growth. Following investment to enhance the OptoMize diabetic eye screening solution, we will roll out the solution nationally in Scotland.

We also signed a £3.8m, two-year newborn screening deal with Public Health England. This will bring our existing systems for hearing, bloodspot and infant examination together under one contract, creating the world's largest repository of newborn screening results and establishing NPS as a dominant player in non-cancer screening.

Our registries business is also going from strength to strength, with new contracts secured with CMR Surgical, tracking their 'Versius' robotic surgery system, and with our existing customer, EUROSPINE. Here, we built on the customer's satisfaction with our work on Spine Tango, a contract we secured only in the last financial year, to provide the platform for a new national spinal registry for Switzerland.

Housing

In Housing, one of our 'big bet' areas which benefited from a further £2.1m investment this year (2018/19: £2.6m), our win rate has soared, rising from 17% in 2017/18 to 50% in 2018/19 and then 65% in 2019/20.

This year, new deals totalling £8.4m included a five-year renewal with New South Wales Family & Community Services and a 10-year contract with Colchester Borough Homes, displacing the incumbent supplier. We also retained a further three customers following full competitive tenders and extended each agreement to cover newly developed functionality.

This success is a clear validation of our strategy to establish NPS Housing as a truly future-proof system. Our digital-first investment approach has delivered an open and scaleable solution capable of making a difference in all areas of housing management. The pace of our enhancement programme will continue in the coming 12 months, and we remain on track to create a world-leading asset management solution along with full mobile capability to transform service delivery.

Public Safety

Public Safety performed strongly in 2019/20, attracting new customers by redeveloping key solutions and growing in-year revenues for CONNECT by 29%.

The CONNECT platform has now been chosen to support 16 of the UK's Police Forces, with Isle of Man becoming the latest force to go live in June 2019. In August 2019, we agreed a £3.4m contract with the Athena consortium for the first phase of a digital transformation for Case Management, quickly followed by a £2.8m contract to enable a wider technical refresh. In February 2020, we also signed a contract for £3.5m of enhancements for West Midlands Police.

Outside of CONNECT, in-year product investment contributed directly to strong customer retention. Contracts with Network Rail for CallTouch, with West Yorkshire Police for Duty Management, and with London Ambulance and three police forces for our GIS solutions, were all signed following well-planned enhancements. The Metropolitan Police will also upgrade to the latest version of Duty Management, having signed an extension to their contract back in December 2018.

STRATEGIC REVIEW

In January 2020, we delivered on our plan to broaden i2N's foothold in the justice sector with a contract to supply Media Manager to HM Prison Service. Already proven in probation, this solution will enable the efficient recording and secure, GDPR-compliant cloud storage of prisoner rehabilitation sessions in 73 prisons across England and Wales. Ahead of a major reorganisation in probation, i2N also signed a 12-month extension for Interventions Manager with HM Prisons and Probation Service. In a further success at national level, APD Communications signed a £4m Emergency Services Network deal with the Home Office.

Endorsing the strength of the Public Safety leadership team, NEC Corporation transferred global sales responsibility for its facial recognition product, NeoFace® Watch, to NPS. New wins this year span a range of sectors, with contracts in policing, border control, transport and casinos.

Customer delivery

While significant investment has driven growth in all markets, it is underpinned by effective delivery.

This year, our performance in revenues and benefits processing has remained head and shoulders above our competitors, despite serving 60% of the UK's biggest authorities. We delivered mission-critical programmes on time, such as a new tax collection system for Revenue Scotland, to the delight of our customers. We also launched a new Customer Portal to improve engagement and started moving customer applications to our new state-of-the-art data centre.

The decision to move our data centre to an infrastructure as a service (IaaS) model last year has already paid dividends, with customers benefitting from improved responsiveness, reduced downtime and the smooth running of heavy-duty tasks. By working with a strategic international partner, NTT, we can provide the flexibility and scale required by our customers and offer a low-cost route to world class infrastructure. Moving forward, we expect this facility to enable further innovation, for example our new Storage as a Service (STaaS) offer for the London Borough of Bexley.

In the final month of this year, our delivery was put to the test as we went into lockdown due to the Covid-19 pandemic. Colleagues worked round the clock to ensure customers could access key systems from home and adapt fast to new ways of working. By mobilising global, multi-disciplinary teams overnight, we were able to accelerate delivery of major programmes - like a cloud migration for South Australia Housing Trust - when other suppliers had paused theirs.

I have received numerous messages of thanks for this outstanding work. That many came from our revenues and benefits customers, who continue to face extraordinary challenges, is testament to the dedication of colleagues and the strength of our operating plan.

Business model

Our strategy remains focused on IP-led software and complementary services delivered in our core markets of Government, Housing, Healthcare and Public Safety. The business model is based on securing high levels of recurring and repeat revenue supported by layers of services, cloud delivery and customer support.

The majority of our revenues are UK-derived, although we have a significant Housing presence in Canada and Australia, two Healthcare contracts in Ireland and have acquired new customers in Asia and New Zealand through EMIS Care. All four verticals - Government, Housing, Healthcare and Public Safety - enjoy good levels of profitability and are well served by horizontal functions and support services.

STRATEGIC REVIEW

At the start of the Covid-19 lockdown, demand for our offsite processing services rose steeply as Government customers sought to mitigate the impact of sudden homeworking and increased workloads. Post year end, we continue to deliver higher than anticipated levels of remote support and have also welcomed a further 19 cloud customers, taking us to a total of 350. This is evidence of the growing value customers place on robust infrastructure and flexible on-demand services, and we can expect a slight erosion in operating margins as revenues rise in this area.

Following investment from NEC Corporation we are targeting international growth more aggressively this year, primarily in Public Safety. After year end, this helped secure our first CONNECT customer outside of the UK in a three-year contract signed with Jamaica Constabulary Force in November 2020. Furthermore, we committed to also invest £5m in new product development to build our own control room capability suited to global deployment.

Our Mumbai-based subsidiary, Rave Technologies, has been crucial to the cost-effective development of our existing and newly acquired products. In the 12 months to 31 March 2020, we grew this highly skilled team by a further 30% (2018/19: 13%) in anticipation of growing demand for offshore development.

This investment has paid off, with Rave taking over offshore software development for our sister company, KMD, and managing a shared service centre that provides back-office services for five further NEC Corporation affiliates. This work is expected to add £1.5m in revenue this year, with more expected in the coming years.

Team

This year, in recognition of our recent expansion, we sense-checked our structure to ensure the right people are in the right roles. We supported colleagues to take up positions within our newly acquired companies and announced the appointment of Lydia Saunders, who joined with EMIS Care, as the new head of our wider Healthcare business. We also ramped up our engagement and training programmes, delivering a series of well-received home worker events between October 2019 and February 2020, and supporting 80 colleagues to attend our Accelerants leadership course.

The contribution of this work to our Covid-19 response cannot be understated. Our prioritisation of open, visible leadership, active engagement and effective communication enabled us to move seamlessly to home working within 36 hours of lockdown. Since year end, it has enabled us to recruit 60 additional colleagues to meet customer demand, and to manage the rapid retraining and redeployment of our health screening teams. It will also sustain strong performance and colleague wellbeing in the months ahead.

Our goal is to be the employer of choice in our sector, regardless of the gender or background of the applicant, and we have actively influenced our recruitment process to encourage greater diversity. During 2018/19, we worked with external consultants to develop a new career framework, including gender-neutral role definitions. I am pleased to report that at the end of this financial year, women made up 47% of the extended leadership team (2018/19: 43%). Building on the appointment of Sarah Drummond as Chief Digital Officer last year, we have committed to reaching equal representation at Executive level within 12 months.

We have also eradicated any mismatches in relation to equal pay, and although our gender pay gap analysis uncovered only minor variations we will continue our work to reduce the mean gap across all four pay quartiles.

STRATEGIC REVIEW

Risks and uncertainties

The markets we compete in continue to experience significant change, with uncertainty around policy and budgets as we exit the European Union compounded by the Covid-19 pandemic. However, the changes we have made in the last few years will provide protection from, and enable us to respond quickly to, shifting market dynamics.

Our systems, procedures and agile development approach are well tested, and our partnership with NTT provides a robust platform for future delivery and growth. In addition, we expect the combined expertise of Rave, Snook and NPS to allow access to opportunities at all stages of a programme lifecycle, from user design through to system development, implementation and support.

Key business risks are recorded, managed and resolved in partnership with customers and all stakeholders. The Executive Committee plays a central role in maintaining and overseeing effective systems, meeting by teleconference on a weekly basis and I would like to pay particular thanks to our Chief Operating Officer, Greg Huntley, for his strong leadership in this area.

I would also like to thank David Barker from Cinven, who resigned as a director on 22 June 2020. His understanding of the technology market is second to none and he provided valued counsel as we transitioned to NEC's ownership.

Colleague contribution

This financial year, our core values - Intelligent, Involved, Innovative - have been showcased by colleagues daily. They have taken every opportunity to develop, embraced new ways of working and, in the final month, delivered exceptional support to our customers while adapting to significant change in their personal lives. I would like to thank them for their tremendous work this year and wish them every success for the next.

Stephen Callaghan
Chief Executive
19 March 2021

STRATEGIC REVIEW

Sector Performance Report

Throughout 2019/20, the leadership team has converted significant investment into outstanding customer delivery. Supported by the seamless integration of the recently acquired companies, all four verticals can point to solid growth, strong retention and the on-time completion of major programmes.

At the start of the year, we set out to target global growth more aggressively and have since seen notable success, landing eight new international deals across housing, medical registries and facial recognition.

Investment in our new data centre has underpinned this growth and attracted a further 19 customers to our cloud (2018/19: 12). This includes our customer of 20 years, Pembrokeshire County Council, who will be moving two separate applications. This facility enables us to scale up and down or spin up brand new services on demand, offering a unique combination of high performance and total flexibility. These benefits mirror those of our remote processing services, and we expect demand for both to rise as customers seek to build resilience following the impact of Covid-19.

Government

This year, we attracted new customers in all four UK countries while delivering major projects on schedule.

In July 2019, we launched the new electronic tax system for Revenue Scotland. This complex system enables the efficient management of the country's devolved taxes and was completed successfully inside 12 months. By connecting the Organ Donor Registry to the new NHS App - in a four-way partnership supporting NHS Blood and Transplant - we also received the 2019 Health Service Journal award for best system integration. We are confident that Snook's service design contract with the Home Office, signed in March 2020, will further boost our engagement at national level, providing deep insight into customer needs that we can leverage through to delivery.

Six months after our Blue Badge managed service went live at the London Borough of Redbridge, we were asked to extend our work to cover the Disabled Person's Freedom Pass. With the Pass offered by all London Boroughs, and with many already using our Blue Badge software, we have unique expertise here and will be working to extend our footprint in the coming year.

Targeted investment in our solutions continues to be warmly welcomed by customers. More than 50 have either taken extended functionality or upgraded to the latest versions of our leading products. This includes upgrades to Information@Work Enterprise, which has a total of 32 live authorities live. We also welcomed Colchester Borough Council as a new customer for our next-generation environment and planning solution, ASSURE. For NHS Greater Glasgow & Clyde, we digitised patient records for additional GP surgeries, taking us to 150 practices covering 900,000 patients.

In revenues and benefits, we signed 49 new contracts for Citizen Access, totalling £9.4m. Receiving as many as two million hits a day at peak times, this platform is proving indispensable to councils' digital strategies. In the final weeks of this year, the UK's Covid-19 lockdown tested our systems - and those of our customers - in unprecedented ways. We rolled out 25 software updates rapidly to meet changing legislation, and our processing services teams stepped in at short notice to help customers manage an explosion in new claims and enquiries. Thanks to the skills and dedication of colleagues, our customers - which include 60% of the biggest authorities - have been able to keep services accessible despite major disruption.

STRATEGIC REVIEW

Healthcare

The acquisition of EMIS Care in April 2019 established NPS as the leading non-cancer screening partner. In diabetic eye screening, we signed a new contract with Jersey and will roll out the newly enhanced OptoMize solution nationally in Scotland. We also won four new eye screening deals in England, taking our market share in the country to 84%. In newborn screening, we extended our work with Public Health England and have combined our three contracts - for hearing, bloodspot and infant physical examination - into one, using the same shared infrastructure. In Ireland, where we provide newborn screening as a managed service, we exceeded all our targets and secured Highly Commended in the 2019 Irish Healthcare Awards.

We also saw significant success with registries this year. In November 2019, we signed a new contract with CMR Surgical for their robotic surgery system, Versius. This next-generation system aims to enable minimal-access surgery for millions of patients worldwide. In May 2020, we also signed a three-year contract with our existing customer EUROSPINE to establish the Swiss national spinal registry, which will collect data from 50 clinics. By combining this new registry with Spine Tango, EUROSPINE will create the largest database of its kind in the world.

Both new contracts are a direct result of our work on the world-leading National Joint Registry (NJR), which contains information on over three million joint replacement procedures. Aware of our contribution to the NJR, we secured the Versius contract within weeks of receiving their enquiry. Similarly, EUROSPINE were keen to capitalise on our industry engagement experience and replicate the NJR's virtuous circle of safe device innovation.

In the coming 12 months we will intensify our focus on international markets. The Versius platform will be deployed initially in the UK but with roll outs planned for Germany and India, where we already deliver services in both registries and screening. In recognition of the increasing strength of our Healthcare business, we appointed Lydia Saunders, who joined with EMIS Care, to lead the combined team and to reshape its structure to align with our growth ambitions.

Housing

This year, we saw the full benefit of our 'big bet' investment in NPS Housing, landing £8.4m in new deals and providing additional functionality and cloud services to existing customers.

In July 2019, we signed a five-year renewal with New South Wales Family & Community Services. Managing more than 200,000 properties, they are our largest housing customer in the world, demonstrating the flexibility and scalability of the solution.

In November 2019, we retained Hull City Council for a further 10 years, again moving to cloud delivery. This contract includes additional functionality developed in the last two years - CRM, Dashboards and the Contractor Portal - and contains the option to take Assets, Mobile and Rent Analytics. In the same month, we won a seven-year deal with Homes for Haringey worth £1.25m, moving them to NPS Housing and providing Dashboards, Housing Online and CRM.

We will also migrate Colchester Borough Homes from a third-party solution to NPS Housing in two phases, first implementing in the cloud and then adding Mobile, Appointments and Assets and Contractors. Then in December 2019, we signed a new contract with East Renfrewshire Council that will also see us deliver NPS Housing through the cloud.

STRATEGIC REVIEW

These new wins are a direct result of our ambitious development strategy, and this year we have continued to roll out enhancements on time or ahead of schedule. In the coming 12 months, we will invest a further £2.7m in NPS Housing, including enterprise-level asset management functionality to deliver a step change in risk management and a new mobile solution.

In March 2020, as lockdown was starting to impact our customers in Australia, we delivered a major cloud migration on time for South Australia Housing Trust, getting their staff online to enable home working. After an implementation project of just over two years, more than 400 concurrent users were able to access the system successfully in the first week alone, and all remotely.

In the coming years, we expect to see more housing providers move to the cloud as they seek to build more robust and efficient infrastructure.

Public Safety

This year, the Public Safety team built on their recent success with the CONNECT platform, taking the latest force live in June 2019. They have also extended its footprint amongst existing users, increasing in-year revenue by 29%, including a major change control notice with West Midlands Police that will see us deliver £3.5m of enhancements. This will create the most advanced installation of CONNECT to date and includes adaptations to the Custody solution as well as seamless integration to their online portal, command and control and digital interview recording systems. In the coming 12 months, the team will also deliver the first phase of digital transformation for Case Management on behalf of the Athena consortium, with the second phase due to complete in the following financial year.

Significant investment outside of CONNECT has also led to strong growth and retention. This year, we completed targeted enhancements to four operational safety solutions, including those of our recently acquired companies, to match the strategic priorities of our customers with the latest technology.

In January 2020, APD Communications signed a £4m contract with the Home Office. They will be supporting the integration of emergency service control rooms with the planned 4G Long Term Evolution (LTE) technology with the aim of improving the UK's response by connecting fixed and mobile teams. Having successfully taken its Media Manager solution to Community Rehabilitation Companies and into the prisons sector to support the delivery of probation services during 2020, i2N also extended its contract for Interventions Manager with HM Prisons and Probation shortly after year end.

The successful completion of enhancements to the Duty Management, Public Access, CallTouch and GIS solutions contributed directly to the retention of over 25 customers, including a new contract with West Yorkshire Police for Duty Management following a market test exercise. In Forensics, we will be working to convert 30 current users to our newly upgraded solution, which offers unrivalled support for digital and cyber forensics activity.

We will sustain this momentum in the coming 12 months, working to secure our first contract for i2N's new Pathways solution, which combines the capabilities of two leading products to offer a full case management solution for adult and youth offending. We will target additional opportunities in facial recognition, having signed 12 new customers this year. We will also build on our propositions in control room and police information, investing £5m to develop a new cutting-edge control room system.

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 2020.

Activity and ownership

Principal activity

The principal activity of the company, Garden Private Holdings Limited, is that of a holding company. The principal activity of the Group, of which the company is a part, is providing software and outsourcing services to its public sector clients in the areas of central government, local government, public safety, healthcare and housing.

Identity of owners

The immediate and ultimate controlling party is NEC Corporation, a company incorporated in Japan. The largest group in which the results of the Group are consolidated is that headed by NEC Corporation. Copies of the NEC Corporation accounts can be obtained from the registered office at 7-1, Shiba 5-chome, Minato-ku, Tokyo 108-8001 Japan or the website www.nec.com.

Governance and controls

Board composition

Dr. Masakazu Yamashina, Chairman
Dr. Yamashina is Executive Vice President at NEC Corporation. As Deputy Business Unit Head of both the Public Business and Global Business Units, he is responsible for the management of the Social Infrastructure business which covers the field of Surveillance and Security. He has a PhD in Engineering from the Graduate School of the Tokyo Institute of Technology and is a fellow of the IEEE.

Tomoki Kubo, Vice Chairman (resigned 31 July 2020)
Mr. Kubo is responsible for NEC's global M&A strategies and execution. He was previously a founding member of Japan Industrial Solutions Co., Ltd, a Japanese private equity fund management company, and served as Chief Investment Officer and board member. Prior to this, he was Managing Director and co-head of the principal investment business of Morgan Stanley Japan. He holds an MBA from the Graduate School of Business at the University of Chicago.

Stephen Callaghan, Chief Executive Officer and Vice Chairman
Stephen joined in September 2016 and is responsible for the company's overall strategic development. He has a strong track record of growing and transforming businesses, with particular expertise in software and services domains. He began his career as a commissioned officer in the British Army and studied electrical and electronic engineering at Cranfield University.

Alan O'Reilly, Chief Financial Officer (ceased to be Chief Financial Officer and became Non-Executive Director on 30 September 2020)
Alan is responsible for providing financial and business leadership and for helping to determine and deliver the company strategy. He is a chartered accountant and joined in December 2016. He has extensive international experience in senior finance roles in technology companies in Asia, the US, UK and Europe over a 20 year period.

DIRECTORS' REPORT

Board composition, continued…

Makoto Shota
Mr. Shota is Chief Financial Controller for NEC Corporation, reporting directly to Dr. Yamashina. He is responsible for the global-wide Safer Cities business with more than 20 country affiliates in the NEC Group. He has broad experience in Corporate Strategy, Business Planning and Human Resources, including several corporate re-organisations during more than 30 years of service in NEC Corporation. He graduated from the Faculty of Law in Kyoto University.

Asako Aoyama (appointed 1 April 2020)
Asako Aoyama is VP and CFO of the Global Business Unit at NEC Corporation, responsible for managing the finance teams across Europe, APAC, Latin America, Middle East, Africa and China. Prior to joining NEC in January 2020, she held various senior roles in finance and corporate strategy in the Coca-Cola business. She is a Japanese CPA and holds an MBA from the business school at Ohio State University.

Tomonori Hira (appointed 1 April 2020)
Tom is General Manager for Safer City Solutions at NEC. He was previously Head of Global Business Operations at Northgate Public Services, and prior to that oversaw NEC's global public safety business. Since joining NEC, Tom's experience has spanned engineering, sales and marketing, business development and management.

Nobuhiko Nakatsu (resigned 1 April 2020)
Mr. Nakatsu was appointed Chief Transformation Officer and an Executive Board member at KMD, based in Copenhagen in Denmark, in June 2019. Previously he was COO at NEC Europe Ltd, where he served from July 2014. Mr Nakatsu is deputy chairman of NPS and Chairman of the Audit Committee.

Toshiya Matsuki (resigned 1 April 2020)
Mr. Matsuki has served as Executive Vice President and Vice President of the Global Business Unit at NEC since 2018. He is primarily responsible for strengthening NEC's focus on the global market and overseeing deployment of Solutions for Society, leveraging information and communications technology. Over the course of his career, he has developed extensive experience in various executive and sales leadership positions around the world.

David Barker (resigned 22 June 2020)
David has been a non-executive director since 2015. He is a partner at Cinven and has been an investor in technology deals for many years. He has been involved in numerous transactions including Allegro, Aprovia, CPA Global, Eutelsat, HEG, MediMedia, Northgate Public Services, Springer, Ufinet, Visma and Ziggo.

DIRECTORS' REPORT

Financial review

The Garden Private Holdings Ltd (GPHL) group is reporting its consolidated results for the first time in the 12 months to 31 March 2020. GPHL reported its first audited accounts for the sixteen month period to 31 March 2019 when the group was consolidated under its previous UK holding company (Argon Topco Ltd) for the 2019 Annual Review. As such, the comparative twelve month period presented in this report is an unaudited, proforma set of financial statements.

	2019/20 £m	**Proforma 2018/19 £m**
Revenue	195.6	151.4
Cost of sales	(33.9)	(39.8)
Gross profit	161.7	111.6
Operating expenses (excluding non-recurring items)	(126.6)	(80.5)
Underlying EBITDA	**35.1**	**31.1**

This year, the group strengthened its position in the Healthcare sector with the acquisition of EMIS Care and continued to deliver targeted improvements within its Government, Housing and Public Safety portfolios. This strategy has already generated returns, with important wins in Housing and successful implementations of CONNECT products with key police customers.

Effective customer delivery remains vital to sustaining and improving performance. To support this, we are investing in a professional services accounting system that will enable everyone, from project owners to Executive Committee members, to view, track and benchmark projects in real time and at multiple levels.

With high levels of investment in products, acquisitions and internal systems, we are confident of maintaining strong relationships with our customer base and of achieving our targets in all our core markets.

DIRECTORS' REPORT

Revenue

Organic revenue growth of 11% has been driven by effective product delivery in the Public Safety business, supported by strong performances in all other markets. Successful implementations this year will also secure future recurring revenues through ongoing maintenance, support and the option to take additional functionality.

	2019/20 £m	Proforma 2018/19 £m	*Growth*
Organic revenue	163.0	147.5	*11%*
Acquisitions in 2018/19	14.1	3.9	
Acquisitions in 2019/20	18.5	-	
Revenue	**195.6**	**151.4**	*29%*

Overall revenue growth of 29% has been supported by the strategic acquisitions made in the past two years. APD Communications and i2N have won significant new contracts since they were acquired in 2018, and our investment activity this year will support future product development and delivery. The acquisition of EMIS Care also complements our Healthcare business by providing critical mass in our key markets.

	2019/20 £m	Proforma 2018/19 £m
Continuing business		
Software	26.7	17.5
Recurring and SaaS	107.7	105.6
Professional services	25.5	20.6
Other	2.1	2.0
Total continuing business	**162.0**	**145.7**
Discontinued businesses		
Social Care and Front Office	1.0	1.8
Acquisitions		
i2N	3.6	2.4
APD Communications	10.6	1.6
EMIS Care	16.5	-
Snook	1.9	-
Total revenue	**195.6**	**151.4**

Successful software delivery continues to drive high levels of recurring revenue. The first year of implementation includes a greater proportion of one-off revenues, such as professional services costs and licence fees, causing recurring revenues to reduce slightly to 66% (2018/19: 70%) as a result of the high-value deals signed in the previous year. With revenue recognised on successful delivery under IFRS 15, large software implementations will continue to influence this revenue mix from year to year.

DIRECTORS' REPORT

Balance sheet

In the year to 31 March 2020, we restructured the balance sheet with a capital contribution, creating a strong net asset position for the group that has been maintained this financial year. Just after year end, the final deferred consideration from the acquisition of the NPS group was paid and an additional £30m equity added to the business in June 2020.

	31 March **2020** **£m**	Unaudited 31 March **2019** **£m**
Non-current assets	474.3	463.7
Current assets	94.3	85.6
Total assets	586.6	549.3
Non-current liabilities	(66.9)	(65.3)
Current liabilities	(145.8)	(126.5)
Liabilities	(217.7)	(191.8)
Net assets (liabilities)	**355.9**	**357.5**
Share capital	444.5	444.5
Reserves	(86.6)	(87.0)
Total equity	**355.9**	**357.5**

Cash generation

The group ended the period with £14.5m of cash reserves, up £3m on prior year and supported by an inflow of £38.3m from operating activities. The acquisitions of EMIS Care and Snook were funded through our own cash resources, with cash flow before financing and acquisitions at £6.3m.

Strong working capital control and profitable growth has placed the group on a sound financial footing and enabled us to negotiate the challenge of Covid-19 with minimal impact on our business, customer delivery and supplier relationships.

Impact of IFRS 16

IFRS 16: Leases has been adopted in the year to 31 March 2020. This primarily affects our property leases but also includes an element of hardware leasing. The impact on the balance sheet was to create £8.5m of rights-of-use assets within fixed assets, offset by an equivalent lease liability. In the profit and loss account, £2m depreciation and £0.4m interest was incurred in the year, offsetting an equivalent reduction in operating lease rentals.

Operating costs

Tight cost control, coupled with identifying opportunities for investment that promotes efficiency and effectiveness, continues at pace. We are implementing new project management tools and enabling real-time reporting, as well as upgrading our data centre and communication capabilities to provide a more efficient service both to our customers and colleagues.

DIRECTORS' REPORT

Equal opportunities and equal pay

We aim to be the employer of choice in our sector, regardless of the gender or background of the applicant, and for our workforce to be truly representative of all sections of the communities in which we operate.

Through our Equality, Diversity and Dignity policy and mandatory annual training we promote respect for individuals and equal opportunities in recruitment and career development. We commit to regularly reviewing our recruitment and selection process to identify and remove barriers to establishing a diverse workforce, and aim to create an environment where all colleagues feel respected and able to commit their best.

Following work undertaken in 2018/19 to develop a new career framework, including gender-neutral role definitions, women now make up 47% of the extended leadership team (2018/19: 43%). We have also removed any mismatch in relation to equal pay. Although this year's gender pay gap analysis uncovered only minor variations, we will continue our work to reduce the mean gap across all four pay quartiles:

	2018/19	**2017/18**
Pay quartile		
Quartile 1	3%	1%
Quartile 2	1%	-1%
Quartile 3	2%	0%
Quartile 4	2%	-3%

Risks and uncertainties

We endeavour to provide our stakeholders with a return that is consistent with a responsible assessment and mitigation of risk. This includes reviewing financial, operational and compliance controls and risk management procedures, which themselves include the security and controls around customer and in-house data.

The Executive Committee and the Board have established ongoing processes for the identification, evaluation and management of significant risks faced by the company that accord with the Internal Control Guidance for Directors in the Combined Code (which only applies to UK listed companies but is used for best practice). Further independent assurance is available by auditors operating as required. All employees are accountable for operating within these policies.

The main operational risks for our business are:-

Economic and market risk

Covid-19

We identified Covid-19 as a business risk as part of our Business Continuity Planning in January 2020 and we are implementing multiple strategies for dealing with the outbreak. Following government direction, we instructed all individuals to work from home unless it was absolutely necessary to attend the office or customer premises. What constitutes 'absolutely necessary' is being assessed on a case by case basis, taking into account all applicable factors and allowing for the gradual re-opening of the UK and other regions' businesses on a country, regional and local basis.

DIRECTORS' REPORT

It has been standard practice for some time that the majority of our colleagues have the capability to work from home. By taking steps to extend this capability to individuals that did not typically work in this way, we were able to significantly limit the disruption faced by our customers and teams during this period.

We continue to monitor the World Health Organisation, Department of Health and other government websites in all countries where we have a presence, and have an ongoing process to brief staff and customers on current guidance, signs/symptoms and risks as well as suggested counter-measures. We also monitor the situation for any potential disruption to services and will implement all necessary and prudent measures to ensure the health and safety of our teams whilst minimising disruption to our customers. If in due course any impact is identified, or any change is required to the delivery of our products or services, we will contact customers with a view to discussing the extent and impact of any required changes.

With a very high proportion of government agency customers, and our proven ability to deliver services remotely, we do not anticipate a significant impact on the trading and liquidity of the business at this stage. We are in regular contact with our key suppliers to ensure that actual or potential impacts on our ability to provide service continuity to customers can be identified at the earliest opportunity and appropriate measures implemented to avoid or minimise disruption.

Brexit
The UK's decision to leave the European Union is not expected to have a significant impact on trading. The vast majority of our customers are based in the UK, with only a very small, albeit growing, proportion based in the EU. We will continue to monitor the situation and maintain regular contact with central and local government departments as well as HMRC.

Austerity remains a significant feature of the UK economy, particularly with the combined impact of Brexit and Covid-19. With the ongoing support of NEC Corporation, we will continue to focus our investments and activities on delivering IP-led software that provides our customers with a high quality, value for money service that helps them maximise efficiency and effectiveness.

Corporate financial stability risk
Whilst the acquisition by the ultimate parent, NEC, has mitigated the liquidity risk significantly, management continues with a rigorous and ongoing monitoring of cash flow where we assess potential risks and the effect they may have on our ability to meet liabilities as they fall due. Through conducting stress testing and sensitivity analysis we continually assess the impact of potential risks in order to test the resilience of the business along with possible mitigating actions. We are confident of the effectiveness of these controls and their regulation of immediate cash flow impacts as well as longer-term impacts on sales growth and attrition.

Information security risk
The security of information and technology infrastructure is crucial for maintaining the sensitive information of our customers and complying with GDPR. There are comprehensive policies and procedures in place, as well as staff training and monitoring programmes, to ensure that we protect the data of the company and its customers from theft, loss, destruction or alteration.

This report was approved by the board on 19 March 2021 and signed on its behalf.

Stefan Maynard
Chief Financial Officer

GARDEN PRIVATE HOLDINGS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020. The audited results are included within the group consolidation of NEC Corporation of Japan. These can be found at: https://www.nec.com/en/press/202005/global_20200512_01.html

Consolidated statement of profit or loss for the period ended 31 March 2020

	Note	**31 March 2020**	31 March 2019
		£M	£M
Revenue	6	**195.6**	151.4
Cost of sales		**(33.9)**	(39.8)
Gross profit		**161.7**	111.6
Administrative expenses		**(161.8)**	(113.8)
Non-recurring costs		**(9.5)**	(6.3)
Profit/(loss) from operations		**(9.6)**	(8.5)
Finance income and expense	10	**(0.8)**	(0.5)
Profit/(loss) before tax		**(10.4)**	(9.0)
Tax credit		**(2.2)**	(0.1)
Profit/(loss) for the period		**(12.6)**	(9.0)

The notes on pages 29 to 69 form part of these financial statements.

EBITDA reconciliation

	31 March 2020	31 March 2019
	£M	£M
Gross profit	**161.7**	111.6
Operating expenses excluding non-recurring items	**(126.6)**	(80.5)
Underlying EBITDA	**35.1**	31.1
Amortisation of intangible fixed assets	**(30.2)**	(31.2)
Depreciation of tangible fixed assets	**(4.9)**	(1.8)
Operating profit before non-recurring items	**-**	(1.9)
Non-recurring items	**(9.6)**	(6.6)
Operating profit/(loss)	**(9.6)**	(8.5)

Consolidated statement of other comprehensive income

	Note	**31 March 2020 £M**	31 March 2019 £M
Profit/(loss) for the period		**(12.6)**	(9.0)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension schemes	21	**13.9**	(6.7)
Tax relating to items that will not be reclassified		**(2.3)**	1.1
		11.6	(5.6)
Items that will or may be reclassified to profit or loss:			
Foreign currency translation differences - foreign operations		**(0.8)**	(0.9)
Other comprehensive income for the period, net of tax		**10.8**	(6.5)
Total comprehensive income		**(1.8)**	(15.5)

The notes on pages 29 to 69 form part of these financial statements.

GARDEN PRIVATE HOLDINGS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2020

Consolidated statement of financial position

	Note	31 March 2020 £M	31 March 2019 £M
Assets			
Non-current assets			
Property, plant and equipment	11	**14.1**	4.2
Intangible assets	12	**460.2**	459.5
		474.3	463.7
Current assets			
Inventories		**4.9**	1.1
Trade and other receivables	13	**74.9**	73.0
Cash and cash equivalents	23	**14.5**	11.5
		94.3	85.6
Total assets		**568.6**	549.3
Liabilities			
Non-current liabilities			
Trade and other liabilities	15	**38.3**	30.0
Loans and borrowings	16	**5.0**	0.4
Employee benefit liabilities		**5.4**	18.7
Deferred tax liability		**18.2**	16.2
		66.9	65.3
Current liabilities			
Trade and other liabilities	15	**142.6**	124.7
Loans and borrowings	16	**2.1**	0.2
Provisions	17	**1.1**	1.4
		145.8	126.3
Total liabilities		**212.7**	191.6
Net assets/(liabilities)		**355.9**	357.7

The notes on pages 29 to 69 form part of these financial statements.

Consolidated statement of financial position, continued…

	31 March 2020	31 March 2019
Issued capital and reserves attributable to owners of the parent	**£M**	£M
Share capital	**444.5**	444.5
Capital contribution reserve	**(45.3)**	(45.3)
Retained earnings	**(43.3)**	(41.5)
TOTAL EQUITY	**355.9**	357.7

The financial statements on pages 20 to 69 were approved and authorised for issue by the board of directors on 19 March 2021 and were signed on its behalf by:

Stefan Maynard
Chief Financial Officer

The notes on pages 29 to 69 form part of these financial statements.

Company statement of financial position as at 31 March 2020

	Note	2020 £M	2019 £M
Assets			
Non-current assets			
Other non-current investments		**477.7**	477.7
Current assets			
Trade and other receivables		**0.5**	0.3
Cash and cash equivalents	23	**3.2**	3.5
		3.7	3.8
Liabilities			
Non-current liabilities			
Trade and other liabilities		**38.2**	30.0
Current liabilities			
Trade and other liabilities		**7.7**	0.6
Total liabilities		**45.9**	30.6
Net assets		**435.5**	450.9
Issued capital and reserves attributable to owners of the parent			
Share capital		**444.5**	444.5
Retained earnings		**(9.0)**	6.0
TOTAL EQUITY		**435.5**	450.5

The financial statements on pages 20 to 69 were approved and authorised for issue by the board of directors on 19 March 2021 and were signed on its behalf by:

Stefan Maynard
Chief Financial Officer

The notes on pages 29 to 69 form part of these financial statements.

Consolidated statement of changes in equity for the period ended 31 March 2020

	Share capital	Other reserves	Retained earnings	Total attributable to equity holders of parent	Total equity
	£M	£M	£M	£M	£M
At 1 April 2018 (adjusted balance)	444.5	(45.3)	(7.3)	391.9	391.9
Impact of change in accounting policy	-	-	(18.7)	(18.7)	(18.7)
At 1 April 2018 (adjusted balance)	-	-	(26.0)	(26.0)	(26.0)
Comprehensive income for the period					
Loss for the year	-	-	(9.0)	(9.0)	(9.0)
Other comprehensive income	-	-	(6.5)	(6.5)	(6.5)
Total comprehensive income for the period	-	-	(15.5)	(15.5)	(15.5)
Total contributions by and distributions to owners	-	-	-	-	-
At 31 March 2019	**444.5**	**(45.3)**	**(41.5)**	**357.7**	**357.7**
At 1 April 2019	444.5	(45.3)	(41.5)	357.7	357.7
Comprehensive income for the period					
Profit for the period	-	-	(12.6)	(12.6)	(12.6)
Other comprehensive income	-	-	10.8	(10.8)	(10.8)
Total comprehensive income for the period	-	-	(1.8)	(1.8)	(1.8)
At 31 March 2020	**444.5**	**(45.3)**	**(43.3)**	**355.9**	**355.9**

The notes on pages 29 to 69 form part of these financial statements.

Consolidated statement of cash flows for the period ended 31 March 2020

	31 March 2020
	£M
Cash flows from operating activities	
Loss for the year	**(12.6)**
	(12.6)
Adjustments for	
Depreciation of property, plant and equipment	**4.9**
Amortisation of intangible fixed assets	**30.2**
Finance expense	**0.8**
Net foreign exchange gain	**(0.8)**
Income tax expense	**2.2**
	24.7
Movements in working capital:	
Decrease in trade and other receivables	**1.3**
Increase in inventories	**(3.7)**
Increase in trade and other payables	**10.9**
Increase in deferred consideration	**8.2**
Decrease in provisions and employee benefits	**(2.4)**
Cash generated from operations	**39.0**
Income taxes paid	**(0.7)**
Net cash from operating activities	**38.3**
Cash flows from investing activities	
Acquisition of subsidiary, net of cash acquired	**(8.8)**
Purchases of property, plant and equipment	**(13.4)**
Sale of property, plant and equipment	**1.2**
Purchase of intangibles	**(19.8)**
Disposal of intangibles	**-**
Net cash used in investing activities	**(40.8)**

Consolidated statement of cash flows, continued…

	31 March 2020 £M
Cash flows from financing activities	
New finance leases	**9.4**
Payments of finance lease creditors	**(2.9)**
Interest paid on loans and borrowings	**(0.8)**
Decrease in amounts payable to group undertaking	**(0.2)**
Net cash from/(used in) financing activities	**5.5**
Net cash increase in cash and cash equivalents	**3.0**
Cash and cash equivalents at the beginning of period	**11.5**
Cash and cash equivalents at the end of the period	**14.5**

The notes on pages 29 to 69 form part of these financial statements.

Notes to the consolidated financial statements for the period ending 31 March 2020

NOTE 1: REPORTING ENTITY

Garden Private Holdings Limited (the 'Company') is a limited company incorporated in the UK. The Company's registered office is at First Floor, Bizspace, iMex Centre, 575-599 Maxted Road, Hemel Hempstead HP2 7DX. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in providing software and outsourcing services to its public sector clients in the areas of local government, public safety, health, housing and central government.

NOTE 2: BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and defined benefit pension schemes. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

Since the outbreak of the global pandemic Covid-19, the directors have reassessed their prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements, including assumptions should there be a second wave of the outbreak in the UK and a vaccine not available until 2021. These forecasts indicate that, even when considering the severe but plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

In respect of the Government and Housing operating segment, the Directors have modelled the severe but plausible downside across the contracts being a reduction in new business and change in phasing of revenue as customers request milestone be pushed back.

When considering the Safety and Health operating segments, the Directors have modelled the severe but plausible downside across the contracts being a reduction in new business and, in the Health segment, services such as physical screening being unable to be performed until government restrictions ease. This is mitigated by staff being able to be redeployed as needed to assist Public Health England during this crisis.

The directors are therefore confident that the company will have sufficient funds to continue in operational existence and to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements, supported by the strengthened balance sheet position resulting from the intercompany restructuring noted above as well as the forecasts indicating that, even when considering the severe but plausible downsides, the company will have assets to meet its liabilities. For this reason, these financial statements have been prepared on a going concern basis.

Details of the Group's accounting policies, including changes during the year, are included in note 3.

2: Basis of preparation, continued…

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in note 5.

2.1 Impact of new international reporting standards, amendments and interpretations

IFRS 16
The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. On transition to IFRS 16, the Group elected to apply the following practical expedients:

- for leases previously classified as operating leases under IAS17:
    - the Group has applied a single discount rate to a portfolio of leases with similar characteristics.
    - the Group has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term at the date of application.
    - the Group has excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
    - the Group has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At 1 April 2019, there was a tangible fixed asset addition to short-term leasehold property of £3,370,950. The other side of this entry included a £72,500 debit from accruals, a £1,072,777 credit to short term lease liabilities and a £2,370,673 credit to long term lease liabilities.

2.2 Share based payment

Eight employees of the Group have acquired shares in a group entity. These shares are to be accounted for under IFRS 2 Share Based Payment. The shares are B shares in Garden Private Holdings Limited. The nature of the arrangement is described below.

- Employees purchased shares at market value. The shares acquired have a nominal value of £0.01 each. The number of shares acquired is 352,000,000 and the nominal value of shares acquired is £3,520,000.
- There are put and call options over the acquired shares. The put options allow employees to sell shares to another group entity and a call option allows the other group entity to purchase the shares.
- There are three points when Employees can realise value from their shares under the Articles of Association of Garden Private Holdings Limited. They are i) sale of shares on exit, ii) sale at the end of the vesting period, iii) sale on becoming a leaver.

2: Basis of preparation, continued...

2.2 Share based payment, continued...

The share based payments are classified as equity-settled because these are share based payments among group entities which the Company has no obligation to settle. The Company receives the benefit of the employees' services and records a charge in the Statement of Comprehensive Income for the share based payment. The corresponding credit is recorded in a share based payment reserve. The charge is based on the fair value, taking account of the price paid, of the shares on the date on which the shares were acquired. For an equity-settled scheme, this fair value is not subsequently revisited. The charge to the Statement of Comprehensive Income is spread over the vesting period for each tranche of the B shares acquired. Subsequent adjustment to the fair value would only be required in the event of forfeiture due to leavers.

Functional currency

These consolidated financial statements are presented in pound sterling, which is the Group's functional currency. All amounts have been rounded to the nearest million, unless otherwise indicated.

NOTE 3: ACCOUNTING POLICIES

3.1 Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements of the Group and all of its subsidiary undertakings.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income and total comprehensive income are attributed to the owners of the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

3: Accounting policies continued…

3.2 Business combinations

For acquisitions, the Group measures goodwill at the acquisition date as:

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 3.2) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3: Accounting policies continued...

3.4 Revenue

The Group generates substantially all of its revenue from contracts with customers, whether formal or implied for the delivery of customised software solutions, consulting services, software support and maintenance agreements and software licence agreements.

The Group applies IFRS 15 "Revenue from Contracts with Customers", by recognising the cumulative effect at the date of initial application according to the transition provisions stipulated in IFRS 15. Financial statements for the previous year are not restated under the transition requirements of IFRS 15, and revenue is accounted for under IAS18 "Revenue" and IAS11 "Construction contracts".

The accounting policies for revenue in the current year are as follows:

Revenue from contracts with customers is recognised upon transfer of control of products or services at an amount that reflects the consideration the Group expects to receive in exchange. This is achieved by applying the following five-step model:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligation in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligation in the contract
- Recognition of revenue when, or as, the Group satisfies the performance obligation

Identifying distinct performance obligations in contracts with customers

The Group recognises revenue from contracts with customers for rendering services. The Group identifies distinct promised services from these contracts and allocates revenue in accordance with their performance obligations. The Group accounts separately for the service if it is distinct, whereby the promise to transfer the services is separately identifiable from other promises in the contract, and a customer can benefit from the service either on its own or together with other resources that are readily available to the customer.

Determining the transaction price

The Group considers the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration, and consideration payable to a customer when determining the transaction price.

3: Accounting policies continued…

3.4 Revenue, continued…

The estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In assessing whether a contract contains a financing component and whether that financing component is significant to the contract, the Group considers the difference, if any, between the amount of promised consideration and the cash selling price of the promised services. The Group also considers the combined effect of the expected length of time between when it transfers the services to the customer and when the customer pays for those services and the prevailing interest rates in the relevant market.

Allocating the transaction price to the performance obligation

The Group allocates the transaction price to each performance obligation (or distinct service). To allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, the stand-alone selling price at contract inception of the distinct service underlying each performance obligation in the contract is determined and the transaction price is allocated in proportion to those stand-alone selling prices. A stand-alone selling price is estimated if it is not directly observable.

Satisfaction of performance obligation

The Group recognises revenue when or as the Group satisfies a performance obligation at a point in time or over time.

The Group recognises revenue over time if one of the following criteria is met; i) the Customer simultaneously receives and consumes the benefits provided by the Group, ii) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or iii) the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date. If none of the above is met, the Group recognises revenue at a point in time when it is determined that control of an asset is transferred to a customer.

Methods for measuring progress

Revenue is recognised for a performance obligation satisfied over time only if the progress towards complete satisfaction of the performance obligation can be reasonably measured. When the progress cannot be measured reasonably, revenue is recognised only to the extent of the costs incurred until such time that it can be reasonably certain of the outcome of the performance obligation.

3: Accounting policies continued…

3.4 Revenue, continued…

Rendering services

The major transactions regarding rendering of services are licences for customer software solutions, professional services (project management, other consultancy and training), support and maintenance, business process outsourcing and royalties.

Revenue recognised at a point in time

Licence revenue will be recognised when performance obligations have been met as defined by the contract. Generally, this will be when the customer acquires control of a distinct and separate asset that they contracted for. The customer must have the ability to obtain economic benefits from the asset before revenue is recognised. Implementation services are bundled together with licence revenue and recognised on the same basis because this service is not distinct from licence revenue. The customer could not obtain benefit from the licence without first receiving implementation services.

Revenues recognised over a period of time

Professional services are usually charged to customers using a day rate. Revenue is recognised when the days of service have been delivered unless they relate to projects with a fixed outcome. In that case, the revenue is recognised when the outcome has been achieved.

Support and maintenance, software as a service (SaaS) and business process outsourcing services are recognised flat line over the term of the contract.

Revenue from royalties is recognised on an accruals basis in the period to which the royalty income relates. This is revenue receivable from subsidiary entities for the right to use and sell software that is owned and controlled by the Group.

When the Group acts as agent, the profit element of the transaction is recognised as revenue. The Group is the agent when i) another party is responsible for fulfilling the contract, ii) the Group does not have discretion to set the price of third party goods and services, iii) the Group has no inventory or credit risk.

3: Accounting policies continued...

3.5 Leasing

The Company / Group as a lessee

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

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

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the amount expected to be payable by the lessee under residual value guarantees;

The lease liability is included in 'Creditors' on the Statement of Financial Position.

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

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

3: Accounting policies continued...

3.5 Leasing, continued...

The Group has elected not to assess whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications.

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

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

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.1.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

3: Accounting policies continued...

3.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over 5 - 10 years depending on expected product lifespan and typical contract length.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

3.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.9 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into sterling using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. Retained earnings from foreign operations are translated to the functional currency at the balance sheet date with the resulting impact being recognised in the statement of comprehensive income.

3: Accounting policies continued…

3.10 Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item administrative expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

3: Accounting policies continued…

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the Consolidated Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

3: Accounting policies continued…

3.11 Taxation, continued…

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.12 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Leasehold improvements	Lesser of 50 years or life of the lease
Motor vehicles	
Fixtures, fittings, equipment and motor vehicles	Between 3 and 10 years

3: Accounting policies continued...

3.12 Property, plant and equipment, continued...

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the consolidated statement of comprehensive income (e.g. through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

3.13 Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Assets under construction	not depreciated
Software	5 - 12 years
Customer relationships	10 - 12 years
Order backlog assets	2 - 10 years
Capitalised development	5 - 10 years
Purchased software	3 years

(ii) Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3: Accounting policies continued...

3.13 Intangible assets, continued...

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.14 Business combinations

For acquisitions, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

3: Accounting policies continued…

3.15 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

3.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in, first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.17 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3: Accounting policies continued…

3.17 Impairment excluding inventories and deferred tax assets, continued…

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU").

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3: Accounting policies continued…

3.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Contract assets

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time. Contract assets include costs incurred to fulfil a contract prior to the completion of the relevant performance obligation(s). Contract assets also arise when services recognised over a period of time are billed in arrears or if performance obligations are not met ahead of invoices being raised for the same. Amounts in contract assets are reduced when invoices are raised to customers. Invoiced amounts are included in Trade debtors. Payments are normally due 30 days from invoice date.

Costs incurred to fulfil a contract are recognised as an asset when all the following criteria are met: i) the costs relate directly to a customer contract (or a specified anticipated contract), ii) the costs generate or enhance resources of the Company that will be used to satisfy the performance obligations in future; and iii) the costs are expected to be recovered. These costs include direct labour, direct materials and the allocation of overheads that relate directly to a contract.

Contract assets recognised in respect of costs to obtain or fulfil a contract are amortised on a systematic basis that is consistent with the transfer of services to which the asset relates.

3.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.20 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3: Accounting policies continued...

3.20 Creditors, continued...

Contract liabilities

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received (or the amount is due) from the customer. Contract liabilities are created when revenue recognised over a period of time is billed in advance of delivery. Contract liabilities also arise when invoices are raised for services recognised at a point in time ahead of the satisfaction of performance obligations. Contract liabilities are recognised as revenue when the Company completes the performance obligations on the contract.

3.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Property provisions
A property provision is recognised when a reasonable estimate can be made of the dilapidation costs that will be payable at the termination date of the lease.

Onerous contract provisions
An onerous contract provision is recognised when the expected future benefits to be derived from a contract are exceeded by the expected cost of fulfilment of obligations under that contract.

Onerous lease provisions
An onerous lease provision is recognised when a property becomes vacant and covers the future rental obligations for that property.

3: Accounting policies continued...

3.22 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.23 Dividends

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

NOTE 4: FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in pound sterling, which is the Group's functional currency. All amounts have been rounded to the nearest million, unless otherwise indicated.

NOTE 5: JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company’s accounting policies have been set by management. The application of these accounting policies to specific scenarios requires reasonable estimates and assumptions to be made concerning the future.

Management, in assessing the carrying value of the Company's investments and goodwill, have used future cash flows provided by the companies in which they are invested and excluded any upside from the recent acquisitions and binary large contracts. Determining the timing of recognition for revenue recognised over time requires the following judgements.

- Allocation of transaction price to SaaS services, support and maintenance services, professional services charged on a daily basis and business process outsourcing to be spread over the term of the contract. For each service, the customer simultaneously receives and consumes the benefits provided by the Company.

5. Accounting judgements and estimates, continued…

Determining the timing of recognition for revenue recognised at a point in time requires the following judgements.

- Allocation of transaction price to distinct performance obligations in each contract
- Evaluating when a customer obtains control of promised goods or services. For each contract, consideration is given to when the customer has received an operational software asset. Generally, this will be the "go-live" date, completion of user acceptance testing or implementation services.

Determining the amount of costs incurred to obtain or fulfil a contract requires the following judgements.

- Assessment of whether costs incurred will be used to satisfy performance obligations in future.
- Assessment of the period over which the costs will be recovered in order to ascertain the
- appropriate amortisation period.
- Direct costs are labour and third party costs for software, support and consultancy. For labour costs, employee timesheets are used to identify the direct costs on contracts. Third party costs are allocated to contracts by purchase orders raised at contract level. The accounting on contracts is forecast before contract inception and actual costs are tracked against forecast from the date of contract inception. Costs will be recognised in line with the revenue relating to the associated performance obligation.

Management have assessed that there are no key sources of estimation giving uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year and an impairment recognised.

Recognition of internally generated intangible assets from development

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

5. Accounting judgements and estimates, continued…

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

- The determination whether activities should be considered research activities or development activities;
- The determination whether the conditions for recognising an intangible asset are met requires assumptions about future market conditions, customer demand and other developments;
- The term 'technical feasibility' is not defined in IFRS, and therefore the determination whether completing an asset is technically feasible requires a Group specific and necessary judgemental approach;
- The determination of the future ability to use or sell the intangible asset arising from the development and the determination of probability of future benefits from sale or use, and
- The determination whether a cost is directly or indirectly attributable to an intangible asset and whether a cost is necessary for completing a development. Amortisation of internally generated assets is charged to the income statement on a straight line basis over a useful economic life of five years, commencing from the date of capitalised development.

Taxation

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

NOTE 6: REVENUE

The following is an analysis of the Group's revenue for the period from continuing operations:

	31 March 2020	31 March 2019
	£M	£M
Sale of goods	**195.6**	151.4

Analysis of revenue by country of destination:

	31 March 2020	31 March 2019
	£M	£M
United Kingdom	**173.6**	128.9
Rest of Europe	**6.5**	4.5
Rest of the world	**15.4**	18.0
	195.6	151.4

The group is predominantly UK based with other trading entities in Ireland, Canada, Australia and India.

NOTE 7: NON-RECURRING COSTS

	31 March 2020	31 March 2019
	£M	£M
Severance and restructuring	**1.3**	0.3
One off acquisition advisory and separation costs	**0.1**	0.9
MP equalisation on defined benefit pension scheme	**-**	1.6
Other non-recurring items	**-**	3.8
Deferred consideration	**8.2**	-
	9.6	6.6

NOTE 8: EMPLOYEE BENEFIT EXPENSES

	31 March 2020	31 March 2019
	£M	£M
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**87.0**	72.0
National insurance	**8.6**	6.4
Defined contribution pension cost	**4.4**	3.1
Defined benefit scheme cost	**0.8**	0.6
	100.8	82.1

NOTE 9: GROUP STAFF NUMBERS

	31 March 2020	31 March 2019
	Number	Number
Sales	**85**	72
Development	**839**	451
Operations	**1,693**	1,387
Support Functions	**323**	207
	2,940	2,117

NOTE 10: FINANCE INCOME AND EXPENSE

Recognised in profit or loss

	31 March 2020	31 March 2019
	£M	£M
Finance expense		
Bank interest payable	**0.1**	-
Finance leases (interest portion)	**0.5**	-
Net foreign exchange (gain)/loss	**(0.2)**	0.1
Interest on defined benefit pension liability	**0.4**	0.4
Total finance expense	**0.8**	0.5

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £M	Fixtures, fittings, equipment and motor vehicles £M	Total £M
At 1 April 2018	1.2	10.4	11.6
Additions	-	1.9	1.9
Acquisition of subsidiary	-	0.2	0.2
Disposals	(0.6)	(0.9)	(1.5)
At 31 March 2019	0.7	12.5	13.2
Additions	8.4	4.9	13.3
Acquisition of subsidiary	2.1	0.4	2.5
Disposals	(0.8)	(0.4)	(1.2)
At 31 March 2020	**10.4**	**17.4**	**27.8**

	Leasehold improvements £M	Fixtures, fittings, equipment and motor vehicles £M	Total £M
Accumulated depreciation and impairment			
At 1 April 2018	-	7.1	7.1
Charge owned for the period	0.2	1.6	1.8
At 31 March 2019	**0.2**	8.7	8.9
Charge owned for the period	2.2	2.7	4.9
Disposals	-	(0.1)	(0.1)
At 31 March 2020	**2.4**	**11.3**	**13.7**
Net book value			
At 1 April 2018	1.2	3.3	4.5
At 31 March 2019	0.5	3.8	4.3
At 31 March 2020	8.0	6.1	14.4

11: Property, plant and equipment, continued...

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	31 March 2020 £M
Tangible fixed assets owned	7.6
Right-of-use tangible fixed assets	6.5
	14.1

Information about right-of-use assets is summarised below:

Net book value

	31 March 2020 £M
Property	5.6
Fixtures and fittings	0.9
	6.5

Depreciation charge for the year ended

	31 March 2020 £M
Property	(1.8)
Fixtures and fittings	(0.2)
	(2.0)

Additions to right-of-use assets

	31 March 2020 £M
Additions to right-of-use assets	8.5

NOTE 12: INTANGIBLE ASSETS

	Goodwill	Software	Customer relationships	Order backlog	Purchased software	*Capitalised development	Total
	£M	£M	£M	£M	£M	£M	£M
Cost							
At 1 April 2018	234.0	103.0	55.0	4.0	1.2	40.5	437.7
Additions – external	-	-	-	-	0.4	-	0.4
Additions – internal	45.8	-	-	-	-	11.6	57.4
Disposals	-	-	-	(0.4)	-	-	(0.4)
On acquisition of subsidiaries	6.3	5.0	8.7	0.4	-	-	20.4
At 31 March 2019	286.1	108.0	63.7	0.4	1.6	52.1	511.9
Additions – external	-	-	-	-	2.8	-	2.8
Additions – internal	-	-	-	-	-	17.0	17.0
On acquisition of subsidiaries	6.8	2.6	1.7	-	-	-	11.1
At 31 March 2020	**292.9**	**110.6**	**65.4**	**0.4**	**4.4**	**69.1**	**542.8**

12: Intangible assets, continued...

	Goodwill	Software	Customer relationships	Order backlog	Purchased software	*Capitalised development	Total
	£M	£M	£M	£M	£M	£M	£M
Accumulated amortisation and impairment							
At 1 April 2018	-	2.1	0.8	2.0	0.3	20.0	25.2
Charge for the year	-	14.9	4.8	2.0	0.6	8.9	31.2
Disposals	-	-	-	(4.0)	-	-	(4.0)
At 31 March 2019	-	17.0	5.6	-	0.9	28.9	52.4
Charge for the period	-	15.4	5.4	-	0.6	8.8	30.2
At 31 March 2020	**-**	**32.4**	**11.0**	**-**	**1.5**	**37.7**	**82.6**
Net book value							
At 1 April 2018	234.0	100.9	54.2	2.0	0.9	20.5	412.5
At 31 March 2019	286.1	91.0	58.1	0.4	0.7	23.2	459.5
At 31 March 2020	292.9	78.2	54.4	0.4	2.9	31.4	460.2

NOTE 13: TRADE AND OTHER RECEIVEABLES

	2020 £M	2019 £M
Trade receivables	**31.6**	29.3
Amounts receivable from group undertaking	**1.2**	4.7
Prepayments and accrued income	**39.7**	36.8
Tax recoverable	**1.1**	1.6
Other receivables	**1.3**	0.6
Total trade and other receivables	**74.9**	73.0

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

NOTE 14: SUBSIDIARIES

The principal subsidiaries of Garden Private Holdings Limited, all of which have been included in these consolidated financial statements and all of which are wholly owned in the current and prior year, are as follows:

Name	**Country of incorporation and operation**
Argon Topco Limited	Jersey
Northgate Public Services Limited	England and Wales
Argon NPS (Holdings) Limited	England and Wales
Argon NPS Limited	England and Wales
NPS (Holdings) Limited	England and Wales
Rave Technologies (India) Private Limited	India
Rave Technologies (UK) Limited	England and Wales
Rave Technologies USA Inc	USA, California
Rave Technologies Italia srl	Italy
Northgate Public Services (UK) Limited	England and Wales
NEC Software Solutions (UK) Limited	England and Wales
Health Information Systems (UK) Limited	England and Wales
Northgate Public Services Pty Limited	Australia
Northgate Public Services (Canada) Limited	Canada
SX3 Limited	Hong Kong
i2N Limited	England and Wales
NPS (UK11) Limited	England and Wales
APD Mobile Data Limited	England and Wales
APD Communications Limited	England and Wales
Digital Healthcare Limited	England and Wales
Medical Imaging UK Limited	England and Wales
MIDRSS Limited	Ireland
We Are Snook Limited	Scotland

NOTE 15: TRADE AND OTHER PAYABLES

Amounts falling due within one year:

	2020	2019
	£M	£M
Trade payables	**12.3**	8.2
Payables to group undertaking	**0.7**	0.9
Accruals	**28.9**	20.1
Deferred income	**91.0**	89.8
Other payables - tax and social security	**9.5**	5.8
Corporation tax	**0.2**	0.1
Total trade and other payables	**142.6**	124.9

Amounts falling due after more than one year:

	2020 **£M**	2019 £M
Contingent consideration	**38.3**	30.0

Contingent consideration is payable in July 2020 for the purchase of shares of Argon Topco Limited and loan notes issued by Northgate Public Services Limited.

NOTE 16: LOANS AND BORROWING

Loans and borrowings

	31 March 2020	31 March 2019
	£M	£M
Non-current		
Finance leases	**2.0**	0.1
Current		
Finance leases	**5.1**	0.4
Total loans and borrowings	**7.1**	0.5

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

NOTE 17: PROVISIONS

	Property provision £M	Total £M
At 1 May 2018	1.4	1.4
Utilised during the period	(0.3)	(0.3)
At 31 March 2019	**1.1**	**1.1**
Due within one year or less	1.1	1.1

NOTE 18: SHARE CAPITAL

Authorised, issued and fully paid

	2020 Number	**2020 £M**	2019 Number	2019 £M
Ordinary A shares of £0.01 each	**44,100,000,100**	**441.0**	44,100,000,100	441.0
Ordinary B shares of £0.01 each	**352,000,000**	**3.5**	352,000,000	3.5
Total	**44,452,000,100**	**444.5**	44,452,000,100	444.5

NOTE 19: ANALYSIS OF AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Retained earnings
	£M
Period to 31 March 2020	
Actuarial gain/loss on defined benefit pension schemes	13.9
Deferred tax on remeasurement of defined benefit liability	(2.3)
Foreign currency translation differences - foreign operations	(0.8)
	10.8

	Retained earnings
	£M
Period to 31 March 2019	
Actuarial gain/loss on defined benefit pension schemes	(6.7)
Deferred tax on remeasurement of defined benefit liability	1.1
Foreign currency translation differences - foreign operations	(0.9)
Net change in fair value of interest rate swap	-
	(6.5)

NOTE 20: LEASES

Operating leases - lessee

The total future value of minimum lease payments is due as follows:

	31 March 2020	31 March 2019
	£M	£M
Not later than one year	**2.1**	0.2
Between one year and five years	**4.0**	0.4
Later than five years	**1.0**	-
	7.1	0.6

NOTE 21: GROUP EMPLOYEE BENEFITS

Defined contribution schemes

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £4.4m (2019: £3.1m). Amounts payable in respect of defined contribution arrangements at 31 March 2020 were £0.7m (2019: £0.7m).

(i) Defined benefit scheme characteristics and funding

The Group contributes to the following post-employment defined benefit plans: The Northgate Public Services Pension Scheme and the Northgate HR Pension Scheme ('the Northgate Schemes') and the Rebus Group Pension Scheme ('the Rebus Scheme'). The schemes are closed to new employees, who are instead eligible to join another defined contribution scheme.

Benefits are related to salary close to retirement or leaving service (if earlier) and also to the number of years of pensionable service. Assets are held in separate, trustee administered funds. Employer contributions to the schemes are determined on the basis of regular valuations undertaken by independent, qualified actuaries. As the schemes are closed to new entrants for pension accrual, under the method used to calculate pension costs in accordance with IAS19, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Funding

The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. This includes the additional contributions aimed at removing the deficit of the schemes. Contributions to the defined contribution schemes are in addition to the contributions to the UK defined benefit schemes.

21: Group employee benefits, continued...

Reconciliation of defined benefit obligation and fair value of scheme assets

	Defined benefit obligation		Fair value of scheme assets		Net defined scheme liability	
	2020 £M	2019 £M	**2020 £M**	2019 £M	**2020 £M**	2019 £M
Balance at 1 April	**135.0**	125.1	**(116.3)**	(104.9)	**18.7**	20.2
Service cost – current	**0.5**	0.5	**-**	-	**0.5**	0.5
Service cost – past	**-**	1.6	**-**	-	**-**	1.6
Interest	**3.2**	3.3	**(2.8)**	(2.9)	**0.4**	0.4
Included in profit or loss	**138.7**	130.5	**(119.1)**	(107.8)	**19.6**	22.7
Remeasurement loss/(gain) Actuarial loss/(gain) from:						
- Demographic assumptions	**0.4**	(0.3)	**-**	-	**(0.4)**	(0.3)
- Financial assumptions	**(11.0)**	8.8	**-**	-	**(11.0)**	8.8
- Adjustments (expenses)	**(1.9)**	-	**-**	-	**(1.9)**	-
Return on plan assets (excluding interest)	**-**	-	**(1.5)**	(3.1)	**(1.5)**	(3.1)
Included in other comprehensive income	**(12.5)**	8.5	**(1.5)**	3.1	**(14.0)**	5.4
Employer contributions	**-**	-	**(0.6)**	(9.8)	**(0.6)**	(9.8)
Benefits paid	**(5.2)**	(4.0)	**5.2**	(4.0)	**-**	-
Running costs	**-**	-	**0.4**	0.4	**0.4**	0.4
Other movements	**(5.2)**	(4.0)	**5.0**	(5.4)	**(0.2)**	(9.4)
Balance at 31 March	**121.0**	135.0	**(115.6)**	(116.3)	**5.4**	18.7

21: Group employee benefits, continued...

Composition of plan assets

The plan assets are held in investment funds which do not have quoted prices, although, the majority of assets held within those funds will have quoted prices. The assets with the funds are split as follows:

	31 March 2020	31 March 2019
	£M	£M
Equities	9.6	11.3
LDI Funds	26.7	24.8
Multi-asset credit	7.8	7.5
Property	12.4	11.8
Emerging market multi asset	8.8	9.7
Diversified growth funds	10.7	10.9
Corporate bonds	25.8	27.3
Cash and net current assets	13.8	13.0
Total plan assets	115.6	116.3

The expected rate of return on pension plan assets is determined as the Company's best estimate of the long term return of the major asset classes: equities, bonds, LDI, and diversified growth funds, weighted by the current strategic allocation, between the asset classes, at the measurement date, less expenses.

21: Group employee benefits, continued...

Actuarial assumption

The principal actuarial assumptions used in the determining calculating the present value of the defined benefit obligation (weighted average) include:

	31 March 2020	31 March 2019
Discount rate	**2.53 %**	2.42 %
Future salary increases	**1.00 %**	1.00 %
Retail price inflation (RPI)	**2.53 %**	3.27 %
Consumer price inflation (CPI)	**1.75 %**	2.47 %
Future pension increases (2.5% LPI)	**1.85 %**	2.11 %
Future pension increases (5.0% LPI)	**2.52 %**	3.12 %
Longevity at retirement age (current pensioners)		
- Males	**22.1**	22.2
- Females	**24.5**	24.2
Longevity at retirement age (future pensioners)		
- Males	**23.5**	23.6
- Females	**25.9**	25.7

The weighted-average duration of the defined benefit obligation at 31 March 2020 was 16.0 years (*2019: 17.0 years*).

21: Group employee benefits, continued...

Sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption content, is presented in the table below:

		Defined benefit obligation	
Actual assumption	**Reasonably possible change**	**Increase**	**Decrease**
Discount rate	(+/- NIL%)	(2.3)	2.4
Inflation and related future pension growth	(+/- NIL%)	1.3	(1.3)
Life expectancy	(+/- NIL%)	5.0	(4.9)

NOTE 22: BUSINESS COMBINATIONS DURING THE PERIOD

The Group acquired the "EMIS" group of companies – Digital Healthcare Limited, Medical Imaging Limited and MIDRSS Limited on 1 April 2019. The company also acquired We Are Snook Limited on 18 June 2019.

22.1 Assets acquired and liabilities recognised at the date of acquisition

	"EMIS" Group	We Are Snook Limited	Total
	£M	£M	£M
Non-current assets			
Property, plant and equipment	2.5	-	2.5
Intangible assets	4.3	-	4.3
Current assets			
Cash and cash equivalents	7.5	0.2	7.7
Trade and other receivables	3.0	0.2	3.2
Inventories	-	0.1	0.1
Non-current liabilities			
Current liabilities			
Trade and other liabilities	(7.0)	(0.2)	(7.2)
Pension deficit	(0.4)	-	(0.4)
Deferred tax	(0.6)	-	(0.6)
	9.3	0.3	9.6

22: Business combinations during the period, continued…

22.2 Goodwill arising on acquisition

	"EMIS" Group	We are Snook Limited	Total
	£M	£M	£M
Consideration transferred	14.9	1.6	16.5
Fair value of identifiable net assets acquired	(9.3)	(0.3)	(9.6)
Goodwill arising on acquisition	5.6	1.3	6.9

22.3 Net cash outflow on acquisition

	31 March 2020
	£M
Consideration paid in cash	**16.5**
Less: cash and cash equivalent balances acquired	**(7.7)**
	8.8

NOTE 23: NOTES SUPPORTING STATEMENT OF CASH FLOWS

	31 March 2020	31 March 2019
	£M	£M
Cash at bank available on demand	**4.3**	6.5
Short term deposits with parent company	**10.2**	5.0
Cash and cash equivalents in the statement of financial position	**14.5**	11.5
Cash and cash equivalents in the statement of cash flows	**14.5**	11.5

NOTE 24: ULTIMATE CONTROLLING PARTY

The immediate and ultimate controlling party is NEC Corporation, a company incorporated in Japan. The largest group in which the results of the Group are consolidated is that headed by NEC Corporation. Copies of the NEC Corporation accounts can be obtained from the registered office at 7 1, Shiba 5 chome Minato ku, Tokyo 108 8001 Japan.

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