

Camelia Investment 1 Limited

Annual report and consolidated
financial statements

Registered number 10969863

30 September 2023

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Directors' Report and Strategic Report

The directors present their report and the audited consolidated financial statements for the year ended 30 September 2023.

Principal activities

The principal activities of the Group are building the software to sustain and enhance public services globally, with our core focus in the United Kingdom, Ireland, Australia, New Zealand, South-East Asia and North America.

Strategic Report

Business model

Civica makes software that helps deliver critical services for citizens all around the world and supports accelerating digitisation and automation across the sector. From local government to central government, to education, to health and care, we are a global GovTech champion, helping to serve citizens. This is underpinned by specialist domain expertise, scale with an exceptional people-first culture.

Building on the foundation of our cloud software and applying local knowledge on a global scale, Civica delivers value to our customers through our business model. This comprises development, support and management of a broad range of software that delivers and improves core business activities and organisational efficiency. It includes sector-specific ('vertical') applications for individual markets and cross-sector ('horizontal') platforms for digital engagement, financial management, people and workforce management and governance, risk and compliance.

Our business model is supported by Civica's strong and purpose-driven culture, and we continue to invest in our people who are the key to delivering these capabilities. The Group combines deep domain expertise – with approximately one third of our team having direct experience of working in the public sector – with specialist technical capability including software design and implementation, digital technologies and data expertise.

Business review

The Group continued to deliver a high performance across the 2023 financial year. This was driven by the capability of our software to deliver critical activities for the public sector and supported by our exceptional team, cloud technology and strong infrastructure.

Trading results

The Group delivered a very strong trading performance for the full year with progress across core markets and continued strategic development, underpinned by balanced investment in our people, our products and our platform.

Our market-aligned growth strategy continues to focus on sales of innovative software functionality (including cloud migration) to new and existing customers, and supporting their digital transformation through new business, cross-sell and upsell opportunities – alongside our sustained emphasis on investing in our people,

Within the software divisions, turnover during the year to 30 September 2023 increased by 16.2% to £463.7 million (year ended 30 September 2022: £398.9 million), underpinned by strong order intake. Software operating profit before depreciation, amortisation and exceptional charges increased by 16.0% to £130.8 million (year ended 30 September 2022: £112.8 million).

Group turnover during the year to 30 September 2023 was £511.0 million (2022: £476.5 million), with operating profit before depreciation, amortisation and exceptional charges increasing to £130.7 million (2022: £111.6 million).

The Group's activities are focused on common vertical markets in the UK and Ireland, Asia Pacific (APAC) and North America. UK and Ireland revenues were £375.5 million (2022: £354.4 million), led by increased contribution from the health and care, democracy and engagement and social housing divisions. Revenues from Asia Pacific and North America made up approximately 27 per cent of Group turnover.

With a large and diverse customer base, cross selling of our products across markets and geographies remains a strategic focus.

The Group continues to closely manage exposure to the current inflationary pressures, including people costs and energy prices.

Directors' Report and Strategic Report (continued)

Business review (continued)

Complimentary acquisitions

Civica has a highly successful record of acquiring and integrating complementary businesses which add market breadth and depth and expand the Group's market presence and scale of opportunity in line with our clear focus. With proven processes and a consistent strategy, the Group has completed more than 35 acquisitions in the last 10 years.

Acquisitions are rapidly integrated to deliver greater value via combined capability and expertise including product cross-selling.

Acquisitions remain a strategic focus and there is a strong pipeline leading into 2024.

Growth outlook

Civica has a sustainable platform-based business model focused around core markets and capabilities. We maintained momentum in 2023 based on our clear software focus, strong commercial relationships with customers and the Group's ongoing strategic development.

While expanding the use of Civica software we have delivered strong progress in key areas including cloud, digital enablement, technology innovation and data. The experience of recent years has accelerated the focus on cloud and digital adoption, showing the speed with which it is possible to harness innovation. With a leading market position, Civica is strongly placed to respond to accelerating public sector digitisation and we remain committed to the further execution and evolution of our successful strategy. Our aim is to support the needs of our customers both to sustain and enhance services and transform digitally, and to achieve above-market growth for the Group.

We believe Civica is in a strong position to continue our momentum. With enhancements to our global platform, we expect to sustain our growth performance into 2024 and beyond.

Subsequent events

On 23 November 2023, it was announced that Blackstone, the world's largest alternative asset manager, entered into a definitive agreement to acquire Camelia Investment 1 Limited and its subsidiaries (the "Civica Group") from Partners Group. The transaction is expected to close in Spring 2024, subject to regulatory approvals. There is no change to the business focus of the Group as a result of the anticipated transaction.

Subsequent to the balance sheet date, the Group acquired the trade and assets of Booka, a facilities management software business based in Australia. This was completed 14 November 2023.

On 12 January 2024, the Group completed the acquisition of LinkSafe, a Melbourne-based contractor management company. The purchase price equated to £11.235 million.

Our people and our values

With our deep sector and software expertise and depth of leadership, we build durable long-term relationships based on a shared purpose and commitment.

Self-development, engagement, and recognition are key to our culture as we challenge everyone to own their learning journey, involve themselves in opportunities as they arise, and reward/recognise each other with the tools we have available.

We're passionate about what we do, and underpinning all of this is our aspiration to be a global GovTech champion, which is built into every aspect of Civica life, and supported by our:

- Vision: to be a global GovTech champion
- Mission: We make software that helps deliver critical services to citizens all around the world
- Purpose: To serve citizens

Guided by our Civica Way framework, we continue to strategically invest in our global team. We aim to recruit diverse colleagues from all backgrounds who share our strong purpose and values – offering continual training and development for people to develop careers with us while empowering everyone to feel able to bring their true selves to work.

Directors' Report and Strategic Report (*continued*)

Our people and our values (*continued*)

A leading employer

We work hard to ensure Civica remains a great place to work, with a leading brand to attract and retain diverse talent from across the globe. Re-accredited with Investors in People 'Gold' in 2022, we continuously invest in our people and business through sustained programmes for engagement, learning and development via our Civica Academy.

This dedicated focus on employee wellbeing, supporting diversity and effective leadership continues to be recognised. We maintained our position as one of the top companies in the 2023 global Financial Times Diversity Leaders list, named as a top ten UK-based IT and software business. We were also re-certified as a Great Place to Work in India 2023, for the third year running. Civica was also recognised in the Financial Times UK's Leading Management Consultants for the Public and Social Sector. We are a disability confident employer and signatory of the Business Disability Forum.

In 2023, Civica was awarded the Armed Forces Covenant Employer Recognition Scheme (ERS) Silver Award to further cement our commitment to the Covenant and demonstrate that we go above and beyond to support those who serve, have served, or support serving family members in the Armed Forces.

An agile workplace

We empower our people to manage their own wellbeing and work life intelligently. Under our blended working approach, everyone can be accountable for what they deliver regardless of when and where they are working. This both allows us to attract and retain the best talent while provide benefits for colleagues and our entire business.

Our 'blended working' model places a greater emphasis on blended learning; we combine virtual and face-to-face training to offer a programme to suit everyone. While in-person learning is still vital for wider networking, we also make the most of technology for all-important collaboration and innovation.

We offer all our managers the tailored training needed to support remote/blended teams, inclusion, and maintain collaboration and innovative ways of working. This is backed by our focus on positive health, with access to support and advice, providing practical health and wellbeing support through programmes such as our Employee Assistance programme and wellbeing initiatives.

We also have 42 Global Mental Health Champions, with more waiting to complete their initial training and plans to expand the programme in India. These champions offer both virtual and in-person support for those looking for confidential help at work and are all trained in Mental Health First Aid. We run regular Health and Wellbeing virtual 1:1's with our partner provider Sander's Fitness, focused on improving mental and physical health and new resolutions sessions.

Skills and career development

During the period, we welcomed new colleagues through organic growth, and continued to integrate those who had joined via acquisitions, supported by the Group's consistent approach to workforce planning and talent development, including our First Impressions in-person onboarding programme. We encourage everyone to grow their skill set throughout their career and to reach their full potential. Through our global Civica Academy, we delivered a record 359,000 hours of training across the UK, including formal facilitated training, online technical training and social and experiential learning.

We continue to develop our blended training and self-directed e-learning, continuously reviewing our current training, investing in new and improved modules. Alongside structured coaching, mentoring, regular check-ins and personal development planning, we also encourage people to take ownership to drive their own careers and be their own 'Chief Learning Officers'. During the period, we Launched a Personal Development Plan eLearning course to support ownership of development, career conversations and internal mobility.

Succession planning is a vital and consistent area of focus across our business. We launched new high potential senior leadership programme in the period, empowering and further developing our stars to support succession planning and internal mobility.

We have enhanced our current programmes, ensuring all our programmes offer eLearning to support our blended learning approach, while meeting new business demands. During the period, we've continued to build our online learning catalogue adding additional training on core communication skills (questioning and listening) and managing change.

Directors' Report and Strategic Report *(continued)*

Our people and our values *(continued)*

Skills and career development (continued)

We continue to expand our Sales Excellence Programme to help all our teams perform to their best and provide optimum customer support. We also grew our coaching programme and continued to roll out a formal qualification as part of a 'Leaders as Coaches' module. Our successful mentoring programme continues to help people reach their full potential, find the best internal opportunities and feel even more supported in the workplace.

We launched the PPM Academy, a cohort of degree Project Management apprentices providing us with a talent pipeline for the future. We continued to attract graduates to our Vadodara India hub and welcomed a large cohort of apprentices and graduates, placed across several divisions. We also continue to invest in our current employees with the delivery of a range of apprenticeship programmes to aid career development.

Diversity, equity and inclusion at heart

At Civica, we encourage everyone to bring their true selves to work - helping people to feel included and welcome at Civica regardless of race, gender or sexuality.

During the year, we took further steps to improve inclusivity to ensure a supportive work environment for our diverse community, including launching our new Diversity, Equity and Inclusion (DEI) Training for all our leaders and a new Diversity, Equity and Inclusion eLearning programme for all employees.

We grew momentum in our global affinity groups: our LGBTQIA+ community attended Pride parades in Bristol, Belfast and Vadodara, while our Menopause Group hosted a series of podcasts with journalist Kate Muir invited to talk. We also improved communications accessibility following feedback from our Accessibility Affinity Group, including the introduction of Alt text for all our images.

In 2023 we celebrated South Asian Heritage Month and Black History Month by amplifying the voices and experiences of our colleagues, both internally and on our website & social media channels.

We continue to champion women in technology, increasing the number of female employees through development, promotion and recruitment. Our Women in Civica group elected a new steering committee and Chair to take their offering to the next level in the coming year.

A signatory to the Tech Talent Charter since 2019, we're committed to inclusive recruitment and benchmarking our progress against industry best practice.

A summary of the gender diversity throughout Civica is as follows:

	As at 30 September 2023		As at 30 September 2022	
	Female	Male	Female	Male
Number of employees	2,341	2,892	2,316	2,905
Of which managers	311	649	325	656
Of which senior managers	96	237	98	232
Of which Group directors	2	7	1	7

Senior Managers are defined as managers who have direct line responsibility for managers of teams of people.

The above is a snapshot of the total headcount excluding casual employees and contractors as at 30 September 2023.

Inform and engage

We pride ourselves on keeping our people informed and engaged, and deliver an intentional and consistent rhythm of Group, regional and divisional communications to bring our purpose and 'Civica story' to life.

In 2023, we hosted informative webinars for our people on topics from Global Parents Day to financial awareness, mental wellbeing, learning from each other and understanding your pension.

We launched our new Sync newsletter to connect our colleagues globally, as well as recognising our colleagues' fantastic efforts in new Winning today emails and encouraging two-way comms via Viva Engage and Microsoft Teams.

Directors' Report and Strategic Report (continued)

Our people and our values (continued)

Inform and engage (continued)

We ran a series of Civica story roadshows led by our CEO Lee Perkins and launched our Teal Book to support our colleagues' understanding of who we are, what we're doing to champion our customers and citizens, and our future plans.

We also added new and refreshed hubs in Belfast and Leeds (UK), Indore (India), Winnipeg (Canada) and Newcastle (Australia).

In the community

In 2023, we increased the number of volunteering days available for our colleagues to take in addition to their annual leave from one to three – now called our Days of Difference.

Under the Civica Foundation, our colleagues have made a huge impact to their local communities and charities worldwide, from donating blood to supporting local food banks, fundraising for cancer research and children with disabilities, to helping the elderly with their digital inclusion. During the period we supported Action for Children's Boycott your Bed initiative as well as the Alzheimer's Society, Breast Cancer Now and Oxfam to name but a few.

In the UK we ran our 102,000km fitness challenge to raise money for Action for Children and get our colleagues logging their miles together, while in Australia our STEPtember challenge raised much needed funds for those living with cerebral palsy.

Reward and recognition

Civica provides a highly competitive benefits package, including flexible elements which people can tailor to their needs such as extra holiday and cycle-to-work schemes.

Civica is committed to ensuring that all entry positions are paid at least the rate recommended by the Real Living Foundation which is above the statutory minimum wage.

We recognise the immense efforts of our colleagues and their contribution to our performance – and always say thank you for a job well done. Our annual global Civica Employee Awards, which recognise and reward our people who are actively going above and beyond, were held in the UK, Australia and India, with more than 1,700 global nominations received in 2023.

Our 'Praise' scheme allows people to share their gratitude for colleagues online and our Civica Special Thanks and Recognition (CSTAR) programme rewards employees who have gone the extra mile.

Anti-corruption and human rights

We are fully committed to sound and fair business practices including zero tolerance on anti-corruption. Prevention, deterrence and detection of fraud or bribery is the responsibility of all, and the company encourages employees to report any suspicions in confidence. Civica recognises that work is crucial to a person's dignity, well-being and development and as such we are committed to the creation of jobs and working conditions in which people can work in freedom, safety and dignity at a global level. We expect the same from all contractors, suppliers and other business partners across our global supply chain. We are committed to identifying and assessing any potential risks and eliminating the possibility of modern slavery and human trafficking occurring in our business.

We also pledge to provide a workplace environment where colleagues are recognised as the most valuable asset, treated with respect, dignity, and consideration. This commitment is built upon a framework of policies and procedures designed to ensure fairness throughout a colleague's employment lifecycle.

Civica embraces difference across all parts of the organisation. We will not tolerate any discriminatory practices in talent attraction, compensation, access to learning and development, promotion nor exit practices, based on gender (including gender reassignment and pregnancy), marital status, family status, religious belief, disability, age, racial grounds, sexual orientation or any other area which could give rise to discrimination.

Directors' Report and Strategic Report *(continued)*

Key performance indicators

Management use various key performance indicators (KPIs) to routinely monitor the Group's performance and development. KPIs are separately disclosed for the Group and Software as part of the ongoing strategy to focus on software related activities, with previous non-software related contracts reducing as they complete. Software is not reported in the financial statements as a segment or as a separate activity in turnover note 3, as the various elements of turnover disclosed all include software activity. The remaining elements of non-software activity do not meet the definition of discontinued operations under FRS102.

Management considers these KPIs to be key, as they are output performance indicators which can be applied consistently across the group, and their input drivers can be clearly understood by management. Those KPIs include:

- Turnover (Group and Software);
- Net Revenue, which equates to total revenue less 3rd party cost of sales (Group and Software);
- Operating profit before depreciation, amortisation, exceptional charges and Project Centum costs (EBITDAE), as disclosed in the Consolidated Profit and Loss Account and note 3 to the financial statements (Group and Software);
- Adjusted operating cash flow is before depreciation, amortisation, exceptional items, Project Centum, defined benefit pension scheme contributions, provision movements and taxation (Group); and
- Adjusted operating cash flow conversion as a percentage of EBITDAE (Group).

These KPIs for the years ended 30 September 2023, 30 September 2022 and 30 September 2021 were:

£000	Year ended		Year ended		Year ended	
	30 September 2023		30 September 2022		30 September 2021	
	Group	Software	Group	Software	Group	Software
Turnover	510,985	463,666	476,491	398,933	458,872	361,726
Net Revenue	466,278	420,162	435,518	363,252	402,912	322,749
EBITDAE	130,735	130,782	111,566	112,750	110,516	105,929
As a % of Net Revenue	28.0%	31.1%	25.6%	31.0%	27.4%	32.8%
Adjusted Operating cash flow	141,006		106,108		120,201	
Adjusted Operating cash flow as a % of EBITDAE	107.9%		95.1%		108.8%	

The business also monitors a series of non-financial KPIs that underpin our approach to driving the business forward. These include net promoter score (customer and employee) and customer satisfaction metrics. There are also a number of operational performance indicators that are tracked within the business to ensure that the operations of the group are monitored and managed effectively, with action plans to drive continuous improvement.

Directors' Report and Strategic Report (continued)

Non-Financial and Sustainability Information

Climate-related Financial Disclosures (CFD)

Governance

To ensure effective oversight and implementation of the Group's Climate Reduction Plan (CRP), the Group has recently established an Environmental and Social Governance (ESG) Committee, led by the Head of ESG. During the year the Head of ESG left the business and the Group is in the process of recruiting a new Head of ESG to lead the ESG Committee and further integrate climate risk in our processes.

Members include senior management across various divisions and geographies of the Group. The Committee is responsible for defining and delivering the Group's ESG approach and for the identification and assessment of climate related risks and opportunities.

The Committee also provides clear focus for the ongoing development and implementation of our environmental policy, which is supported by our ISO 14001 environmental standard. We are committed to working with our staff, customers, suppliers, contractors and partners to recognise and reduce the impact we all have on the environment. This goes hand-in-hand with optimising our services to support environmental and community initiatives.

The ESG Committee are kept informed by input from the various committee members who represent different specialisms. The ESG Committee will also engage with 3rd party specialists where needed to provide additional insight and advise accordingly on changes to regulations. Our environmental consultants have been advising the Group for several years, supporting our group data gathering activity and green house gas (GHG) and carbon footprint calculations. ESG Committee members meet ad-hoc based around reporting requirements, with plans to further integrate ESG and climate related considerations as part of the Group's overall risk management processes.

Risk Management

The Executive Management Board has overall responsibility for implementing the Board's policies on risk. The Executive Management Board consists of the chief executive and chief financial officers, the divisional executive directors and the chief officers for people, marketing, business development, product strategy, technology and infrastructure. Each business within the Group is subject to a monthly business review by the Executive Management Board members to assess the financial and operational performance and business risks. Specific business risks are identified and mitigated through this process initially.

The Executive Management Board meet on a monthly basis to discuss strategic issues and, amongst other things, also address management of risk. This will also include existing and emerging regulatory requirements related to climate-related factors with input from ESG Committee members and our third party advisors as required.

A centralised risk log is maintained and as part of the overall risk management process, the Compliance and Improvement team will separately, on a quarterly basis, schedule meetings with individuals within the Executive Management Board and any other risk owners. These sessions will review each risk on the central risk log individually and will evaluate whether there are any changes to the risk itself or the assessment of the risk. These meetings provide the opportunity for key management individuals to raise any new risks that should be considered including any climate related risks. Each quarter an updated risk log is circulated to the Executive Management Board alongside a short report detailing any changes since the last quarter.

Strategy

Civica is committed to achieve Net Zero Carbon emissions by 2040 and have a Carbon Reduction Plan which sets out how this will be achieved.

The three core principles to guide us on our journey towards Net Zero:

- Supporting our customers' Net Zero ambitions

Our software helps customers deliver on their ESG objectives, including being able to meet Net Zero commitments. We work with our customers to co-create public services that are fit for today and for the future.

- Creating software with sustainability built in

We're applying sustainability principles in our software design, building features that help customers save carbon, and also supporting customers on their transformative journey to reduce their carbon footprint.

Directors' Report and Strategic Report (continued)

Non-Financial and Sustainability Information (continued)

Climate-related Financial Disclosures (CFD) (continued)

■ Reducing our own impact

We have a carbon reduction plan in place and a commitment to achieve Net Zero by 2040 at the latest. We're reviewing our energy mix and the materials we use, and we are working with partners to plant a Civica forest.

Currently Civica has not identified any principal climate risks or opportunities that are considered significant and material to the group and therefore the Group's risk log does not include any specific climate related risks. Processes are in place to capture any new risks as they occur as well as changes in the profile of current risks and this will include climate related risks as appropriate. The group provides essential software to the public sector and therefore operationally there is minimal climate related risks that could materially impact on the operations of the group. We consider our strategy and approach to be resilient given the nature of the business and the relatively manageable levels of emissions compared to other industries.

We have not included a description of the actual and potential impacts of the principal climate related risks and opportunities on the business model or an analysis of the resilience of the business model by taking into consideration different climate related scenarios. Civica do not consider it necessary for an understanding of the business as no principal climate related risks or opportunities have been identified and raised as part of the Company's wider risk management processes.

Metrics and Targets

Our ESG strategy is underpinned by our commitment to achieve net Zero by 2040. Environmental reporting at Civica uses GHG Protocol and UK Government Reporting Guidelines, including Streamlined Energy and Carbon Reporting (SECR) requirements (Companies Act 2006). Our Carbon Reduction Plan is completed in accordance with the UK Government's Procurement Policy Note 06/21 (PPN 06/21) which sets out how to take account of Carbon Reduction Plans in the procurement of major central government contracts.

Reduction trajectory targets are aligned with warming scenarios outlined by the Science Based Targets Initiative (SBTi) Absolute Contraction Approach and aligned to the aims of the Paris Agreement. Civica is accredited to the ISO14001 Standard, which maps out a framework that a company or organisation can follow to set up an effective environmental management system.

As part of this, we are committed to capturing all known GHG emissions from our global locations which will provide us with specific areas to target for reductions. Alongside our GHG report, Civica will also be completing ESOS phase 3, due in June 2024, which will provide new opportunities for us to reduce our emissions output. ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. The UK Environment Agency is the UK scheme administrator.

We also report and disclose on Scope 1, 2 and 3 emissions for the specific Group entities as required by SECR regulations (see "Streamlined Energy and Carbon Reporting (SECR)" section below for details).

Environmental policy

Civica is aware that operating its business has a potential impact on the environment. We believe that it is important to work with our customers, suppliers, partners and employees to follow sound sustainability practices to prevent pollution, reduce the negative and enhance the positive environmental and social impacts of our business activities.

To this end, Civica is committed to the following goals:

1. To identify and understand the direct and indirect impact Civica's facilities, operations, business practices, products and services may have on the environment in line with Civica's context. To operate our business in a manner that is sensitive to the needs and concerns of all stakeholders and the surrounding environment.
2. Where practical, to use the latest technology to develop environmentally conscious ways of providing our products and services.
3. To consider environmental issues in our decision making, whilst recognising that business concerns might affect the course of action.

Directors' Report and Strategic Report (continued)

Non-Financial and Sustainability Information (continued)

Environmental policy (continued)

4. To minimise the creation of waste and pollution in our operations and business activities. We will dispose of waste conscientiously and creatively by encouraging a “reduce/reuse/recycle” culture.
5. To educate and train our employees in environmentally conscious practices, recognising that no matter what their roles are, employees are also responsible for protecting the environment.
6. To increase employee contribution to environmental initiatives.
7. To ensure compliance with relevant environmental legislation, ISO 14001 and other requirements related to our operations.
8. To set and achieve environmental objectives and targets at all appropriate levels and in line with the company goals as part of an on-going programme of continuous improvement.
9. To have local, facility-based, environmental initiatives.

Streamlined Energy and Carbon Reporting (SECR)

In accordance with the UK Streamlined Energy and Carbon Reporting (“SECR”) requirements outlined in the Companies Act (2006) for large quoted and unlisted companies, the Group is required to report on its Greenhouse Gas (“GHG”) emissions.

This SECR report contains details on annual GHG emissions and total energy consumption for Civica UK Limited (“CUKL”), covering our facilities, transport assets, and energy efficiency and environmental management actions implemented during the financial year. Subsidiaries within the Group which do not qualify as ‘large’ in their own right, under the definitions of the legislation, have been excluded from this disclosure. This report contains our SECR disclosure for the year ended 30 September 2023.

Methodology

Scope of analysis and data collection

During the year ended 30 September 2023 we have collected primary data for our offices and business travel activities including: electricity consumption (kWh), electricity transmission and distribution (kWh losses), gas consumption (kWh), company car mileage, and employee mileage claims (Grey Fleet).

All primary data used within this report is from 1 October 2022 to 30 September 2023, covering our financial year. The scope of our GHG emissions calculation covers all CUKL’s operations.

Calculation Methodology

We have used the BEIS and Greenhouse Gas Protocol Corporate Reporting Standard (GHG Protocol) methodology for compiling this GHG data and have calculated our GHG emissions in accordance with the UK Government’s reporting guidelines for Company Reporting. To ensure consistency in our reporting we are reporting all GHG emissions in units of CO₂e (carbon dioxide equivalent) and have used 2023 GHG Conversion Factors for Company Reporting, published annually by the UK Government.

GHG Emissions Scopes

The following reporting scopes (as outlined by the Greenhouse Gas Protocol) are included within this disclosure:

- **Scope 1 emissions:** direct emissions from sources which CUKL owns or controls. This includes natural gas consumption in our offices, and the use of company cars.
- **Scope 2 emissions:** indirect emissions relating solely to the generation of purchased electricity that is consumed by CUKL.
- **Scope 3 emissions:** indirect emissions relating to the transmission and distribution of purchased electricity, the use of hire vehicles, and business travel by employee-owned vehicles (“Grey Fleet”).

Directors' Report and Strategic Report (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

Energy Consumption

The table below displays CUKL's annual energy consumption for electricity, natural gas and business travel for the year ended 30 September 2023. In line with SECR reporting requirements this is presented in kilowatt hours (kWh).

Emissions Source	GHG Scope (GHG Protocol)	Reporting Units	Year ended 30 September 2022 (restated) *	Year ended 30 September 2023	Y.o.Y % Change
Electricity	Scopes 2 & 3	kWh	1,685,073	1,488,316	-12%
Hire Cares/Grey Fleet	Scope 3	kWh	1,280,892	1,421,048	-11%
Natural Gas	Scope 1	kWh	910,905	539,122	-41%
Company Cars	Scope 1	kWh	188,315	148,895	-21%
Total Energy Consumption		kWh	4,065,185	3,597,381	-12%

* Consumption figures for the year ended 30 September 2022 have been restated following continued work to improve the accuracy of the underlying dataset.

GHG Emissions Reporting

In accordance with the SECR Emissions Reporting requirements, CUKL's GHG disclosure for the year ended 30 September 2023 is presented below. Results have been split by scope as outlined by the GHG Protocol calculation methodology.

GHG Emissions Scope	Result Units	Year ended 30 September 2022 (restated) *	Year ended 30 September 2023	Y.o.Y % Change
Scope 1	tonnes CO ₂ e	212.59	135.55	-36%
Scope 2	tonnes CO ₂ e	325.86	308.19	-5%
Scope 3	tonnes CO ₂ e	347.32	372.76	7%
Total GHG Emissions	tonnes CO₂e	885.77	816.50	-8%
GHG Emissions Intensity 1	tonnes CO₂e/£m turnover	2.82	2.50	-11%
GHG Emissions Intensity 2	tonnes CO₂e/employee	0.30	0.28	-7%

* Emissions figures for the year ended 30 September 2022 have been restated following continued work to improve the accuracy of the underlying dataset.

Total GHG Emissions for Scope 1, Scope 2, and Scope 3 for the year ended 30 September 2023 are 816.5 tonnes CO₂e (8% lower than the prior year). Of the total GHG emissions, Scope 1 accounts for 17%, Scope 2 accounts for 38%, and Scope 3 accounts for 45%. GHG Emissions CO₂e Intensity per £m turnover is 2.50 tonnes CO₂e, and per employee is 0.28 tonnes CO₂e (11% and 7% lower than prior year respectively).

Energy Efficiency & Environmental Management

During the reporting year Civica has been focusing upon further improving our current environmental and carbon management programmes. Internally, we have undertaken several initiatives to reduce our carbon footprint and foster sustainable practices in our operations, our employees, and with our customers including:

- **LED Lighting Implementation:** A comprehensive transition to LED lighting has been initiated across our offices, replacing aged light fittings and incorporating PIR sensors for automatic on/off lighting.
- **Solar Panel Investigations:** Ongoing investigations for the installation of solar panels have been extended to consider further potential locations.
- **Out-of-Hours Operations Reduction:** In an effort to limit utility consumption, out-of-hours operations at one location have been reduced. Further investigations for other sites are planned for the next financial year, including adjustments to cleaning schedules.
- **Days of Difference:** Our "Days of Difference" program, designed for colleagues to make a positive impact to their local communities and the environment, has been extended from one to three days during the year. This initiative allows our employees to actively contribute to charity or community causes.

Directors' Report and Strategic Report (*continued*)

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

- **Hybrid approach to working:** Supporting homeworking which minimises emissions through reduced commuting. To facilitate flexible working, all colleagues use online collaboration tools, such as Microsoft Office and Teams.
- **Working with customers:** Developing innovative software-based services that reduce property/power requirements, help customers take more sustainable choices, applications which remove paper, and underpinned by energy efficiency cloud-based services.
- **Continued to support our customers in their adoption of Cloud technology:** Those customers that have moved to our Azure hosted Cloud solutions have benefited from Microsoft's global carbon neutral status since 2012, and their commitment to being carbon negative by 2030. By using Azure technology, the customer's carbon footprint will be reduced, whilst also having the benefit of reducing the reliance on less efficient technologies currently in use.

We continue to align with all environmental legislation that relates to the company, monitored through audits to support our ISO accreditations.

These initiatives underline Civica's commitment to environmental responsibility, and we anticipate positive outcomes in alignment with our sustainability goals.

Corporate governance

The Civica Group is majority owned by funds managed and/or advised by Partners Group, and is controlled by a Board comprising Partners Group-nominated non-executive directors and Civica management.

The Group continues to operate a strong framework of corporate governance across the business to ensure the successful delivery of business outcomes in line with our strategy and priorities, management of risk and focus on delivery of excellent service to our customers. This framework is managed through the following components.

Group Board

The Board is responsible for the overall strategy of the Group and the effective management of risk and performance. It meets on a monthly basis to review business performance from a strategic, financial and operational perspective and to ensure that risks are appropriately managed, including major bids and investments. The performance review is closely aligned to the key priorities in respect of financial performance, products and services, people, customer service and operational efficiency. Business planning is conducted on an annual basis, again in line with the strategy and key priorities, and is approved by the Board. The Board had an effective balance of executive (2) and non-executive (7) directors during the year.

Audit Committee

The purpose of the Audit Committee is to review the financial statements and controls of the Group on behalf of the Group Board. The committee is responsible for being assured that the principles and policies comply with best practice and accounting standards. The committee will also consult with the external auditors reviewing key risk areas, seeking to satisfy itself that the internal control and compliance environment is adequate and effective, and recommending to the group board the appointment and remuneration of the external auditors.

The Audit Committee is chaired by the Group's non-executive chairman, and comprises the chief executive officer and Group Board members from Partners Group. The chief financial officer is invited to attend but is not a member of the audit committee.

Remuneration Committee

The function of the Remuneration Committee is to provide oversight of the terms and conditions and remuneration of senior employees on behalf of the Group Board.

The Remuneration Committee is chaired by the Group's non-executive chairman, and in addition comprises the chief executive officer and Group Board members from Partners Group.

Executive Management Board

The Executive Management Board consists of the chief executive and chief financial officers, the executive directors for the operating divisions and the chief officers for people, marketing, business development, product strategy, technology and infrastructure. It meets on a monthly basis to discuss strategic issues and the effective management of people and culture, opportunity, risk and business improvement.

Directors' Report and Strategic Report (continued)

Corporate Governance (continued)

Monthly business reviews

Each unit within the Group is subject to a monthly business review by Executive Management Board members to assess the financial and operational performance and business risks, review the financial projections and review working capital management and cash flow performance. Financial and operational key performance indicators in each unit are aligned to the key priorities of the Group as highlighted above. Specific business risks are identified and mitigated through this process.

Commercial, legal and project management controls

All acquisition, capital investment and business development activity is controlled through a methodical process of qualification, review and approval, which is dependent upon both value and complexity to ensure appropriate management of business risk and effective use of business resources.

Operational processes

As Civica continues to grow organically and through acquisition, we constantly review operational processes across the Group to support effective product and service development and efficient delivery to customers as well as our internal administration. This is enhanced by a sustained cross-company improvement programme to strengthen our operating platform and to drive consistent best practice globally. This is underpinned by a wide range of management accreditations including ISO 9001 (quality), ISO 14001 (environmental), OHSAS 18001 (Health & Safety), ISO 22301 (Business Continuity), ISO 20000 (IT service management) and ISO 27001 (information security).

Principal risks and uncertainties

The Board is responsible for the Group's approach to assessing risk and accepts that in creating value for Civica, the Group must take on and accept some risk. The executive directors are responsible for implementing the Board's policies on risk and control and monitoring compliance with these policies across the Group. This system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

As with all other entities providing specialist software and systems, digital solutions and associated services primarily to the public sector, the main risks and uncertainties facing the Group surround the level of public sector funding available in future periods, the risks of technological advancement and the threat of competition.

The Group's primary and material financial risk management objectives and policies concern the Group's external borrowings (see notes 15 and 16), the level of operating cash flow (see the cash flow statement) required to be generated to repay interest at the interest rates given in note 15, leverage ratio, and the amount of headroom achieved above and beyond the minimum leverage required.

The Board monitored all of the above primary financial risks within the Group's risk management objectives and policies at least monthly and continues to do so.

The group manages operating cashflow as a key performance indicator across all businesses within the Group. As a result of strong cash management and business growth, the business has been steadily deleveraging and increasing headroom against its bank borrowings, which are described in note 15.

Specifically addressing some of the key risk areas:

Interest rate risk

The company regularly reviews its exposure to fluctuations in underlying interest rate movements which underpin the company's borrowings, and ensures appropriate actions are undertaken to mitigate this risk. As part of this review, an interest cap was put in place for the majority of the borrowings of the Group, to minimise any impact of variable interest rates rising above forecast levels.

Directors' Report and Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Liquidity risk

The company regularly reviews its exposure to risks which may affect the liquidity of the Group, to ensure that appropriate cash and working capital facilities are in place to enable the ongoing operation of the business. In terms of the Group's cash balances, these are held in standard instant access bank accounts in the geographies in which the group operates, with regular reviews undertaken to ensure adequate working capital is available to each of the businesses in those geographies. Any surplus funds are periodically repatriated to the Group so that the Group can manage the overall liquidity of the business effectively. The group refinanced its debt facilities at the end of August 2023. This resulted in the previous facilities being fully repaid and new facilities issued, maturing in 2030. The group has access to a revolving credit facility, of which £50m is undrawn, and can be called at any time. The revolving credit facility forms part of the Group's debt facility as described in note 15. There is also an additional CAR facility of up to £300m of which 10% can be drawn down for working capital purposes.

Market risk

The Group operates a portfolio of businesses across a number of geographies, and therefore has some exposure to foreign exchange risk. Approximately 27 per cent of the Group's revenues are outside of the UK, primarily in Australia and Singapore. The Board regularly reviews this risk and ensures plans are in place to effectively manage it, including:

- Delivering the software and services locally, with locally paid resources so that costs of delivery are in the same currency as revenues;
- Denominating some of the Group's borrowing facilities in local currency, to provide a natural cash flow hedge.

Credit risk

The Group offers standard market credit terms to customers, typically 30 days, and regularly assesses the credit risk of new and existing customers to the Group.

The Group operates predominantly in the public sector, where customers are seen as very low risk of default, and this is further mitigated by payment from customers being a key requirement of continuing to be licensed to use our business-critical software applications.

Future developments

The Group continues to increase its global profile and is valued for its combination of people, technology and business process expertise. With a sustainable business and well-developed strategy, we believe the Group is extremely well placed as a strong and stable partner for our customers as they continue to respond to rapid and significant change.

Dividends

The directors do not recommend the payment of a dividend on ordinary shares. Dividends of £94,403,000 on preference shares were accrued during the year (2022: £85,821,000 accrued).

Directors

The directors who held office were as follows:

Executive directors:

Lee Perkins	Chief Executive Officer	Appointed 25 November 2022
Wayne Story	Chief Executive Officer	Resigned 31 December 2022
Martin Franks	Chief Financial Officer	

Non-executive directors:

Simon Downing	Non-Executive Chairman	Resigned 31 January 2024
Christian Unger	Partners Group representative	
Bilge Ogut	Partners Group representative	
Charles Rees	Partners Group representative	
Guy Berruyer	Non-Executive Director	
Franck Cohen	Non-Executive Director	
Andrea Stone	Non-Executive Director	Appointed 1 March 2023

Directors' Report and Strategic Report *(continued)*

Directors *(continued)*

Simon Downing has resigned from the Board of Directors as of 31 January 2024 and Charles Rees is acting as interim Chair of the Board and the Remuneration and Audit Committees until the transaction with Blackstone completes.

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Lee Perkins – Chief Executive Officer

Lee joined the Group in October 2022, becoming Chief Executive Officer in November 2022. He has experience of operating international software businesses at scale, notably in his role as Group COO at Sage where he led the cloud transformation, global portfolio management, and go-to-market workstreams. Lee has also served as North East Regional Chair of the CBI and held a number of executive positions in the technology sector over the past two decades including CEO M247 (formerly Metronet Group), UK MD at Sage and UK MD at Tech Data (now TD Synnex).

Martin Franks – Chief Financial Officer

Martin joined Civica in January 2022. Martin has over 25 years of experience with international B2B technology businesses including 2 successful private equity cycles. Before joining Civica, he was CFO of Foundry, a developer of software for the media and entertainment industries. He started his career as a Chartered Accountant with PwC and has a degree in French and German from Cambridge University.

Simon Downing – Non-Executive Chairman

Simon founded Civica in 2001, rapidly building the Group's position as a leading software partner for the public sector. He led the business through IPO and a number of subsequent private equity-backed buyouts. He remained chair of Civica until January 2024, which is now one of the UK's largest software companies, with over 5000 employees operating in 10 countries. Simon has over 30 years of leadership experience and is a past winner of the EY Technology & IT Services UK Entrepreneur of the Year award. Simon is chair of Audiotonix Group, one of the world's largest music technology companies and a non-executive director at Literacy Capital plc.

Christian Unger – Partners Group representative

Christian Unger is Head of the Operating Directors and Entrepreneurial Governance business unit, based in Zug. He is a member of the Board of Directors of the firm's portfolio company Civica. Christian is a member of Partners Group's Global Executive Board and has been with the firm since 2013, bringing 27 years of industry experience in the media and digital space. Prior to joining Partners Group, he was global CEO of Ringier AG, Switzerland's largest media company. During that time, he was also Chairman of Betty Bossi AG and board member of Scout24, jobs.ch, RingierAxelSpringer AG and Publigroupe AG. Before Ringier, he was CEO of QXL Ricardo/Allegro, a publicly listed e-commerce company (at the LSE in London) which he sold to Naspers for 2bn CHF in 2008. He is also on the board of USIC and Côte. Christian started his career at Bertelsmann AG and holds a master's degree in economics from the European Business School, Germany.

Bilge Ogut – Partners Group representative

Bilge Ogut is Head of the Private Equity Technology business unit, based in Zug. She is a member of the Global Investment Committee, the Private Equity Direct Leads Investment Committee, Chairwoman of the Private Equity Direct Co-Investments and Direct Lead Growth Investments in Technology Investment Committee and a member of the Board of Directors of the firm's portfolio companies Civica, Forterro and Unit 4. She has been with Partners Group since 2013 and has 29 years of industry experience. Prior to joining Partners Group, she worked at Standard Bank, Warburg Pincus and Goldman Sachs. She holds an MBA from Harvard Business School, Massachusetts, USA and a bachelor's degree from the Wharton School at the University of Pennsylvania, USA.

Charles Rees – Partners Group representative

Charles Rees is part of the Partners Group European Private Equity business unit, focused on Technology investments. He has been with Partners Group since 2011. He is a member of the Board of Directors of the firm's portfolio companies Civica, Forterro and Unit4, and has also been involved with the firm's investments in Foncia, Cerba Healthcare and International Schools Partnership. Prior to joining Partners Group, he worked at Goldman Sachs. He holds a bachelor's degree in social and political sciences from the University of Cambridge, UK.

Directors' Report and Strategic Report (continued)

Directors (continued)

Guy Berruyer – Non-Executive Director

Guy was a FTSE-100 CEO of Sage Group from October 2010 until November 2014. His career in technology includes 17 years with SAGE, during which time he was instrumental in driving its cloud strategy. Guy was previously with Groupe Bull and Intuit. Guy is currently non-executive chairman of Orisha (formerly DL Software) in France, and chairman of Basis Technologies in the UK. He has an MBA from Harvard Business School and a degree in electrical engineering.

Franck Cohen – Non-Executive Director

Franck is the former President of SAP Digital Core & Industry Solutions, and prior to that, held a number of roles, including global chief customer officer, President of EMEA. Franck began his career in 1987 when he created an ERP company in France. Ten years later, he joined Intentia, a Swedish ERP company, where he held several roles including General Manager of EMEA and EVP of Sales Worldwide. In 2006, when Intentia merged with Lawson Software. He subsequently relocated to the United States to lead the North American and the EMEA organization. Franck is also the chairman of CYE, a cyber security company in Israel and the chairman of Gocardless, a payment platform company in the UK. Franck has a BSc in Mathematics and Electronic Engineering from the University of Tel Aviv.

Andrea Stone – Non-Executive Director

Andrea Stone is the former CEO of the \$6.5Bn Data and Analytics division of the London Stock Exchange Group (LSEG), and prior to that, its Chief Product Officer. For the last 30 years, Andrea has led transformations of large scale, global data and analytics companies through several roles including Chief Product Officer, Chief Marketing Officer, and Chief Strategy Officer. She has delivered significant value creation for public, private and private equity backed companies in executive positions at ION Group, Dealogic, Bloomberg, and S&P Global. Andrea is currently an independent board member with Xpansiv Ltd. and Alkymi.io. Andrea has a BA from Duke University and an MBA in finance from the Wharton School at the University of Pennsylvania.

About Partners Group

Partners Group is a leading global private markets firm. Since 1996, the firm has invested USD 210 billion in private equity, private real estate, private debt and private infrastructure on behalf of its clients globally. Partners Group seeks to generate superior returns through capitalizing on thematic growth trends and transforming attractive businesses and assets into market leaders. The firm is a committed, responsible investor and aims to create sustainable returns with lasting, positive impact for all its stakeholders. With USD 147 billion in assets under management as of 31 December 2023, Partners Group provides an innovative range of bespoke client solutions to institutional investors, sovereign wealth funds, family offices and private individuals globally. The firm employs more than 1,900 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland; Denver, USA; and Singapore. It has been listed on the SIX Swiss Exchange since 2006 (symbol: PGHN). For more information, please visit www.partnersgroup.com.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' duty to promote the success of the Group

The directors have had regard to the following matters set out in section 172(1) of The Companies Act 2006 when performing their duties:

1. the likely consequences of any decision in the long term,
2. the interests of the company's employees,
3. the need to foster the company's business relationships with suppliers, customers and others,
4. the impact of the company's operations on the community and the environment,
5. the desirability of the company maintaining a reputation for high standards of business conduct, and
6. the need to act fairly as between members of the company.

Directors' Report and Strategic Report *(continued)*

Directors' duty to promote the success of the Group *(continued)*

In promoting the success of Civica, the directors have regard to the Group's stakeholders, including customers, employees, communities, suppliers, shareholders and investors, with focus on our core values. The 'business review' and 'our people and our values' sections of this report on pages 1 to 5 set out how Civica engages with stakeholders to ensure business decisions result in long-term sustainable growth and support our strong and purpose-driven culture.

Our 'Climate-related Financial Disclosures (CFD)' and 'environmental policy' on pages 7 to 9 further highlights how the Group remains aware of the potential impact our operations may have, and the steps taken to enhance the environmental and social effects of the business. The Group maintains high standards of business conduct through the effective corporate governance framework described on pages 11 and 12. This is underpinned by strong operational processes, policies and accreditations to drive consistent best practice across the Group.

Wates Principles

The Group complies with the corporate governance arrangements set out in the six Wates Principles as follows:

Purpose and leadership

The directors develop and promote the Group's purpose with a clear strategy, underpinned by the values and culture set out in the 'business model', 'business review' and 'our people and our values' sections of the strategic report on pages 1 to 5.

Board composition

The Group board comprised 2 executive and 7 non-executive directors during the year, with an effective combination of skills and experience. This is further described under the 'corporate governance' section on pages 11 and 12, and the composition of the board along with the background and experience of the directors is set out on pages 14 and 15.

Director responsibilities

To ensure effectiveness and accountability, the Group's governance structure includes various committees and an executive management board, each with clear purposes and responsibilities. These are detailed on pages 11 and 12.

Opportunity and risk

Civica's success is built on sustainable long-term growth. The board promote this through identifying opportunities, such as those set out in the 'business review' on pages 1 and 2, whilst maintaining effective risk management controls described on pages 12 and 13.

Remuneration

The Remuneration Committee, chaired by the Group's non-executive chairman, is responsible for providing oversight of the terms and conditions and remuneration of senior employees, to ensure it is appropriate and aligned to the sustainable success of the Group.

Stakeholder relationships and engagement

Engagement with stakeholders is integral to Civica's approach. The 'business review' and 'our people and our values' sections of this report on pages 1 to 5 set out how Civica engages with stakeholders to ensure business decisions result in long-term sustainable growth and to and create social value.

Directors' Report and Strategic Report (*continued*)

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Martin Franks
Director

South Bank Central
30 Stamford Street
London
SE1 9LQ

26 February 2024

Statement of directors' responsibilities in respect of the Annual Report and the consolidated financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Independent auditor's report to the members of Camelia Investment 1 Limited

Opinion

We have audited the financial statements of Camelia Investment 1 Limited ("the Company") for the year ended 30 September 2023 which comprise the Consolidated Profit and Loss Account, the Consolidated Other Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least 12 months year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and/or metrics relevant to debt covenants over this period were:

- decrease in EBITDA;
- decrease in operation cash conversion rates; and
- increase in interest base rate.

We also considered less predictable but realistic second order impacts, such as increased exceptional costs, inflationary pressures which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively. Our procedures also included:

- Critically assessing assumptions in base case and downside scenarios relevant to liquidity and/or covenant metrics, in particular in relation to revenue growth assumptions and cash conversion rates by comparing to historical trends in severe economic situations and overlaying knowledge of the entity's plans based on approved budgets and our knowledge of the entity and the sector in which it operates.
- We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.

Independent auditor’s report to the members of Camelia Investment 1 Limited *(continued)*

- We inspected the confirmation from the lender of the level of committed financing, and the associated covenant requirements.
- We considered whether the going concern disclosure in note 1.2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies, and related sensitivities.
- We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, including the Company’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Using analytical procedures to identify any unusual or unexpected relationships;
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is not recognised in the correct accounting period when revenue is recognised from the sale of goods or delivery of service.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying and testing journal entries based on risk criteria and comparing the identified entries supporting documentation. These included those posted to unusual or unexpected account combinations with revenue, cash and borrowings,;
- Evaluated the business purpose of significant unusual transactions.
- Sample testing invoices relating to the period prior to 30 September 2023 to determine whether revenue was recognised in the correct accounting period.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Independent auditor's report to the members of Camelia Investment 1 Limited *(continued)*

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), pensions legislation, distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Independent auditor's report to the members of Camelia Investment 1 Limited

(continued)

Directors' responsibilities

As explained more fully in their statement set out on page 18, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Rob Andrews (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B46GH
27 February 2024

Consolidated Profit and Loss Account
for year ended 30 September 2023

	<i>Note</i>	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Turnover	1,2	510,985	476,491
Cost of sales		(228,306)	(204,323)
Gross profit		282,679	272,168
Administrative expenses		(286,983)	(290,216)
Operating profit before amortisation and exceptional charges		119,551	100,478
Exceptional charges	3	(18,826)	(14,403)
Amortisation	9	(105,029)	(101,348)
Impairment of Goodwill	9	-	(2,775)
Group operating loss		(4,304)	(18,048)
Interest receivable and similar income	6	4,670	53
Interest payable and similar expenses	7	(151,353)	(135,899)
(Loss) / Gain on disposal of business		(254)	3,905
(Loss) / Gain on fair value of financial instruments		(19,594)	25,068
Loss before taxation		(170,835)	(124,921)
Tax on loss on ordinary activities	8	5,211	52
Loss for the financial year		(165,624)	(124,869)

All turnover and results are derived from continuing activities.

The notes on pages 30 to 56 form part of the financial statements.

Consolidated Other Comprehensive Income
for the year ended 30 September 2023

	<i>Note</i>	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Loss for the year		(165,624)	(124,869)
		<hr/>	<hr/>
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		(2,883)	5,638
Remeasurement of the net defined benefit pension liability	<i>19</i>	4	1,486
Deferred tax on other comprehensive income	<i>8</i>	-	(420)
		<hr/>	<hr/>
Other comprehensive income for the year, net of income tax		(2,879)	6,704
		<hr/>	<hr/>
Total comprehensive income for the year		(168,503)	(118,165)
		<hr/>	<hr/>

The notes on pages 30 to 56 form part of the financial statements.

Consolidated Balance Sheet at 30 September 2023

	Note	2023		2022	
		£000	£000	£000	£000
Fixed assets					
<i>Intangible assets</i>					
Goodwill	9	502,837		547,530	
Other intangibles	9	557,177		603,745	
		<hr/>		<hr/>	
			1,060,014		1,151,275
Tangible assets	10		13,725		15,231
			<hr/>		<hr/>
			1,073,739		1,166,506
Current assets					
Debtors (including £4,405,000 (2022: £4,543,000) due after more than one year)	12	156,284		188,354	
Cash at bank and in hand		70,690		39,039	
		<hr/>		<hr/>	
			226,974		227,393
Creditors: amounts falling due within one year	13	(175,985)		(173,823)	
		<hr/>		<hr/>	
Net current assets			50,989		53,570
			<hr/>		<hr/>
Total assets less current liabilities			1,124,728		1,220,076
Creditors: amounts falling due after more than one year	14	(1,758,533)		(1,670,172)	
Provisions for liabilities					
Deferred tax liability	17	(112,874)		(128,282)	
Provisions	18	(5,080)		(4,462)	
Pensions and similar obligations	19	683		267	
		<hr/>		<hr/>	
			(117,271)		(132,477)
			<hr/>		<hr/>
Net liabilities			(751,076)		(582,573)
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	20		58		58
Share premium account			942		942
Profit and loss account			(752,076)		(583,573)
			<hr/>		<hr/>
Shareholders' deficit			(751,076)		(582,573)
			<hr/> <hr/>		<hr/> <hr/>

The notes on pages 30 to 56 form part of the financial statements.

These financial statements were approved by the board of directors on 26 February 2024 and were signed on its behalf by:



Martin Franks
Director

Company registered number: 10969863

Company Balance Sheet at 30 September 2023

	<i>Note</i>	2023	2022
		£000	£000
Fixed assets			
Investments	<i>11</i>	588,776	588,776
Current assets			
Debtors	<i>12</i>	86	17
		<hr/>	<hr/>
		86	17
Creditors: amounts falling due within one year	<i>13</i>	(255)	-
		<hr/>	<hr/>
Net current assets		(169)	17
		<hr/>	<hr/>
Total assets less current liabilities		588,607	588,793
Creditors: amounts falling due after more than one year	<i>14</i>	(1,038,429)	(944,190)
		<hr/>	<hr/>
Net liabilities		(449,822)	(355,397)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>20</i>	58	58
Share premium account		942	942
Profit and loss account		(450,822)	(356,397)
		<hr/>	<hr/>
Shareholders' deficit		(449,822)	(355,397)
		<hr/>	<hr/>

The notes on pages 30 to 56 form part of the financial statements.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and Other Comprehensive Income. The Company's loss for the year amounted to £94,425,000 (2022: £85,853,000).

These financial statements were approved by the board of directors on 26 February 2024 and were signed on its behalf by:



Martin Franks
Director

Company registered number: 10969863

Consolidated Statement of Changes in Equity

	<i>Note</i>	Share capital £000	Share premium £000	Profit and loss £000	Total equity £000
Balance at 1 October 2021		58	942	(465,408)	(464,408)
Total comprehensive income for the year					
Loss for the year		-	-	(124,869)	(124,869)
Other comprehensive income		-	-	6,704	6,704
		-----	-----	-----	-----
Total comprehensive income for the year		-	-	(118,165)	(118,165)
		-----	-----	-----	-----
Balance at 30 September 2022	<i>20</i>	58	942	(583,573)	(582,573)
		-----	-----	-----	-----

	<i>Note</i>	Share capital £000	Share premium £000	Profit and loss £000	Total equity £000
Balance at 1 October 2022	<i>20</i>	58	942	(583,573)	(582,573)
Total comprehensive income for the year					
Loss for the year		-	-	(165,624)	(165,624)
Other comprehensive income		-	-	(2,879)	(2,879)
		-----	-----	-----	-----
Total comprehensive income for the year		-	-	(168,503)	(168,503)
		-----	-----	-----	-----
Balance at 30 September 2023	<i>20</i>	58	942	(752,076)	(751,076)
		-----	-----	-----	-----

The notes on pages 30 to 56 form part of the financial statements.

Company Statement of Changes in Equity

	Share capital £000	Share premium £000	Profit and loss £000	Total equity £000
Balance at 1 October 2021	58	942	(270,544)	(269,544)
Total comprehensive income for the year				
Loss for the year	-	-	(85,853)	(85,853)
	-----	-----	-----	-----
Total comprehensive income for the year	-	-	(85,853)	(85,853)
	-----	-----	-----	-----
Balance at 30 September 2022	58	942	(356,397)	(355,397)
	-----	-----	-----	-----
	58	942	(356,397)	(355,397)
Total comprehensive income for the year				
Loss for the year	-	-	(94,425)	(94,425)
	-----	-----	-----	-----
Total comprehensive income for the year	-	-	(94,425)	(94,425)
	-----	-----	-----	-----
Balance at 30 September 2023	58	942	(450,822)	(449,822)
	-----	-----	-----	-----

The notes on pages 30 to 56 form part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 30 September 2023

	<i>Note</i>	2023 £000	2022 £000
Cash flows from operating activities			
Loss for the year		(165,624)	(124,869)
<i>Adjustments for:</i>			
Depreciation and amortisation		111,283	110,542
Foreign exchange (gains)/losses	6,7	(3,818)	6,028
Interest receivable and similar income	6	(813)	(54)
Interest payable and similar charges	7	151,314	129,871
Gain on disposal of business		254	(3,905)
Loss/(gain) on fair value of financial instruments		19,594	(25,068)
Taxation		(5,211)	(52)
		106,979	92,493
(Increase)/decrease in trade and other debtors		(566)	9,862
Increase/(decrease) in trade and other creditors		16,480	(11,916)
Decrease in provisions		(3,361)	(2,529)
Pension contributions in excess of service cost		(373)	(327)
		119,159	87,583
Tax paid		(5,578)	(11,641)
		113,581	75,942
Cash flows from investing activities			
Interest received	6	813	54
Acquisition of subsidiaries		-	(69,875)
Payment of deferred consideration		(2,077)	-
Purchase of tangible fixed assets		(5,120)	(6,135)
Proceeds from sale of business		-	3,636
Purchase of software intangible assets	9	(2,929)	(2,862)
Capitalised development expenditure	9	(11,151)	(10,049)
		(20,464)	(85,231)
Cash flows from financing activities			
Proceeds from the issue/(purchase) of ordinary share capital		-	(60)
Proceeds from new bank loans		759,935	44,000
Interest paid		(50,419)	(43,343)
Repayment of borrowings		(732,838)	(10,000)
Payment of facility fees		(35,577)	(146)
		(58,899)	(9,549)
Net increase/(decrease) in cash and cash equivalents		34,218	(18,838)
Cash and cash equivalents at the beginning of the year		39,039	56,344
Effect of exchange rate fluctuations on cash held		(2,567)	1,533
		70,690	39,039
Cash and cash equivalents at the end of the year			

The notes on pages 30 to 56 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Camelia Investment 1 Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 (September 2015) *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (“FRS 102”). The amendments to FRS 102 issued in January 2022 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the year has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The only change is in how cost of sales and administrative expenses are categorised, with staff costs for service delivery now being included in cost of sales instead of administrative expenses. We have applied this change in presentation prospectively and as a result the cost of sales and administrative expenses are not comparable to the prior year.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Financial Reporting Council (FRC) issued “*Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risk*” in 2016, and the directors have considered this when preparing these financial statements.

The financial statements have been prepared on the going concern basis, notwithstanding the Group has made a loss of £165.6m in the year to 30 September 2023 (2022: £124.9m) and as at that date had net liabilities of £751.1m (2022: £582.6m), which the directors believe to be appropriate for the following reasons.

The Group meets its day-to-day working capital requirements through cash generated from the business, with facilities of up to £80m available for short-term bank borrowing if required. Financing from its shareholders and borrowings from external banks have been utilised to fund acquisitions.

As at 30 September 2023, the Group had net current assets of £51.0m (2022: £53.6m) and the Group generated positive operating cash from operating activities of £113.6m for the year then ended (2022: £75.9m).

As disclosed in note 14, included in Creditors: amounts falling due after more than one year are preference shares and related accrued dividends of £1,038.4m (2022: £944.0m), which are redeemable on an exit or earlier by the Company (with the consent of directors representing the majority shareholder). Subsequent to the balance sheet date, it was announced that Blackstone had entered into an agreement to acquire the entire share capital of Camelia Investment 1 Limited (see note 25). The transaction is expected to close in Spring 2024, at which time the value of the preference shares and accrued dividends will be payable to the current shareholders, but the transaction will be cash-neutral for the Group and does not impact on the director’s assessment of going concern.

As disclosed in note 14, included in Creditors: amounts falling due after more than one year are external borrowings of £717.3m (2022: £726.1m). During the year the group restructured its debt facilities with the previous facilities being repaid and new facilities drawn which mature in 2030. Financial covenants only apply to the £50m senior revolving facility and only if the outstanding principal of the facility exceeds 45% of the total commitment. As at 30 September 2023, the revolving facility has not been utilised.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern (continued)

The directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows for a period of at least 12 months from the date of signing. For the purposes of their assessment of the appropriateness of the preparation of the Group's accounts on a going concern basis, the directors have considered the principal areas of uncertainty within the forecasts and the underlying assumptions, in particular those relating to market and customer risks, cost management and working capital management.

The Group forecasts have been stress-tested to consider the sensitivity to severe but plausible downside scenarios, including the following potential circumstances: decrease in expected revenue by 10%, which is assessed with reference to unsecured revenue and pipeline data, which would result in a total decrease of EBITDA by 31% ignoring any cost savings and decrease in cash conversion by 10%. Additionally, whilst the majority of the group's external debt is hedged against an interest rate cap, we have considered the impact of 0.5% increase in the base rate on the unhedged element of the debt. In assessing the sensitivity on revenues, the Group has had regard to its order book and the amount of revenues in the forecast which are already subject to contract, but the forecasts are nonetheless contingent on the Group attracting new customers and retaining existing ones. The ability to do this has been demonstrated historically, including during the COVID-19 pandemic and previous economic downturns. The downside scenarios are considered before any potential costs mitigations which are in the Group's control.

The Group has significant liquidity available. The Group's forecasts indicate that even in the severe but plausible downside scenarios it would have sufficient funds to operate within the financial covenants on its loan facilities and to continue to meet its liabilities as they fall due for payment for the forecast period. This includes the availability of the revolving credit facility of £50m, along with up to a further £30m available for working capital purposes committed under the Group's banking agreement.

Further to the November 2023 announcement that Blackstone have entered into a definitive agreement to acquire the Group, the directors have held discussions with the prospective new owners and it is management's view that the underlying trade of the group will continue unaffected, and the parent company Camelia Investment 1 Limited will continue trading during the going concern period, becoming a subsidiary of newly incorporated group entities on completion of the sale.

Consequently, the directors have prepared the financial statements for the year ended 30 September 2023 on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2023. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Turnover

Turnover comprises the value of sales of licences, support and maintenance, cloud, implementation services, hardware and managed services. Turnover excludes both value added tax and transactions between group companies.

Revenue from the sale of initial licence fees is recognised at the point an irrevocable commitment to use the software is received from the customer. Revenue from the provision of annual licence fees, support, cloud and maintenance is recognised over the period to which the contracted service relates. Revenue from the provision of implementation services is recognised when the services have been performed. Hardware sales are recognised on delivery. Hardware maintenance revenues are recognised evenly over the period to which they relate. Revenue from the delivery of managed services contracts is recognised over the life of the contract on a long-term contract accounting basis.

The excess of amounts invoiced over revenue recognised is recorded as deferred income.

Notes (continued)

1 Accounting policies (continued)

1.5 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences are not provided for differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.7 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.7 Foreign currency (continued)

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the group. At the acquisition date, the group recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.9 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill for all acquisitions relates to anticipated future growth opportunities and synergies, including the value of the workforce.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Notes (continued)

1 Accounting policies (continued)

1.9 Intangible assets and goodwill (continued)

Amortisation

Amortisation is charged to the profit or loss over the estimated useful lives of intangible assets, on a straight-line basis, with no residual value. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- goodwill 10 to 20 years
- customer intangibles 10 to 24 years
- software (own use) 4 to 5 years
- software development 1 to 20 years
- brands 20 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 'Impairment of Assets' when there is an indication that goodwill or an intangible asset may be impaired.

1.10 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.5 above.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 50 years
- leasehold property 3 to 10 years
- computer equipment and fixtures and fittings 3 to 7 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes (continued)

1 Accounting policies (continued)

1.11 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable provisions. Trade and other creditors are recognised at transaction price. Subsequent to initial recognition they are measured at cost, less provisions according to any perceived risks. Amounts recoverable on contracts represent accrued income balances that have not currently been billed to customers.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised at the value of future payments. An assessment of the value of interest-bearing borrowings has been undertaken as at the year end. No material differences exist between book and fair value.

Cash and cash equivalents

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

1.12 Financial instruments not considered to be Basic Financial Instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

1.13 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

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.

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. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. 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 entity's non-financial assets, other than 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. 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 ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

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.

Notes (continued)

1 Accounting policies (continued)

1.13 Impairment excluding deferred tax assets (continued)

Non-financial assets (continued)

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

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 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.

1.14 Employee benefits

Defined contribution pension plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.15 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes *(continued)*

2 Turnover

	Year ended 30 September 2023	Year ended 30 September 2022
	£000	£000
Sale of goods	105,137	94,816
Rendering of services	405,848	381,675
	<hr/>	<hr/>
Total turnover	510,985	476,491
	<hr/> <hr/>	<hr/> <hr/>

	Year ended 30 September 2023	Year ended 30 September 2022
	£000	£000
By activity:		
Owned software and related equipment	47,720	43,926
Third party software and services	57,417	50,890
Implementation and consulting services	120,736	114,296
Recurring support and managed services	285,112	267,379
	<hr/>	<hr/>
Total turnover	510,985	476,491
	<hr/> <hr/>	<hr/> <hr/>

By geographical market:

United Kingdom	375,515	354,437
Australasia and Far East	116,409	112,614
North America	19,061	9,440
	<hr/>	<hr/>
Total turnover	510,985	476,491
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2023	2022
	£000	£000
Depreciation of owned tangible fixed assets	6,254	6,419
Amortisation	105,029	101,348
Impairment of Goodwill	-	2,775
Exceptional costs – included in administrative expenses	18,826	14,403
Project Centum – included in administrative expenses	4,929	4,669
Profit on disposal of third party licensing business	-	3,905
(Loss) / Gain on fair value of financial instruments	(19,594)	25,068
	=====	=====

During the year the Group incurred exceptional costs of which £4,786,000 (2022: £4,938,000) related to the strategic reorganisation of its operations and property portfolio, £137,000 (2022: £870,000) of aborted acquisition costs, and £4,400,000 (2022: £4,400,000) related to fees payable to Partners Group. The Group incurred restructuring and executive transition costs totalling £7,973,000 (2022: £3,815,000), and £1,530,000 (2022: nil) of one-off cost relating to writing off historic irrecoverable debit balances.

Following the acquisition of the Civica Group in October 2017, the Group commenced a secondary phase of Project Centum to build a stronger platform for growth. Costs incurred during 2023 were £4,929,000 (2022: £4,669,000). These costs are not core to the operations of the Group's activities and separate disclosure allows users of the accounts to better understand the underlying trading performance and to create a better comparative for future trading periods.

A loss in fair value of £19,594,000 (2022: Gain of £25,068,000) was recognised in the year in respect of the fair value of an interest rate cap with a maturity date of 31 December 2023. This is considered a non basic financial instrument and is recognised at fair value with changes recognised in profit and loss.

Auditor's remuneration:

	2023	2022
	£000	£000
Audit of these financial statements	165	165
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	487	486
Other Assurance services	45	-
	=====	=====
	697	651
	=====	=====

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2023	2022
Technical	4,748	4,791
Sales and marketing	309	258
Administration	828	708
	=====	=====
	5,885	5,757
	=====	=====

Notes *(continued)*

4 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	224,096	212,595
Social security costs	18,426	18,148
Contributions to defined contribution plans	15,563	14,652
	<u>258,085</u>	<u>245,395</u>

5 Directors' remuneration

	2023	2022
	£000	£000
Directors' remuneration	2,736	2,876

The aggregate of remuneration of the highest paid director was £923,000 (2022: £907,000).

None of the directors received any pension contributions.

Some of the directors (Partners Group representatives) are employees of Partners Group and are also directors of other Partners Group portfolio companies. These directors' services to Civica Group do not occupy a significant amount of their overall time and, as such, the directors do not consider that they have received any remuneration for their incidental services as directors to the company and the group during the years ended 30 September 2022 and 30 September 2023. Civica Group has not paid any remuneration to these directors.

Transactions with key management personnel are disclosed in note 23.

6 Interest receivable and similar income

	2023	2022
	£000	£000
Bank interest	813	53
Net interest income on net defined benefit liabilities	39	-
Exchange differences on loans	3,818	-
	<u>4,670</u>	<u>53</u>

7 Interest payable and similar expenses

	2023	2022
	£000	£000
Interest payable on financial liabilities	56,950	44,029
Net interest expense on net defined benefit liabilities	-	21
Accrued preference share dividends (see note 15)	94,403	85,821
Exchange differences on inter-company loans	-	6,028
	<u>151,353</u>	<u>135,899</u>

Notes *(continued)*

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2023	2022
	£000	£000
<i>Current tax</i>		
UK corporation tax on income for the year	5,156	(3,064)
UK corporation tax adjustment in respect of prior periods	(803)	1,010
Overseas tax on income for the year	6,739	(3,142)
Overseas tax adjustment in respect of prior periods	(769)	-
	<hr/>	<hr/>
Total current tax	10,323	(5,196)
<i>Deferred tax (see note 17)</i>		
Origination and reversal of timing differences	(14,866)	5,004
Adjustments in respect of previous periods	(668)	(176)
	<hr/>	<hr/>
Total deferred tax	(15,534)	4,828
	<hr/>	<hr/>
Total tax	(5,211)	(368)
	<hr/> <hr/>	<hr/> <hr/>

	2023			2022		
	Current tax £000	Deferred tax £000	Total tax £000	Current tax £000	Deferred tax £000	Total tax £000
Recognised in Profit and loss account	10,323	(15,534)	(5,211)	(5,196)	5,248	52
Recognised in other comprehensive income	-	-	-	-	(420)	(420)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	10,323	(15,534)	(5,211)	(5,196)	4,828	(368)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

8 Taxation *(continued)*

Analysis of current tax recognised in profit and loss

	2023	2022
	£000	£000
UK corporation tax	4,353	(2,054)
Foreign tax	5,970	(3,142)
	<hr/>	<hr/>
Total current tax recognised in profit and loss	10,323	(5,196)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

	2023	2022
	£000	£000
Loss for the year	(165,624)	(124,869)
Total tax (charge)/credit recognised in profit and loss	(5,211)	(52)
	<hr/>	<hr/>
Loss excluding taxation	(170,835)	(124,921)
Tax using the UK corporation tax rate of 22% (2022: 19%)	37,584	23,735
Non-deductible expenses	(20,758)	(16,820)
Goodwill amortisation	(9,855)	(7,904)
Deductions not in the P & L	258	334
Change in recognition of deferred tax	-	1,071
Effect of corporation tax rates in foreign jurisdictions	(1,034)	(730)
Tax adjustment in respect of previous periods	2,239	834
Deferred tax change of rate	517	(468)
Deferred tax assets written off	(3,740)	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	5,211	52
	<hr/> <hr/>	<hr/> <hr/>

From 1 April 2023, the corporation tax rate increased from 19% to 25%. The deferred tax assets and liabilities at 30 September 2023 have been calculated using the appropriate tax rate based on when the underlying balance is expected to crystallise.

Notes *(continued)*

9 Intangible assets and goodwill

<i>Group</i>	Goodwill £000	Customer intangibles £000	Software (own use) £000	Software development £000	Brands £000	Total £000
Cost						
At start of the year	726,977	622,983	15,026	151,132	63,477	1,579,595
Acquisitions through business combinations	459	-	-	-	-	459
Additions – internally developed	-	-	-	11,151	-	11,151
Additions – externally purchased	-	-	2,929	-	-	2,929
Disposals	-	-	(12,715)	-	-	(12,715)
Effect of movements in foreign exchange	-	-	-	(2,839)	-	(2,839)
	<u>727,436</u>	<u>622,983</u>	<u>5,240</u>	<u>159,444</u>	<u>63,477</u>	<u>1,578,580</u>
Amortisation and impairment						
At start of the year	179,447	154,295	11,581	67,127	15,870	428,320
Amortisation for the year	45,152	36,786	3,239	16,678	3,174	105,029
Disposal	-	-	(12,715)	-	-	(12,715)
Effect of movements in foreign exchange	-	-	-	(2,068)	-	(2,068)
	<u>224,599</u>	<u>191,081</u>	<u>2,105</u>	<u>81,737</u>	<u>19,044</u>	<u>518,566</u>
Net book value						
At 30 September 2023	<u>502,837</u>	<u>431,902</u>	<u>3,135</u>	<u>77,707</u>	<u>44,433</u>	<u>1,060,014</u>
At 30 September 2022	<u>547,530</u>	<u>468,688</u>	<u>3,445</u>	<u>84,005</u>	<u>47,607</u>	<u>1,151,275</u>

Amortisation charge

The amortisation charge is recognised in the administrative expenses line in the profit and loss account.

Notes *(continued)*

10 Tangible fixed assets

<i>Group</i>	Freehold land and buildings £000	Leasehold property £000	Computer equipment, fixtures and fittings £000	Total £000
Cost				
At start of the year	5,206	1,532	30,893	37,631
Additions	-	189	4,923	5,112
Disposals	(38)	(859)	(22,896)	(23,793)
Effect of movements in foreign exchange	-	-	(2,068)	(2,068)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of the year	5,168	862	10,852	16,882
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation and impairment				
At start of the year	419	1,207	20,774	22,400
Depreciation charge for the year	153	266	5,835	6,254
Disposals	(38)	(859)	(22,864)	(23,761)
Effect of movements in foreign exchange	-	-	(1,736)	(1,736)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of the year	534	614	2,009	3,157
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value				
At 30 September 2023	4,634	248	8,843	13,725
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2022	4,787	325	10,119	15,231
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

11 Fixed asset investments

Company	Shares in subsidiary undertakings £000
<i>Cost and net book value</i> At start of year and end of year	588,776

Shares in subsidiary undertakings (which are included in these Group accounts) at the year-end are as follows:

Company	Country of incorporation	Principal activities	Class and % of shares held
<i>Active companies:</i>			
Camelia Investment 2 Limited	United Kingdom	Holding company	Ordinary 100%
Camelia Investment 3 Limited *	United Kingdom	Holding company	Ordinary 100%
Camelia Bidco Limited *	United Kingdom	Holding company	Ordinary 100%
Chambertin (Holdings) Limited *	United Kingdom	Holding company	Ordinary 100%
Civica Group Limited *	United Kingdom	Holding company	Ordinary 100%
Civica Holdings Limited *	United Kingdom	Holding company	Ordinary 100%
Civica UK Limited *	United Kingdom	Trading **	Ordinary 100%
Civica Pty Limited *	Australia	Trading **	Ordinary 100%
Civica BPO Pty Limited *	Australia	Trading **	Ordinary 100%
Civica Education Pty Ltd *	Australia	Trading **	Ordinary 100%
Civica Pte Limited *	Singapore	Trading **	Ordinary 100%
Civica North America Inc. *	USA	Trading **	Ordinary 100%
Civica Technologies Limited *	United Kingdom	Holding company	Ordinary 100%
Asidua Holdings Limited *	Northern Ireland	Holding company	Ordinary 100%
Civica NI Limited *	Northern Ireland	Trading **	Ordinary 100%
Civica Ireland Limited *	Republic of Ireland	Trading **	Ordinary 100%
Civica Resource Private Limited *	India	Trading **	Ordinary 100%
Civica Election Services Limited*	United Kingdom	Trading **	Ordinary 100%
Shaw & Sons Limited *	United Kingdom	Trading **	Ordinary 100%
Civica Solutions Canada, Inc*	Canada	Trading **	Ordinary 100%

Notes (continued)

11 Fixed asset investments (continued)

Company	Country of incorporation	Principal activities	Class and % of shares held
<i>Dormant companies:</i>			
Civica Services Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Financial Systems Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Trustees Limited *	United Kingdom	Inactive	Ordinary 100%
Sudiar Limited *	United Kingdom	Inactive	Ordinary 100%
Radius Pension Trustees Limited *	United Kingdom	Inactive	Ordinary 100%
Shaw & Sons (Holdings) Limited *	United Kingdom	Inactive	Ordinary 100%
Shaw & Sons Group Limited *	United Kingdom	Inactive	Ordinary 100%
Electoral Services Limited *	United Kingdom	Inactive	Ordinary 100%
Electoral Reform (Market Research) Limited *	United Kingdom	Inactive	Ordinary 100%
The Election Centre Limited *	United Kingdom	Inactive	Ordinary 100%
Civica Solutions Pty Ltd *	Australia	Inactive	Ordinary 100%
iCasework Inc. *	USA	Inactive	Ordinary 100%
Fretwell-Downing Hospitality Holdings Limited *	United Kingdom	Inactive	Ordinary 100%
Fretwell-Downing Hospitality Limited *	United Kingdom	Inactive	Ordinary 100%
Tecsys Limited *	United Kingdom	Inactive	Ordinary 100%
Chameleon Information Management Services Limited *	United Kingdom	Inactive	Ordinary 100%
Flex Software Limited *	United Kingdom	Inactive	Ordinary 100%
Agylia Group Limited *	United Kingdom	Inactive	Ordinary 100%
Agylia Care Limited *	United Kingdom	Inactive	Ordinary 100%
Civica HR Solutions Limited *	United Kingdom	Inactive	Ordinary 100%
Parago Software Limited *	United Kingdom	Inactive	Ordinary 100%
Calibrand Limited *	United Kingdom	Inactive	Ordinary 100%
Caliquial Limited *	United Kingdom	Inactive	Ordinary 100%
Parago Software Inc *	USA	Inactive	Ordinary 100%
Ntropy Data Inc *	USA	Inactive	Ordinary 100%
Malinko Health & Care Technologies Limited *	United Kingdom	Inactive	Ordinary 100%
Medical I.T. Pty Limited *	Australia	Inactive	Ordinary 100%
Myexpensesonline Limited *	United Kingdom	Inactive	Ordinary 100%
Horcrux Holdings Limited*	United Kingdom	Inactive	Ordinary 100%
Point Progress Limited*	United Kingdom	Inactive	Ordinary 100%
The Technology Forge Limited*	United Kingdom	Inactive	Ordinary 100%
The Technology Forge Holdings Limited*	United Kingdom	Inactive	Ordinary 100%
Thelma-EU Limited *	United Kingdom	Inactive	Ordinary 100%
Arborsafe Holdings Pty Limited *	Australia	Inactive	Ordinary 100%
Arborsafe Australia Pty Limited *	Australia	Inactive	Ordinary 100%
Arborsafe Australia Consulting Pty Limited *	Australia	Inactive	Ordinary 100%
Arborsafe Technology Holdings Pty Limited *	Australia	Inactive	Ordinary 100%

Notes (continued)

11 Fixed asset investments (continued)

* Interests held indirectly

** All trading companies' principal activities are in line with those of the Group, being the provision of business-critical software and digital solutions, primarily to the public sector and regulated markets in the United Kingdom, Australasia, South-East Asia and North America.

Registered office addresses

United Kingdom: South Bank Central, 30 Stamford Street, London, SE1 9LQ.

Northern Ireland: 10 Weavers Court, Belfast, BT12 5GH.

Republic of Ireland: 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2

Scotland: 105 West George Street, Glasgow, Strathclyde, G2 1PB.

Australia: Ground Floor 277 William Street Melbourne VIC 3000.

Singapore: 6 Harper Road, Leong Huat Building, 04-08, Singapore 369674.

USA: 52 Hillside Court, Englewood, Ohio 45322, USA.

India: Notus Pride (1st Floor), Sarabhai Campus, Bhailal Amin Marg, Vadodara - 390007, India.

Canada: 1-109 James Avenue, Winnipeg, Manitoba, R3B 0N6, Canada

Subsidiary audit exemptions

Thelma-EU Limited (Company Number 06280085) took advantage of the exemption from audit of their individual financial statements under Section 479A of the Companies Act 2006. As a condition of that exemption, the Company has guaranteed the liabilities of these subsidiaries as at 30 September 2023, at which date Thelma-EU Limited were inactive, and had liabilities of £387,000.

Notes *(continued)*

12 Debtors

	Group	Company	Group	Company
	2023	2023	2022	2022
	£000	£000	£000	£000
Trade debtors	61,945	-	64,975	-
Financial asset	5,780	-	27,511	-
Amounts recoverable on contracts	62,406	-	67,954	-
Prepayments and other debtors	20,066	72	19,079	-
Corporation tax	6,087	6	8,835	7
Amounts due from group undertakings	-	8	-	10
	156,284	86	188,354	17

Group

Prepayments and other debtors include £4,405,000 (2022: £4,543,000) due after more than one year.

Financial asset relates to an interest rate cap with a maturity date of 31 December 2023. This is considered a non-basic financial instrument and is recognised at fair value with changes recognised in profit and loss.

Company

Debtors include amounts owed by group undertakings of £8,000 (2022: £10,000) due after more than one year. Recoverability of this debtor is reviewed annually and the intention of the Company not to recall it within less than one year is communicated to the relevant group undertaking. No interest is accrued, and the fair value is not materially different to the book value.

13 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2023	2023	2022	2022
	£000	£000	£000	£000
Trade creditors	10,847	-	13,790	-
Taxation and social security	15,746	-	14,088	-
Accruals and other creditors	32,980	-	34,806	-
Deferred income	116,412	-	108,870	-
Amounts owed to group undertakings	-	255	-	-
Contingent consideration	-	-	2,269	-
	175,985	255	173,823	-

Notes (continued)

14 Creditors: amounts falling due after more than one year

	Group	Company	Group	Company
	2023	2023	2022	2022
	£000	£000	£000	£000
Bank loans and overdrafts (see note 15)	717,324	-	726,146	-
Preference shares classified as liabilities	587,776	587,776	587,776	587,776
Accrued dividends on preference shares	450,653	450,653	356,250	356,250
Other creditors	2,780	-	-	-
Amounts owed to group undertakings	-	-	-	164
	<u>1,758,533</u>	<u>1,038,429</u>	<u>1,670,172</u>	<u>944,190</u>

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings.

	Group	Company	Group	Company
	2023	2023	2022	2022
	£000	£000	£000	£000
Creditors falling due after more than one year				
Secured bank loans	717,324	-	726,146	-
Preference shares classified as liabilities	587,776	587,776	587,776	587,776
Accrued dividends on preference shares	450,653	450,653	356,250	356,250
	<u>1,755,753</u>	<u>1,038,429</u>	<u>1,670,172</u>	<u>944,026</u>

Secured bank loans

Included as a deduction against bank loans are £35,153,000 (2022: £3,368,000) of costs attributable to the raising of bank loans. The costs are being amortised over the duration of the loans.

The Group's bank loans are secured by way of a fixed and floating charge over the assets of the Group. Bank loans are denominated in Sterling, with the exception of £46,156,000 (2022: £46,724,000) included within creditors falling due after more than one year which is denominated in Australian Dollars and translated to Sterling at the year end rate. Bank loans attract interest rates at SONIA (for Sterling denominated debt) or BBSW (for Australian Dollar denominated debt) plus a margin of 6.25%. All bank loans are repayable at maturity, by August 2030.

Preference shares

The holders of the preference shares are entitled to 10% per annum dividends in priority of the rights of any other class of shares, which accrue and are compounded annually. They have no right to capital other than the repayment of the issue price of the preference shares. They are redeemable on an exit or earlier by the Company (with the consent of directors representing the majority shareholder) and have no voting rights.

Notes (continued)

16 Analysis of changes in net debt

Group

	At 30 September 2022 £000	Cash flow £000	Non cash changes £000	At 30 September 2023 £000
Bank debt due after more than one year	(726,146)	(22,963)	31,785	(717,324)
Gross debt	(726,146)	(22,963)	31,785	(717,324)
Cash at bank and in hand	39,039	34,218	(2,567)	70,690
Net debt	(687,107)	11,255	29,218	(646,634)

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Accelerated capital allowances	1,593	2,187	-	-	1,593	2,187
Intangible assets	-	-	(138,399)	(147,338)	(138,399)	(147,338)
Employee benefits	-	-	(170)	(79)	(170)	(79)
Other	24,102	16,948	-	-	24,102	16,948
Deferred tax assets / (liabilities)	25,695	19,135	(138,569)	(147,417)	(112,874)	(128,282)

The group has tax losses arising in the UK of £2,183,000 that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group, and they have arisen in subsidiaries that have no ability to use these losses in the foreseeable future.

The Other deferred tax assets primarily relate to interest restrictions and amounts for STTDs.

The amount of the net reversal of deferred tax liabilities expected to occur next year is £11,300,000, relating to the reversal of timing differences on intangible fixed assets and £791,000 relating to the reversal of timing differences on fixed assets.

Company

The company has no deferred tax assets or liabilities, either recognised or unrecognised.

Notes *(continued)*

18 Provisions

Group	Property provisions £000
Balance at beginning of the year	(4,462)
Created during the year	(4,094)
Utilised during the year	3,427
Effect of movements in foreign exchange	49

Balance at end of the year	(5,080)
	=====

Property provisions relate to dilapidation and onerous lease provisions. These are utilised as costs are incurred.

Company

The Company has no provisions.

19 Employee benefits

Defined benefit plans

The Group operates a defined benefit scheme, the Radius Group Pension Scheme (“the Radius Scheme”), and is a participating employer in two other defined benefit pension schemes, The Sanderson Group Retirement Benefit Scheme (“the Group Scheme”) and The Pension and Life Assurance Plan of Sanderson Systems Limited (“the Systems Scheme”). The schemes were acquired on the acquisition of the Civica Group. The schemes are funded by the Group, based on the pension funds’ actuarial measurement frameworks.

Radius Scheme

The Radius Scheme is a self-administered pension scheme which provides retirement benefits to current and former employees. Prior to 1 October 2001, the scheme provided benefits on both a defined contribution and defined benefit basis. The defined benefit section was closed to members, with the exception of long service staff in January 1995. With effect from 1 October 2001 all future benefits for all staff have accrued on a defined contribution basis. The scheme is closed to new members, but certain employees continue to have deferred benefits accrued. The Group makes funding contributions to the scheme based on a separate actuarial valuation for funding purposes.

The latest actuarial valuation was at 5 April 2021.

Group Scheme and Systems Scheme

The Group Scheme and Systems Scheme are sectionalised, and the assets and liabilities attributable to the Group are ring-fenced. The Group has no accountability for the other participating employers’ assets and liabilities.

The employers are required to make contributions at a level that is set to make good any past service deficit, as the schemes are both closed to new members and future accrual. The funding arrangements have been agreed as a fixed percentage.

The latest actuarial valuation of the Group Scheme was at 31 March 2020, and the Systems Scheme was at 31 October 2020.

The Group includes the assets and liabilities of these arrangements in the consolidated balance sheet. Current service costs, curtailment and settlement gains and losses, and net interest on the net defined benefit liability are included in the profit and loss account in the year to which they relate. Actuarial gains and losses are recognised in other comprehensive income. The information disclosed below is in respect of the whole of the three plans of the Group.

The Group expects to pay £425,000 in contributions to these defined benefit plans in the year ending 30 September 2024.

Notes *(continued)*

19 Employee benefits *(continued)*

Net pension liability

	2023	2022
	£000	£000
Defined benefit obligation	(16,663)	(17,523)
Plan assets	17,346	17,790
	<hr/>	<hr/>
Net pension asset/(liability)	683	267
	<hr/> <hr/>	<hr/> <hr/>

Movements in present value of defined benefit obligation

	2023	2022
	£000	£000
At 1 October 2022	(17,523)	(27,518)
Insured annuities adjustment	-	(407)
Interest expense	(911)	(521)
Remeasurement: actuarial gains/(losses)	833	9,276
Benefits paid	938	1,647
	<hr/>	<hr/>
At 30 September 2023	(16,663)	(17,523)
	<hr/> <hr/>	<hr/> <hr/>

Movements in fair value of plan assets

	2023	2022
	£000	£000
At 1 October 2022	17,790	25,993
Insured annuities adjustment	-	407
Interest income	951	500
Remeasurement: return on plan assets less interest income	(829)	(7,790)
Administrative expenses	(53)	(53)
Contributions by employer	425	380
Benefits paid	(938)	(1,647)
	<hr/>	<hr/>
At 30 September 2023	17,346	17,790
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

19 Employee benefits *(continued)*

Expense recognised in the profit and loss account

	2022	2022
	£000	£000
Net interest on net defined benefit liability	39	(21)
Administrative expenses	(53)	(53)
	<hr/>	<hr/>
Total expense recognised in profit or loss	(14)	(74)
	<hr/> <hr/>	<hr/> <hr/>

The total recognised in the statement of other comprehensive income are remeasurement gain of £4,000 (2022: *gain of £1,486,000*).

The fair value of the plan assets and the return on those assets were as follows:

	2023	2022
	Fair value	Fair value
	£000	£000
Equities	704	2,894
Fixed income bonds	10,421	8,450
Cash	364	548
Property	133	186
Guaranteed annuity rates	2,484	2,445
Other	3,240	3,267
	<hr/>	<hr/>
	17,346	17,790
	<hr/> <hr/>	<hr/> <hr/>
Actual return on plan assets	(829)	(7,790)
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions at the year-end and the range of values (expressed as weighted averages) applied to the schemes were as follows:

	2023	2022
	%	%
Discount rate	5.3 – 5.7	5.3 – 5.5
Inflation rate (RPI)	3.2 – 3.3	3.6 – 3.7
Future pension increases	2.8 – 2.9	3.1 – 3.6
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

19 Employee benefits (continued)

In valuing the liabilities of the pension funds at 30 September 2023, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.9 to 22.2 years (male), 23.7 to 24.7 years (female).
- Future retiree upon reaching 65: 23.3 to 23.5 years (male), 25.2 to 25.9 years (female).

It is noted that the Radius scheme is in a net surplus position. We have assessed the recoverability of the surplus and note there are no restrictions in the scheme membership rules and therefore we have recognised the surplus on balance sheet.

GMP equalisation

On 26 October 2018, the High Court issued a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes, including the three that Civica Group operates or participates in. The Group has included an estimate for the potential additional liabilities relating to the Group's schemes.

On 20 November 2020, the High Court handed down a further judgement on the Guaranteed Minimum Pension (GMP) equalisation case in relation to the Lloyds banking group pension schemes. This latest judgement confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The schemes have experienced a small number of historical transfers out which will be subject to adjustment as a result of this second ruling. At this stage the trustees are not yet in a position to obtain a reliable estimate of the impact of the backdated benefits and related interest. Therefore no provision has been made within these financial statements. A provision will be recognised as a past service cost within the financial statements when a reliable estimate is able to be produced.

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £15,562,000 (2022: £14,652,000).

Notes *(continued)*

20 Capital and reserves

Share capital

In thousands of shares	Ordinary shares	Preference shares	Total
On issue at start and end of the year – fully paid	1,000	58,777,648	58,778,648
		2023	2022
		£	£
<i>Allotted, called up and fully paid</i>			
705,573 A ordinary shares of £0.01 each		7,056	7,056
49,427 B ordinary shares of £0.01 each		494	494
175,800 C ordinary shares of £0.01 each		1,758	1,758
69,200 D ordinary shares of £0.70 each		48,440	48,440
		<hr/>	<hr/>
Total classified in shareholders' funds		57,748	57,748
		<hr/>	<hr/>
58,777,647,545 Preference shares of £0.0000001 each		5,878	5,878
		<hr/>	<hr/>
Total allotted, called up and fully paid share capital		63,626	63,626
		<hr/>	<hr/>

Share class rights

Ordinary shares

The holders of the A ordinary shares have full voting rights.

The holders of the B and C ordinary shares have no voting rights.

The holders of the D ordinary shares have voting rights which provide that each holder is entitled to such number of votes equal to 5% of the total number of votes available to be cast on any resolution.

The holders of A, B, C and D ordinary shares are entitled to receive full dividend and capital distribution (including on winding up). They have no rights of redemption.

Notes (continued)

20 Capital and reserves (continued)

Preference shares

The holders of the preference shares have no voting rights. They are entitled to 10% per annum dividends in priority of the rights of others of any class of shares. They have no right to capital other than the repayment of the issue price of the preference shares. They are redeemable on an exit or earlier by the Company (with the consent of directors representing the majority shareholder).

Reserves

Reserves of the Group represent the following:

Share premium

The excess of consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss

Cumulative total comprehensive income net of distributions to shareholders.

21 Financial instruments

Carrying amount of financial instruments

The balance sheet and notes to the financial statements provide information on the carrying amounts of financial assets and liabilities.

22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group	Company	Group	Company
	2023	2023	2022	2022
	£000	£000	£000	£000
Less than one year	5,220	-	6,439	-
Between one and five years	14,428	-	20,186	-
More than five years	3,708	-	10,980	-
	23,356	-	37,605	-

During the year £5,269,000 (2022: £6,683,000) was recognised as an expense in the profit and loss account in respect of operating leases.

23 Related parties

Group

Transactions with key management personnel

Total compensation of key management personnel in the year amounted to £2,736,000 (2022: £2,876,000). At 30 September 2023, management personnel own 6.62% (2021: 6.62%) of the issued share capital of the Company.

During the year, preference share dividends of £1,387,000 (2022: £2,270,000) payable to key management personnel were accrued. The balance outstanding at the year-end was £5,504,000 (2022: £7,877,000).

Other related party transactions

At 30 September 2023, 93.38% (2022: 93.38%) of the issued share capital of the Company is held by funds owned or managed by Partners Group Holding AG ('Partners Group'), a company registered in Switzerland and listed on the SIX Stock Exchange in Zurich.

During the year, preference share dividends of £88,187,000 (2022: £80,170,000) payable to Partners Group were accrued. The balance outstanding at the year-end was £420,981,000 (2022: £332,794,000).

Notes (continued)

23 Related parties (continued)

Fees of £4,400,000 (2022: £4,400,000) were paid to Partners Group AG, a subsidiary of Partners Group Holding AG, during the year.

Company

Transactions with key management personnel

During the year, preference share dividends of £1,387,000 (2022: £2,270,000) payable to key management personnel were accrued. The balance outstanding at the year-end was £5,504,000 (2022: £7,877,000).

Other related party transactions

During the year, preference share dividends of £88,187,000 (2022: £80,170,000) payable to Partners Group were accrued. The balance outstanding at the year-end was £420,981,000 (2022: £332,794,000).

24 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgements that affect the reported values of assets and liabilities, profits and losses, and associated disclosures. Estimates and judgements are continually evaluated based on historical experience and other factors such as expected future events. Actual values may differ to management estimates, and those estimates may be revised in the future either positively or negatively depending upon actual outcomes or changes in expectations.

Key assumptions and other sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year are as follows:

Pension assumptions

The Group makes assumptions regarding variables used in calculating the defined benefit pension scheme valuations and disclosures. These assumptions are made in conjunction with advice from independent actuaries, and are disclosed in note 19.

Revenue recognition

Accounting judgements are applied to recognition of revenue, in particular the ‘unbundling’ of different elements of certain multi-element contracts and selection of the most appropriate revenue model where contracts are long term in nature.

In both of these cases a range of acceptable outcomes are possible. Therefore, it is important that the approach and methodologies adopted are appropriate and consistently applied.

25 Subsequent events

On 23 November 2023, it was announced that Blackstone, the world's largest alternative asset manager, entered into a definitive agreement to acquire Camelia Investment 1 Limited and its subsidiaries (the “Civica Group”) from Partners Group. The transaction is expected to close in Spring 2024, subject to regulatory approvals. There is no change to the business focus of the Group as a result of the anticipated transaction.

Subsequent to the balance sheet date, the Group acquired the trade and assets of Booka, a facilities management software business based in Australia. This was completed in November 2023.

On 12 January 2024, the Group completed the acquisition of LinkSafe, a Melbourne-based contractor management company.