ALLOCATE TOPCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MAY 2017

Company Number 09021731

ALLOCATE TOPCO LIMITED

GENERAL INFORMATION

Company registration number:	09021731
Registered office:	1 Church Road Richmond TW9 2QE
Directors:	A Fiumicelli D I Issott G F Rich H E P Guinness P Fitzsimons (Chairman) R Wooldridge S S Sian
Bankers:	HSBC Bank plc 65 Packhorse Road Gerrards Cross Buckinghamshire SL9 8PH
Solicitors:	Taylor Wessing LLP 5 New Street Square London EC4A 3TW
Auditor:	KPMG LLP Statutory Auditor Chartered Accountants Arlington Business Park Theale RG7 4SD
Website:	www.allocatesoftware.com
Country of incorporation	England and Wales
Legal form	Private company limited by shares

ALLOCATE TOPCO LIMITED

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The directors present their annual report on the affairs of Allocate Topco Limited and its subsidiaries ("the Group"), together with the audited accounts and auditor's report for the year ended 31 May 2017.

Principal activity

Allocate's vision is to be the leading international provider of SaaS-based healthcare workforce management and operations software, supporting healthcare organisations to enable their staff to deliver safe, efficient and high quality services.

The Group includes Allocate Software, a provider of healthcare workforce management software, and Dynama Solutions, a provider of workforce and resource management software for all other sectors. The Group's applications and services enable greater insight into sub-optimal workforce resourcing, enabling significant cost reductions and improved efficiencies. Customers can precisely identify and reduce waste, while managing and monitoring process, governance, risk and compliance issues to ensure that operational front-line delivery is maintained and frequently improved. The Group understands the complex environments its customers operate in and can deliver unrivalled market expertise underpinned by proven technology.

Future developments

Over recent years the Group has built a much broader product and services portfolio, with particular emphasis on the Healthcare sector which underpins the future strategy for growth.

Allocate's objective is to increase shareholder value by developing a robust, profitable and cash-generative organisation through a combination of organic growth and carefully targeted acquisitions. Continued organic growth will come from developing innovative new applications to meet our existing customers' growing requirements and identifying new markets for existing products and service, including new geographical markets.

During the year, the Group transitioned to selling its core products, including HealthRoster/Optima, on a software-as-a-service ("SaaS") basis. The Group's SaaS offering represents an enhanced proposition to customers including dedicated Customer Success support, accredited training, more regular upgrades and updates.

Business Review

The Group's results for the year to 31 May 2017 are set out in the income statement on page 12. The results incorporate the activities of Allocate Software Limited for the year ended 31 May 2017.

Total revenue for the year amounted to £52,963,000 (2016: £44,115,000). The Group's operating profit for the year amounted to £6,040,000 including £971,000 of exceptional costs (2016: profit of £3,020,000, including £1,443,000 of exceptional costs).

On a constant currency basis, total revenue growth year on year (2016 to 2017) was 15% (2016: 9%). On a similar basis, 75% of 2017 total revenue (2016: 76%) was recurring and the year on year (2016 to 2017) increase in annual recurring revenue value was 17% (2016: 17%.)

In the year to 31 May 2017, Allocate Software Limited, Dynama Solutions Limited and their respective subsidiaries contributed a net profit after tax of £8,712,000 (2016: £4,231,000) to the consolidated result for the year.

The Group's financial position is shown on page 14. As at 31 May 2017, the company had net liabilities of £29,458,000 (2016: net liabilities of £18,016,000) and net current liabilities of £7,618,000 (2016: net current liabilities of £64,089,000). The movement in the net current liabilities position is due to the refinancing which occurred on 3 June 2016, whereby the borrowings have been reclassified as current.

Business Review (continued)

Healthcare

Total revenue for the Group's Healthcare operating segment amounted to £45,461,000, (2016: £38,658,000) which was an increase of £6,833,000 or 18% over the prior year. On a constant currency basis, Healthcare revenue growth was 13% over the prior year.

Once again, Allocate successfully won many new customer deals during the year in its main geographical markets of UK, Sweden and Australia. Additionally, the Group expanded into new geographical markets and adjacent product areas. Key operational highlights during the year included: -

- At the end of the year, over a million staff were rostered on Allocate products, with 600,000 on the Software-as-a-Service Optima platform;
- Further growth in the HealthRoster and Optima nursing customer base in the UK, which reinforced the product's position as the most commonly used e-rostering system in the NHS;
- Strong growth in the Medics market with 25% growth in revenue from the complementary Medics suite of products (eJobPlan, eRota, MedicOnline, MedicOnDuty, Activity Manager and MedicAppraisal);
- Further transition of existing customers to the Allocate Cloud hosting service as part of a subscription service;
- The benefits derived by Allocate's customers were quantified in a recent external study that demonstrated a 23x Return On Investment across a sample of 5 customers, with an average annualised cost saving per customer of £14.0 million against £0.6 million of spend;
- Acquisition of the eCommunity product (February 2017) that matches care workforce to demands for care in the home or in community settings, with 2 installed customers. Further development and Optima integration is now underway;
- Development of a new product to enable the collaborative sharing of staff across organisational boundaries was launched in the UK. CloudStaff is built on top of the functionality within the existing installed base for contingent workforce deployment already used by the majority of NHS Trusts in England. During the year, the first four customers were signed to CloudStaff;
- International expansion through the acquisition of GeoCom in France (January 2017), new offices set up in Spain and Germany, and the first pilot client signed in Denmark. Technical development and localisation of the core Optima workforce management platform continues to meet the diverse needs of these new markets; and
- The Group strengthened its off-shore development capability in Macedonia where an additional 62 people joined the Group in the year, taking the total headcount to 83 at the end of the year.

Defence and Maritime

On 30 November 2016, Allocate Software Limited, a subsidiary company, and its subsidiaries transferred the trade and assets related to the Defence and Maritime ("Dynama") operating segment to the newly incorporated Dynama Solutions Limited and its subsidiaries. The operating segment has three distinct geographical markets and the trade and assets have been transferred to three newly incorporated entities – Dynama Solutions Limited in the UK, and its two wholly owned subsidiaries - Dynama Solutions Inc in the USA and Dynama Solutions Pty Ltd in Australia.

- Total revenue for the Group's Defence and Maritime operating segment amounted to £7,502,000 (2016: £5,457,000 which was an increase of £2,045,000 or 37% over the prior year. On a constant currency basis, Defence and Maritime revenue increased by 24% over the prior year; and
- The Group continues to benefit from its significant customer base in the Defence and Maritime segment in UK, Australia, US and Europe that contribute positively to the Group's financial position. Notably, the reported growth in the sector's revenue during the year primarily reflects the extension of services with existing customers.

Group Organisation

During the year, the Group's organisation developed by internal restructuring and acquisition.

Dynama

The Group has historically provided its services to customers in (a) the health sector and (b) the defence and maritime sector. During the year, the Group re-branded its defence and maritime operations as "Dynama" and this part of the Group's business was re-organised into a new sub-group of companies.

On 30th November 2016, the Group effected an internal transfer of assets and trade from Allocate Software Limited and its subsidiaries to a newly formed group of companies headed by Dynama Solutions Limited, a UK based company.

The internal reorganisation was undertaken by means of Asset Purchase Agreements between the entities on arm's length terms with a combined valuation of £12,000,000.

Acquisitions

On 3 January 2017, the Company acquired 100% of the share capital of Allocate Software SAS (France) (previously 'Geocom Software France'). The fair value of total consideration paid was £1,281,000. See note 17 for further details. Acquisition costs of £185,000 had been incurred as a result of the acquisition.

During the year, the group acquired the eCommunity software solution and from a third party, Quality Education Solutions Limited. eCommunity is a workforce planning tool that assists community healthcare organisations in scheduling their workforce to deliver safe and efficient care in the patient home. The fair value of total consideration paid was £596,000. See note 9 for further details.

New countries

During the year, the Company established new legal entities in Spain and Germany.

Debt Refinancing

The Group refinanced its external debt facilities during the year. The Group entered into a Senior Facilities Agreement for a total of £74,450,000 on 27 May 2016 and on 3 June 2016, £59,450,000 of the Facilities were drawn down.

This agreement replaces the previous Senior Term Facility and Second Lien Facility which were due for repayment in 2021. The outstanding principal amounts of £43,025,000 were repaid in full on 3 June 2016.

The Senior Facilities Agreement comprises the following:

	Commitment £000	**Repayment date**
Acquisition Facility A1	6,500	3 December 2022
Acquisition Facility A2	3,500	3 June 2023
Facility B	36,800	3 December 2022
Facility C	22,650	3 June 2023
Revolving Facility	5,000	3 June 2022

On 3 June 2016, as part of the refinancing process, Allocate HoldCo Limited, a wholly owned subsidiary of Allocate TopCo Limited, made a capital repayment of £19,566,000 of the Shareholder loan. This was shown as a current liability in the prior year's financial statements.

Principal risks and uncertainties

Business risks

The principal business risks of the company and the Group are those of its subsidiary companies:

a) Customer retention and competition

The risk is the loss of customers to competitors. The Group has a sales team appropriately staffed and structured to maintain good customer relationships. In addition, senior managers of the Group, including Executives, have frequent customer contact, not only through personal visits, but also at events, both Allocate customer centred and industry wide.

The Group invested and continues to invest considerable resource in research and development to keep its products competitive with or ahead of others in the market. The Group also invests in customer support and closely monitors customer support satisfaction metrics on a regular basis.

b) Product quality and services delivery

The risk is a fall in product quality or level of customer service leading to a fall in customer satisfaction. The Group frequently monitors customer-level product feedback at meetings of its senior management team. Should a significant product quality or customer service problem arise, a senior manager leads a process with the customer and the appropriate resources within the Group to resolve the matter in a timely and satisfactory way.

c) Product development and intellectual property

The risk is infringement of the Group's IPR, or the Group could inadvertently infringe the IPR of a third party. The Group's sales and marketing teams are constantly monitoring the products offered by the Group's competitors. Should a competitor offer a product that could have infringed the Group's IPR, management and, if appropriate, the Board would be alerted to the situation and appropriate actions to remediate would then be discussed and put in place. Senior management in R&D closely monitor code used in the development of the Group's products and ensure that the Group is not inadvertently incorporating code that would run the risk of infringing the IPR of a third party.

d) Business systems

The risk is a failure in either customer facing or internal business systems that impairs the Group's ability to transact business. The Group has invested in centralised IT and business systems resource as well as Finance resource. These groups closely monitor the performance of the systems. In addition, the Group has in place agreements with reputable third parties for the back-up of the systems, should a catastrophic failure occur.

Financial risks

a) Interest risk

The Company finances itself through a combination of equity and debt. The Company's policy is to borrow on either a fixed or floating rate basis. If appropriate, the Company will enter arrangements to fix the cost of borrowings that are made on a floating rate basis.

At 31 May 2017, the Group had loan balances outstanding under a term facility agreement of £65,546,000 (2016: £46,747,000) provided by funds managed by Hayfin, HSBC and Natwest at variable rates of interest linked to LIBOR. In order to hedge the potential interest rate risk on its loans, the Group has entered into an interest cap transaction via its wholly owned subsidiary company, Allocate Bidco Limited. This cap limits the effective rate of LIBOR to 0.85% until 31 December 2017 and at the balance sheet date applied to £29,725,000 (2016: £25,000,000) of the outstanding loans. See note 14 for further details.

Financial risks (continued)

b) Credit risk

The Group has no significant concentration of credit risk. The Group operates effective credit control policies that ensure sales of services are made to customers with appropriate credit histories. The Group's cash and cash equivalents are held with reputable institutions.

c) Foreign exchange risk

The Group operates with Swedish, Australian, US, Macedonian and other European subsidiary companies and makes sales in foreign currencies. The Group is therefore exposed to foreign exchange risk arising from currency exposure. The Group uses foreign currency bank accounts to reduce its exposure to foreign currency translation risk.

d) Liquidity risk

The Group manages its liquidity risk through ensuring satisfactory levels of cash and cash equivalents for its operational requirements and to fund the future growth plans for the Group. The Group prepares regular cash flow forecasts to ensure its funding requirements continue to be met.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of signing these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the company's financial statements. For further details of the enquiries made by the directors see note 1 to the financial statements.

D I Issott
Director

27 September 2017

The directors present their annual report on the affairs of Allocate Topco Limited and its subsidiaries, together with the audited accounts and auditor's report for the year ended 31 May 2017.

Research and development

The Group continues to develop and maintain its existing software products whilst staff work to develop and design new and more effective systems and products. The Group incurred £9,488,000 of research and development in the year (2016: £7,283,000) of which £1,956,000 (2016: £349,000) was capitalised and the remainder was expensed in the income statement. This relates to product enhancements and research.

Financial instruments

The Group uses various financial instruments, which include loans, cash and other items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks. These are currency risks, liquidity risks, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks.

Proposed dividend

The directors confirm that no dividend is proposed, or has been paid, in respect of the company in the year ended 31 May 2017 (2016: nil).

Directors

The directors who held office during the year were as follows:

A Fiumicelli	Appointed 23 September 2016
D I Issott	
G F Rich	
H E P Guinness	Appointed 26 May 2017
M E Brockman	Resigned 26 May 2017
P Fitzsimons (Chairman)	
R Wooldridge	
S S Sian	

Employees

The average number of employees within the Group during the financial year was 413 (2016: 335).

It is the policy of the Group to support the employment of disabled employees where possible, both in recruitment and by retention of employees who become disabled while in the employment of the Group.

Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2016: £nil).

Other information

An indication of likely future developments in the business, business review and principal risks have been included in the Strategic Report on pages 3 to 7.

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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.

Directors' responsibilities statement

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable law

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the EU;
- prepare the financial statements on a going concern basis unless it is appropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 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.

On behalf of the Board

D I Issott
Director

1 Church Road
Richmond
TW9 2QE

27 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLOCATE TOPCO LIMITED

We have audited the financial statements of Allocate Topco Limited for the year ended 31 May 2017 set out on pages 12 to 53. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 31 May 2017 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial .year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; 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

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

- adequate accounting records have not been kept by the 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.

CH le Strange Meakin

Charles le Strange Meakin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park, Theale, RG7 4SD
28 September 2017

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MAY 2017

	Note	**2017** **£'000**	2016 £'000
Revenue	2	**52,963**	44,115
Operating costs	3	**(40,189)**	(34,128)
Other costs:			
Exceptional costs	3	**(971)**	(1,443)
Depreciation	3	**(814)**	(688)
Amortisation	3	**(4,949)**	(4,836)
Total costs		**(46,923)**	(41,095)
Operating profit	3	**6,040**	3,020
Finance income	4	**15**	6
Finance charges	4	**(16,512)**	(12,679)
Loss before taxation		**(10,457)**	(9,653)
Tax charge	6	**(1,423)**	(2,010)
Loss for the year		**(11,880)**	(11,663)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2017

	Note	**2017** **£'000**	2016 £'000
Loss for the year		**(11,880)**	(11,663)
Items that may be subsequently reclassified through profit or loss:			
Exchange differences on translation of foreign operations		**282**	57
Total comprehensive loss attributable to the owners of the Company		**(11,598)**	(11,606)

The accompanying notes form part of the financial statements.

ALLOCATE TOPCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2017

Company no. 09021731

	Note	**2017 £'000**	2016 £'000
Assets			
Non-current assets			
Property, plant and equipment	7	**1,580**	1,694
Goodwill	8	**87,824**	86,763
Intangible assets	9	**26,758**	28,694
Deferred tax asset	12	**761**	2,238
Total non-current assets		**116,923**	119,389
Current assets			
Trade and other receivables	13	**17,505**	14,158
Derivative financial assets	14	**-**	29
Cash and cash equivalents		**13,434**	20,272
Total current assets		**30,939**	34,459
Total Assets		**147,862**	153,848
Equity and liabilities			
Equity			
Share capital	15	**4**	4
Share premium account	15	**470**	314
Foreign exchange reserve	16	**1,462**	1,180
Retained earnings	16	**(31,394)**	(19,514)
Total equity		**(29,458)**	(18,016)
Non-current liabilities			
Trade and other payables	18	**9,905**	12,838
Borrowings	19	**124,595**	55,266
Deferred tax liability	12	**4,263**	5,212
Total non-current liabilities		**138,763**	73,316
Current liabilities			
Trade and other payables	18	**38,026**	35,860
Borrowings	19	**-**	62,581
Corporation tax	18	**417**	107
Derivative financial liabilities	14	**114**	-
Total current liabilities		**38,557**	98,548
Net current liabilities		**7,618**	64,089
Total liabilities		**177,320**	171,864
Total equity and liabilities		**147,862**	153,848

The financial statements were approved by the board of Directors on 27 September 2017.

D Issott – Director **S S Sian – Director**

The accompanying notes form part of the financial statements.

ALLOCATE TOPCO LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 MAY 2017

Company no. 09021731	Note	**2017 £'000**	2016 £'000
Assets			
Non-current assets			
Investments	11	**348**	310
Total non-current assets		**348**	310
Current assets			
Trade and other receivables		**3**	-
Cash and cash equivalents		**125**	9
Total current assets		**128**	9
Total assets		**476**	319
Equity and liabilities			
Equity			
Share capital	15	**4**	4
Share premium account	15	**470**	314
Retained earnings		**(509)**	(334)
Total equity attributable to the owners of the Company		**(35)**	(16)
Non-current liabilities			
Trade and other payables	18	**498**	-
Borrowings	19	**-**	11
Total non-current liabilities		**498**	11
Current liabilities			
Trade and other payables	18	**13**	324
Total current liabilities		**13**	324
Total liabilities		**511**	335
Total equity and liabilities		**476**	319

The result for the financial year of the parent company, Allocate Topco Limited, was a loss of £175,000 (2016: a loss of £285,000). As permitted by section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent company.

The financial statements were approved by the board of Directors on 27 September 2017.

D Issott – Director

S S Sian – Director

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2017

	Share capital £'000	Share premium account £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 June 2015	3	307	(167)	(6,561)	(6,418)
Issue of shares	1	7	-	-	8
Total transactions with owners	1	7	-	-	8
Transfers	-	-	1,290	(1,290)	-
Loss for the year	-	-	-	(11,663)	(11,663)
Other comprehensive income	-	-	57	-	57
Total comprehensive income/(loss)	-	-	1,347	(12,953)	(11,606)
Balance at 31 May 2016	**4**	**314**	**1,180**	**(19,514)**	**(18,016)**
Issue of shares	-	**156**	-	-	**156**
Total transactions with owners	-	**156**	-	-	**156**
Loss for the year	-	-	-	**(11,880)**	**(11,880)**
Other comprehensive income	-	-	**282**	-	**282**
Total comprehensive income/(loss)	-	-	**282**	**(11,880)**	**(11,598)**
Balance at 31 May 2017	**4**	**470**	**1,462**	**(31,394)**	**(29,458)**

The accompanying notes form part of the financial statements.

ALLOCATE TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2017

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance at 1 June 2015	3	307	(49)	261
Issue of shares	1	7	-	8
Total transactions with owners	1	7	-	8
Loss for the year	-	-	(285)	(285)
Total comprehensive loss	-	-	(285)	(285)
Balance at 31 May 2016	**4**	**314**	**(334)**	**(16)**
Issue of shares	-	**156**	-	**156**
Total transactions with owners	-	**156**	-	**156**
Loss for the year	-	-	**(175)**	**(175)**
Total comprehensive loss	-	-	**(175)**	**(175)**
Balance at 31 May 2017	**4**	**470**	**(509)**	**(35)**

The accompanying notes form part of the financial statements.

ALLOCATE TOPCO LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2017

	Note	**2017** **£'000**	2016 £'000
Cash flow from operating activities			
Loss for the year		**(11,880)**	(11,663)
Adjustments for:			
Net finance expense	4	**15,028**	12,687
Foreign exchange		**1,326**	(14)
Income tax	6	**1,423**	2,010
Depreciation	7	**814**	688
Provision for bad debts	13	**61**	-
Fair value movement on derivative financial instruments	14	**143**	-
Exceptional costs	3	**971**	1,443
Amortisation	9	**4,949**	4,836
Cash from operations before working capital movements		**12,835**	9,987
(Increase)/decrease in trade and other receivables	13	**(3,408)**	471
(Decrease)/increase in trade and other payables	18	**(856)**	1,766
Net cash generated from operations before acquisition and related costs		**8,571**	12,224
Exceptional costs	3	**(971)**	(1,379)
Net cash generated from operations after acquisition and related costs		**7,600**	10,845
Payments for financial assets at fair value through profit or loss		**-**	(97)
Income tax paid		**(473)**	(606)
Net cash generated from operating activities		**7,127**	10,142
Cash flows from investing activities			
Interest received	4	**15**	6
Acquisition of subsidiaries, net of cash acquired	17	**(952)**	-
Payments for intangible assets	9	**(2,722)**	(483)
Payments for property, plant and equipment	7	**(661)**	(769)
Net cash used in investing activities		**(4,320)**	(1,246)
Cash flows from financing activities			
Interest paid	4	**(3,691)**	(3,760)
Proceeds from new bank loans taken out	19	**62,494**	-
Debt issue costs capitalised	19	**(2,220)**	-
Repayment of bank loans	19	**(47,105)**	
Repayment of shareholder loan	19	**(19,556)**	-
Proceeds from the issue of equity shares	15	**156**	8
Net cash used in financing activities		**(9,922)**	(3,752)
Net (decrease)/increase in cash and cash equivalents		**(7,115)**	5,144
Foreign exchange differences		**277**	83
Cash and cash equivalents at the start of the year		**20,272**	15,045
Cash and cash equivalents at the end of the year		**13,434**	20,272

The accompanying notes form part of the financial statements.

ALLOCATE TOPCO LIMITED

COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2017

	Note	2017 £'000	2016 £'000
Cash flow from operating activities			
Loss for the year		**(175)**	(285)
Adjustments for:			
Increase in trade and other receivables	13	**(3)**	-
Increase in trade and other payables	18	**187**	286
Net cash generated from operating activities		**9**	1
Cash flows from investing activities			
Purchase of company's own shares	11	**(38)**	-
Net cash used in investing activities		**(38)**	-
Cash flows from financing activities			
Repayment of shareholder loan	19	**(11)**	-
Proceeds from the issue of equity shares	15	**156**	8
Net cash generated from financing activities		**145**	8
Net increase in cash and cash equivalents		**116**	9
Cash and cash equivalents at the start of the year		**9**	-
Cash and cash equivalents at the end of the year		**125**	9

The accompanying notes form part of the financial statements.

1 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The group financial statements are for the year ended 31 May 2017. They have been prepared in compliance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 May 2017.

Allocate Topco Limited is a private limited company, incorporated and domiciled in the United Kingdom. The address of the registered office is 1 Church Road, Richmond, TW9 2QE.

New and amended standards and interpretations issued but not yet effective for the financial year beginning 1 June 2016 and not early adopted

A number of new standards and amendments to standards and interpretations were in issue but are not yet effective/endorsed for annual periods beginning after 1 June 2016, and have not been applied in preparing these consolidated financial statements.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contracts with customers
- IFRS 16 Leases
- IAS 7 Statement of cash flow amendments
- IAS 12 Income taxes amendments

The directors are finalising their analysis and do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company or Group in future periods, except for potentially IFRS 15. The first period for which IFRS 15 would apply to the Company or Group would be for the year ended 31 May 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the Strategic report. The Strategic report also describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. These forecasts have been prepared over a period of 5 years to 31 May 2022. The directors have reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies adopted by the Group in conformity with IFRS in force at 31 May 2017 are set out below:

Consolidation

Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group uses the purchase method of accounting for the acquisition of a subsidiary. The cost of an acquisition is measured by the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the period in which they are incurred. Where the purchase price includes amounts payable contingent on key staff retentions this is treated as remuneration and not consideration in line with the requirements of IFRS 3 'Business Combinations'. This does not form part of the cost of acquisition and the amount expected to be paid is instead expensed to the Income Statement on a straight line basis over the period of the intended staff retentions as defined in the purchase agreement. Consideration that is contingent on certain targets being met are analysed by management and are recorded based on the probability of occurrence.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in profit or loss.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Investments

Investments held in the Company only statement of financial position, as non-current assets comprise investments in subsidiary undertakings and are stated at cost less any provision for any impairment.

Revenue recognition

General
Revenue is measured at the fair value of the consideration received or receivable from the sales of software and professional services (including installation), net of any sales taxes. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Licensing Models

Where the contract includes multiple elements, the fair value of those elements is based on the relative standalone selling prices.

The Group operates two principal software licencing models – (a) a traditional licence and support & maintenance model; (b) a subscriptions model.

(a) Licenced Products

The majority of Allocate's products are licenced and either installed on the customer's own equipment or hosted by Allocate or a third party. This includes all Defence and Maritime products, virtually all Australian and Swedish products and a significant number of UK Healthcare products.

In addition to a licence fee, the Group charges annual support and maintenance fees to cover office hours support or out of hours support (via Allocate's online support portal, email or telephone), bug fixes, updates and free version upgrades. The fee charged depends on the level of support service contracted.

The elements for a software order typically include licenced products, post contract services (implementation), post contract support & maintenance and should a customer select it, the Allocate Cloud (refer below). The individual elements whilst part of an overall order are charged for and recognised separately. Revenue is recognised as described below.

(b) Subscriptions

(i) Subscription Products

Certain Healthcare products are only hosted by Allocate, and in this case the software (and licence) are not delivered to the customers, instead customers access the product over the internet. These products are delivered to the customer as a service over time ("Software as a Service" or "SaaS").

The elements of an order typically include the software subscription and post contract services (implementation) including collecting data, cleansing it, loading and configuring the system. This is charged for and recognised separately. No support and maintenance is charged as the single subscription fee covers this. Revenue is recognised as described below.

(ii) Cloud Subscriptions

Allocate Cloud is a secure and scaleable private cloud infrastructure run by Allocate and designed specifically to deliver Allocate's licenced products over the Internet or the NHS N3 network.

Some customers may choose to have their licenced products hosted using Allocate's hosting service, the Allocate Cloud. This only applies to Licenced Products, and in this situation the customer is required to separately purchase a licence for the products being hosted in the Allocate Cloud.

As the Cloud is not software, there is no post contract services or support. Revenue is recognised as described below.

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition by Revenue Type

(i) Revenue from Software – Licences and Support & Maintenance

The Group licences software under non-cancellable licence agreements on either a term basis (typically 3 to 5 years) or on a perpetual basis. Licence and support & maintenance revenues from the Group's standard products are recognised when a non-cancellable licence agreement has been signed and the software has been made available to the customer, except for where there are uncertainties surrounding product acceptance or there are significant vendor obligations.

The Group's customers purchase support and maintenance contracts as part of the licence agreement. Under the support and maintenance contracts the Group is obligated to provide upgrades and updates to the functionality of the software. The updates and upgrades provided as part of the Group's ongoing obligations under the support and maintenance contracts are fundamental to the functionality and use of the software and therefore are considered to be inseparable from the licence.

For the majority of contracts, this results in licence and support & maintenance revenues being recognised rateably over the contractual period. Revenue related to perpetual licences is recognised rateably over a five year term which is the standard initial support and maintenance contractual period.

Licences arising from the sale of certain products, typically perpetual licences, are recognised in full at the start of the contract. Revenue from the related support and maintenance contracts for these products is recognised rateably over the contractual period. The difference in accounting treatment for these licence products arises from differences in the customers' end usage of the software and the nature of updates and upgrades provided under the related support & maintenance contracts.

Occasionally, conditions apply to product acceptance or significant post sale obligations exist. In these situations, recognition of revenue is deferred until all material obligations are satisfied.

(ii) Revenue from Software – Subscriptions

Customers enter into agreements for Subscription Products or the Allocate Cloud generally on an annual or multi-year basis (typically 3 to 5 years). Revenue is recognised rateably over the length of the contract.

(iii) Revenue from Services

Revenue from services (which includes software implementation, training and consultancy services) is recognised in the accounting period in which the services are rendered. For fixed-price contracts; revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method). Percentage completion is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project.

Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change.

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Internally generated intangibles
An internally generated intangible asset arising from the development of software is recognised only if all of the following conditions are met:

- it is probable that the asset will create future economic benefits;
- the development costs can be measured reliably;
- the technical feasibility of completing the intangible asset can be demonstrated;
- there is the intention to complete the asset and use or sell it;
- there is the ability to use or sell the asset; and
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available.

Where no intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write off the cost of each intangible asset over its useful economic life, which is between 3 to 10 years.

Research expenditure is recognised as an expense in the period in which it is incurred.

Intangibles acquired as part of a business combination
In accordance with IFRS 3 'Business Combinations', an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognised as a single asset separately from goodwill where the individual fair values of the assets in the group are not reliably measurable. Where the individual fair values of the complementary assets are reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write off the cost of each intangible asset over its useful economic life, which is between 3 to 10 years.

Goodwill

Goodwill arising from business combinations is the difference between the carrying value of the consideration transferred and the fair value of the assets acquired and liabilities and contingent liabilities assumed. It is recognised initially as an intangible asset at cost and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired.

Where the Company acquires the trade, assets and liabilities of its subsidiaries, goodwill is recognised on the excess of the carrying value of the Company's investment in the subsidiary over the fair value of the assets and liabilities acquired. This excess amount is recognised as goodwill rather than a diminution in the carrying value of the Company's investment in the subsidiary because there is no change in the value of the trade and assets of the Company and its subsidiary as a whole, only a movement of trade and assets to the Company from its subsidiary.

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are recorded at cost net of accumulated depreciation and any provision for impairment. Depreciation is provided using the straight line method to write off the cost of the asset less any residual value over its useful economic life as follows:

Equipment	33%
Leasehold improvements	25%
Long leasehold property (999 years)	nil

Impairment

The Group's goodwill, other intangible assets and property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Goodwill is allocated to those cash generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Leases

All leases are regarded as operating leases and payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease. The Group does not act as a lessor.

Financial assets

Financial assets comprise loans and receivables and are assigned to the appropriate category by management on initial recognition, depending on the contractual arrangements. Loans and receivables are non-derivative financial assets which are recognised when the Group becomes a party to the contractual provisions of the instrument and measured at fair value plus transaction costs. Trade and other receivables are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any provision for impairment. Any change in value resulting from impairment or the reversal of impairment is recognised in profit or loss.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount by which they are written down is determined as the difference between the receivables carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each statement of financial position date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

The Group's financial liabilities include bank loans and overdrafts, trade and other payables.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, less settlement payments. Interest related charges are recognised as an expense in finance costs in the income statement.

Finance charges, including premiums payable on settlement or redemption and direct issue costs are charged to the income statement on an accruals basis using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is discharged, cancelled or expires.

Dividend distributions to shareholders are included in 'Other short term financial liabilities' when the dividends are approved by the shareholders meeting.

Income taxes

Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out its operations. They are calculated according to the tax rates and tax laws applicable to the fiscal period and the country to which they relate. All changes to current tax liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases.

However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date.

The deferred tax asset relating to share based payment awards reflects the estimated value of tax relief available on the vesting of the awards at the statement of financial position date.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term bank deposits.

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Retained earnings" represents retained profits and losses.
- "Foreign exchange reserve" represents translation differences arsing on the consolidation of investments in overseas subsidiaries.

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below.

Judgements in applying accounting policies:

Management make judgements as to which costs incurred meet the requirements of IAS 38 'Intangible Assets' and are therefore capitalised as internally generated intangible assets.

Sources of estimation uncertainty:

Impairment:
In assessing impairment, Management estimates the recoverable amount of each asset or cash generating units based on future cash flows and uses a discount rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Full details are shown in note 10.

Loan notes:
The directors have assessed the PIK notes to be at a market rate of interest. A significant due diligence process was entered into by the credit control department of Hg Capital assessing the risk of the business, the sector, overall market conditions and comparative rates of other deals carried out at the time. The loan notes are unsecured and therefore attract additional risk to the holder than the secured term facility.

Business Combinations:
Management uses valuation techniques in determining the fair values of the various elements of a business combination.

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their provisional fair values. In measuring fair value, management uses estimates about future cash flows and discount rates, however, actual results may vary.

2 REVENUE

The directors present revenue by type:

	2017			2016		
	Non-recurring £'000	**Recurring £'000**	**Total £'000**	Non-recurring £'000	Recurring £'000	Total £'000
Licence	**1,607**	**9,362**	**10,969**	1,142	9,728	10,870
Subscriptions	**-**	**15,245**	**15,245**	-	11,726	11,726
	1,607	**24,607**	**26,214**	1,142	21,454	22,596
Support	**-**	**14,554**	**14,554**	-	12,157	12,157
Services	**11,513**	**-**	**11,513**	8,645	-	8,645
Other	**221**	**461**	**682**	717	-	717
Total revenue	**13,341**	**39,622**	**52,963**	10,504	33,611	44,115
Recurring revenue as a % of total revenue			**75%**			76%

Recurring revenue is defined as revenue which recurs on a regular basis. This comprises revenue from certain licence contracts, support & maintenance contracts and subscription contracts (including the Allocate Cloud). As set out in the accounting policies this revenue is recognised rateably over the term of the contract.

Non-recurring revenue comprises licence contracts where revenue is recognised upfront, revenue from professional services and other revenue.

The Group's revenue from external customers by geographical location are detailed below:

	2017	2016
	£'000	£'000
United Kingdom	**34,739**	29,069
Europe	**9,141**	7,522
Asia and Oceania	**8,387**	6,621
Rest of the world	**696**	903
	52,963	44,115

3 OPERATING PROFIT

GROUP

	2017 £'000	2016 £'000
Operating profit has been arrived at after charging:		
Depreciation of property, plant and equipment (note 7)	**814**	688
Amortisation of intangible assets (note 9)	**4,949**	4,836
Research and developments costs	**7,532**	6,934
Employee costs (note 5)	**27,527**	23,173
Land and buildings held under operating leases	**897**	728
Other operating leases	**4**	111
Impairment loss recognised on trade receivables (see note 13)	**61**	-
Audit and non-audit services:		
Fees payable to the Company's auditor for the audit of parent company and consolidated financial statements.	**108**	79
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**18**	17
Other services	**4**	-

During the year ending 31 May 2017, the Group incurred exceptional costs of £971,000 which was principally made up of acquisition costs of £240,000, restructuring costs of £540,000, and legal and professional fees of £191,000 in respect of advice on the subsequent accounting of the refinancing, upgrade of finance systems and professional advice on the capitalisation of research and development.

In the prior year, the Group incurred exceptional costs of £1,443,000. This was principally made up of restructuring costs of £807,000, costs to set up a Management Incentive Plan (MIP) of £367,000, other professional fees of £61,000 and costs of £208,000 relating to the change in revenue accounting policy undertaken in the prior financial year, the impact of which was reflected in the 2015 Financial Statements.

4 FINANCE INCOME AND COSTS

	Group 2017 £'000	Group 2016 £'000
Finance income:		
Interest receivable	**15**	6
Net finance income	**15**	6
Finance charges:		
Change in fair value of derivative financial instrument	**(143)**	(198)
Interest and finance charges payable	**(15,043)**	(12,495)
Net foreign exchange (losses)/gains	**(1,326)**	14
	(16,512)	(12,679)
Net finance expense	**(16,497)**	(12,679)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year, which ranges from 8.1% to 14.1% plus LIBOR.

The change in fair value of the interest cap is set out in note 14.

5 EMPLOYEES

GROUP	2017	2016
	£'000	£'000
Employee costs (including directors):		
Wages and salaries	23,279	19,577
Social security costs	3,284	2,506
Payments into defined contribution pension schemes	964	1,090
	27,527	23,173
The average number of employees (including directors) during the year was made up as follows:		
Sales and services	179	186
Development	164	101
Administration	63	41
Executive directors	3	3
Non-executive directors	4	4
	413	335

COMPANY	2017	2016
	£'000	£'000
Employee costs (including directors):		
Wages and salaries	152	53
Social security costs	10	6
	162	59
The average number of employees (including directors) during the year was made up as follows:		
Administration	5	5
	5	5

Directors' remuneration was as follows:

	2017	2016
	£'000	£'000
Aggregate emoluments	994	1,339
Defined contribution pension	38	38
Sums paid to third parties for director services	60	84
	1,092	1,461
Highest paid director:		
Aggregate emoluments	649	485

6 INCOME TAX

	2017 £'000	2016 £'000
Current tax:		
Corporation tax on loss for the year	**100**	58
Prior period adjustments	**-**	1
Overseas tax	**789**	670
Total current tax	**889**	729
Deferred tax:		
Origination and reversal of temporary differences :		
Current year	**1,331**	569
Prior period adjustments	**(109)**	244
Rate change adjustment	**(688)**	468
Total deferred tax	**534**	1,281
Tax (credit)/charge on loss for the year	**1,423**	2,010

The tax assessed for the year differs from the standard rate of corporation tax as applied in the respective trading domains where the Group operates. The differences are explained below:

	2017 £'000	2016 £'000
Loss for the year before tax	**(10,457)**	(9,653)
Loss for year multiplied by the respective standard rate of corporation tax applicable in each domain 19.83% (2016: 20.00%)	**(2,074)**	(1,931)
Effects of:		
Adjustments in respect of prior periods	**(109)**	-
Difference in overseas tax rates	**288**	227
Movement on deferred tax not recognised	**3,540**	1,932
Research and development enhanced relief	**(110)**	(62)
Foreign tax suffered	**-**	17
Tax rate change adjustment	**(688)**	-
Derecognition of deferred tax assets re losses initially recognised in earlier periods	**-**	86
Expenses not deductible for tax purposes	**575**	1,739
Group relief	**(32)**	-
Acquisition costs	**-**	2
Non-taxable income	**33**	-
Tax (credit)/charge on loss for the year	**1,423**	2,010

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset and liability at 31 May 2017 have been calculated based on these rates.

7 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Long leasehold property £'000	Leasehold improvements £'000	Equipment £'000	Total £'000
Cost				
At 1 June 2015	285	558	3,533	4,376
Additions	-	11	659	670
Disposals	-	-	(41)	(41)
Foreign exchange rate movement	-	9	23	32
At 31 May 2016	285	578	4,174	5,037
Acquired through business combinations	-	12	81	93
Additions	-	24	592	616
Disposals	-	-	-	-
Foreign exchange rate movement	-	9	82	91
At 31 May 2017	**285**	**623**	**4,929**	**5,837**
Depreciation				
At 1 June 2015	-	194	2,569	2,763
Provided in the year	-	131	557	688
Disposals	-	-	(41)	(41)
Foreign exchange rate movement	-	(13)	(54)	(67)
At 31 May 2016	**-**	**312**	**3,031**	**3,343**
Acquired through business combinations	-	3	46	49
Provided in the year	-	136	678	814
Disposals	-	-	-	-
Foreign exchange rate movement	-	3	48	51
At 31 May 2017	**-**	**454**	**3,803**	**4,257**
NBV 31 May 2017	**285**	**169**	**1,126**	**1,580**
NBV 31 May 2016	285	266	1,143	1,694

Netted off the cost of property plant and equipment are accumulated landlord capital contributions amounting to £96,000 (2016: £96,000) at the period end. Of this amount £23,000 (2016: £30,000) had been taken to the income statement by way of a reduction to accumulated depreciation.

At 31 May 2017 the Group had borrowings of £65,546,000 (2016: £46,747,000) which are secured against certain assets of the Group.

8 GOODWILL

GROUP	Total £'000
Cost and Net Book Value	
At 1 June 2015 and 31 May 2016	86,763
Additions – acquisition of Allocate Software SAS (see note 17)	1,061
At 31 May 2017	**87,824**

On 3 January 2017, the Group acquired Allocate Software SAS (previously 'Geocom Software France') for a consideration of £1,281,000. In light of this acquisition, the Group recognised goodwill of £1,061,000. Included in the goodwill amount is a deferred consideration of £200,000 (see note 18) which has been recognised as part of the acquisition, which would be payable in 2 years should the Group achieve the target criteria of the acquisition agreement. The Group's annual impairment testing of goodwill, as set out in note 10, did not give rise to an impairment charge (2016: nil).

9 INTANGIBLE ASSETS

GROUP	Technology £'000	Customer Relationships £'000	Brand £'000	Research and Development £'000	Total £'000
Cost					
At 1 June 2015	16,200	11,000	8,200	-	35,400
Additions	134	-	-	349	483
At 31 May 2016	16,334	11,000	8,200	349	35,883
Additions	966	-	-	1,956	2,922
Acquired through business combinations (see note 17)	-	91	-	-	91
At 31 May 2017	**17,300**	**11,091**	**8,200**	**2,305**	**38,896**
Amortisation					
At 1 June 2015	1,157	786	410	-	2,353
Charge for the year	2,445	1,571	820	-	4,836
At 31 May 2016	3,602	2,357	1,230	-	7,189
Charge for the year	2,543	1,579	820	7	4,949
At 31 May 2017	**6,145**	**3,936**	**2,050**	**7**	**12,138**
Net book value at 31 May 2017	**11,155**	**7,155**	**6,150**	**2,298**	**26,758**
Net book value at 31 May 2016	12,732	8,643	6,970	349	28,694

Intangible assets comprise assets arising from internal and third party costs incurred to develop internal business systems, and intangibles acquired through a business combination. The Company's intangible assets are amortised over periods of 3 to 10 years.

Development costs of £1,956,000 (2016: £349,000) were capitalised in the year.

During the year, the Group acquired the eCommunity software solution and from a third party, Quality Education Solutions Limited. The fair value of total consideration paid was £596,000. Deferred consideration of £200,000 has been recognised as part of the acquisition, £100,000 of which is due for payment within a year and the remaining balance is due in two years (see note 18). eCommunity is a workforce planning tool that assists community healthcare organisations in scheduling their workforce to deliver safe and efficient care in the patient home.

The details of any impairment testing of intangible assets are set out in note 10.

10 IMPAIRMENT

(a) Impairment testing of goodwill

For the purpose of annual impairment testing, the carrying value of goodwill acquired through business combinations is allocated to the following cash-generating units (CGU):

	2017 £'000	2016 £'000
Healthcare	**82,567**	81,505
Dynama	**5,258**	5,258
	87,824	86,763

These represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

(b) Key assumptions in value in use calculations

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use forecast results for the year ended 31 May 2017, together with forecasts for the four-year period to 31 May 2021.

For the Healthcare CGU, a significant revenue growth is forecast up to 2021, thereafter the forecasts have been extrapolated another year and in perpetuity before application of a terminal year growth rate. This terminal growth rate has been based on long-term inflation forecasts in the primary territories where Healthcare generates revenues.

For the Defence & Maritime ("Dynama") CGU a terminal growth rate of 2% has been applied to periods beyond 1 June 2021, as there is visibility of continuing growth outside the business plan period.

The growth rate assumptions in the budgets and business plans reflect a combination of historical performance and management's judgement of the opportunities to grow both the customer base and the value derived from the existing customer base, as well as the range of products.

Each CGU's weighted average cost of capital (calculated using industry standard approaches) has been used to discount forecast cash flows.

The key assumptions for the value-in-use calculations are as follows:

	Healthcare	Dynama
Period on which Management Approved forecasts are used	**4 Periods**	**4 Periods**
Terminal Growth Rate applied from	**1 June 2021**	**1 June 2021**
Terminal Growth Rate	**2%**	**2%**
Discount Factor (pre-tax)	**15.2%**	**15.2%**

Management has determined the key assumptions based on their significant experience of the customer base and on the historical performance of these businesses. The growth-rates are based on a combination of historical performance and management's judgements on the cross-selling opportunities afforded by long standing customer relationships in addition to a go to market model of proven endurance.

The sensitivity of goodwill carrying values to reasonably possible changes in key assumptions has been performed. No changes produce a significant movement in the carrying value of goodwill allocated to a CGU and therefore no sensitivity analysis is presented.

10 IMPAIRMENT (CONTINUED)

(c) Impairment of intangible assets

No impairment of intangible assets or goodwill has been recorded by either the Group or the Company during the year ended 31 May 2017 (period ended 31 May 2016: £nil).

11 INVESTMENTS

COMPANY	Investments in subsidiaries £'000	Other investments £'000	Total £'000
Cost and Net book value			
At 1 June 2016	310	-	310
Additions	-	38	38
At 31 May 2017	**310**	**38**	**348**

Other investments relate to the Company's investment in an Employee Benefits Trust ("EBT") used to buy back the Company's own shares from former company Directors. The EBT currently holds 3,334 ordinary shares in the Company.

Subsidiaries

The Company holds investments either directly or indirectly in the equity share capital of the following:

Subsidiary	Class of share	Percentage held	Nature of business
Allocate BidCo Limited (1)	Ordinary £1	100%	Holding company
Allocate Software Limited (2)*	Ordinary £1	100%	Sales of software
Time Care AB(2)*	Ordinary SEK 1	100%	Sales of software
Time Care Sverige AB(2)*	Ordinary SEK 1,000	100%	Sales of software
Calistrum AB(2)*	Ordinary SEK 1,000	100%	Dormant
Time Care UK Limited(1)*	Ordinary £1	100%	Dormant
Dynamic Change Limited(1)*	Ordinary 1p	100%	Dormant
Allocate Software Worldwide Limited(1)*	Ordinary £1	100%	Dormant
Allocate Software Inc(3)*	Common Stock US$0.01	100%	USA sales and support
Allocate Software PTY Limited(5)*	Ordinary Aus $1	100%	Sales of software
Allocate HoldCo Limited (1)	Ordinary £1	100%	Holding company
Allocate MidCo Limited (2)*	Ordinary £1	100%	Sales of software
MSW Technology Limited(1)*	Ordinary £1	100%	Dormant
Allocate Software Technology Systems Limited(1)*	Ordinary £1	100%	Dormant
Allocate Software Skopje Dooel(5)*	Ordinary MKD5000	100%	Development Centre
Allocate Software Sendrian Berhad(6)*	Ordinary MYR1	100%	Sales of software
Allocate Sendrian Berhad(6)*	Ordinary MYR1	100%	Dormant
Manpower Software Limited(1)*	Ordinary £1	100%	Dormant

11 INVESTMENTS (CONTINUED)

Subsidiary	Class of share	Percentage held	Nature of business
Allocate Limited[(1)]*	Ordinary £1	100%	Dormant
Zircadian Holdings Limited[(1)]*	Ordinary £1	100%	Dormant
Zircadian Limited[(1)]*	Ordinary £1	100%	Dormant
RosterOn Pty Limited[(4)]*	Ordinary Aus $1	100%	Dormant
RealTime Health Limited[(1)]*	Ordinary 1p	100%	Dormant
Allocate Software España SL [(8)]*	Ordinary €1	100%	Sales of software
Allocate Software SAS (France) [(9)]*	Ordinary €1	100%	Sales of software
Allocate Software GmBH [(10)]*	Ordinary €1	100%	Sales of software
Dynama Solutions Limited [(1)]*	Ordinary £1	100%	Sales of software
Dynama Solutions Pty Ltd [(7)]*	Ordinary AUD 1	100%	Sales of software
Dynama Solutions Inc [(3)]*	Ordinary USD 1	100%	Sales of software

*Held indirectly through an intermediate company

[(1)] registered office address is 1 Church Road, Richmond, TW9 2QE
[(2)] registered office address is Box 30077 104 25, Franzéngatan 3, 112 51, Sweden
[(3)] registered office address is 111 Lincoln Road, Suite 400, Miami, FL 33139, USA
[(4)] registered office address is Level 10, 530 Collins Street, Melbourne, Vic 3000, Australia
[(5)] registered office address is 16, 8-mi Septemvri Blvd., 2nd Floor, Skopje, Macedonia
[(6)] registered office address is B-11-10 Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450, Kuala Lumpur, Malaysia
[(7)] registered office address is Suite 2, Level 13, 99 Mount Street, North Sydney, NSW 2060, Australia
[(8)] registered office address is a. de Europa 19, 3A, Parque Empresarial La Moraleja, Alcobendas, Madrid, 28108, Spain
[(9)] registered office address is 4 Route De La Noue, 91190 Gif-sur-Yvette, France
[(10)] registered office address is Ruhrallee 9, 12th floor Excellent Business Center, Dortmund, Nordrhein Westfalen 44139, Germany

12 DEFERRED TAX

Deferred tax asset

GROUP	Tax Losses £'000	Decelerated Capital Allowances £'000	Other Timing Differences £'000	Total £'000
At 31 May 2015	4,134	(27)	19	4,126
Net creation/(utilisation)	(1,563)	93	(30)	(1,500)
Prior period adjustments	(187)	35	7	(145)
Tax rate change adjustment	(234)	(11)	-	(245)
Foreign exchange	(2)	3	1	2
At 31 May 2016	**2,148**	**93**	**(3)**	**2,238**
Net creation/(utilisation)	**(1,557)**	**45**	**64**	**(1,448)**
Prior period adjustments	**213**	**(130)**	**27**	**110**
Tax rate change adjustment	**(131)**	**(5)**	**(3)**	**(139)**
Foreign exchange	**3**	**(3)**	**-**	**-**
At 31 May 2017	**676**	**-**	**85**	**761**

Deferred tax assets are only recognised for tax losses arising in Group companies where it is probable future taxable profits will be available against which to use these losses. Tax losses for which a deferred tax asset has been recognised total £3,976,000 (2016: £20,040,000). In addition, the Group has losses totalling £25,616,000 (2016: £15,599,000) for which a deferred tax asset has not been recognised.

Deferred tax liability

GROUP	Intangible Assets £'000	Other timing differences	Total £'000
At 31 May 2015	5,819	-	5,819
Prior period adjustment	1	98	99
Tax rate change adjustment	223	-	223
Foreign exchange	4	7	11
Net utilisation	(940)	-	(940)
At 31 May 2016	**5,107**	**105**	**5,212**
Tax rate change adjustment	**(566)**	**-**	**(566)**
Foreign exchange	**(5)**	**-**	**(5)**
Net utilisation	**(378)**	**-**	**(378)**
At 31 May 2017	**4,158**	**105**	**4,263**

13 TRADE AND OTHER RECEIVABLES

GROUP	2017 £'000	2016 £'000
Current		
Financial assets		
Trade receivables	**12,414**	10,089
Accrued income	**2,102**	1,945
	14,516	12,034
Non-financial assets		
Prepayments and other receivables	**2,989**	2,124
	17,505	14,158

Trade receivables include provisions held against doubtful debts totalling £61,000 (2016: £Nil).

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Credit quality of receivables

Trade receivables are derived from the supply of licenses and services to clients who are substantial and creditworthy organisations. These clients include government health and defence departments, major listed companies and significant private companies.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired receivables:

	2017 £'000	2016 £'000
Trade receivables		
31 to 60 days	**3,482**	2,488
61 to 90 days	**782**	105
More than 90 days	**728**	165
	4,992	2,758

Movement in allowance for doubtful debts:

	2017 £'000	2016 £'000
At 1 June 2016	**-**	-
Impairment losses recognised	**61**	-
At 31 May 2017	**61**	2,758

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

Aging of impaired trade receivables:

	2017 **£'000**	2016 £'000
31 to 60 days	**1**	-
61 to 90 days	**-**	-
More than 90 days	**60**	-
Total	**61**	-

Trade and other receivables are due in the following currencies:

	2017 **£'000**	2016 £'000
Australian Dollars	**5,638**	992
Danish Krona	**33**	-
Swedish Krona	**1,183**	1,028
US Dollars	**501**	116
Euros	**1,748**	112
Malaysian Ringgits	**5**	5
	9,108	2,253

These assets are acting as security against the debt held within Allocate Bidco Limited, a group company.

COMPANY	**2017** **£'000**	2016 £'000
Current		
Financial assets		
Amounts owed by subsidiary company	**3**	-

14 DERIVATIVES

GROUP	**2017** **£000**	2016 £000
Current		
Financial assets designated as fair value through profit or loss	**-**	29
Financial liabilities designated as fair value through profit or loss	**(114)**	-

Following the new refinancing agreements (see note 19), the Company entered into a new interest rate hedging arrangement effective from 25 August 2016 which has the commercial effect of ensuring that a minimum of 50% of the aggregate of the principal amounts at any time outstanding under Facility B and Facility C are covered at all times until 4 July 2018. This cap limits the effective rate of LIBOR to 0.85% and at the balance sheet date applied to £29,725,000 (2016: £25,000,000) of the outstanding loans. The fair value of the derivative at 31 May 2017 is a financial liability of £114,000 (2016: financial asset of £29,000). Any changes in fair value have been taken to profit or loss.

15 SHARE CAPITAL

Equity

	Authorised			
	2017 Number	**2017 £'000**	**2016 Number**	**2016 £'000**
Ordinary shares of 1p each	**379,286**	**3**	374,225	3
Preference shares of 1p each	**12,490**	**1**	12,490	1
	391,776	**4**	386,715	4

	Allotted, called up and fully paid			
	2017 Number	**2017 £'000**	**2016 Number**	**2016 £'000**
Ordinary shares of 1p each	**379,286**	3	374,225	3
Preference shares of 1p each	**12,490**	1	12,490	1
	391,776	**4**	386,715	4

Equity: allotted, called up and fully paid

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 June 2015	320,601	3	307	310
Issue of shares	66,114	1	7	8
At 31 May 2016	386,715	4	314	318
Issue of shares	5,061	-	156	156
At 31 May 2017	**391,776**	**4**	**470**	**474**

Out of the 391,776 ordinary shares in issue, 320,601 relate to Ordinary A shares, 35,025 relate to B1 Ordinary shares, and 23,660 relate to B2 Ordinary shares.

The holders of Ordinary A shares and B2 Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The B1 Ordinary shares do not carry any right to vote.

The preference shares are redeemable at the option of the shareholder. The premium on redemption is £1. The shares do not carry any right to vote nor do they carry any rights to any dividends.

16 RESERVES

Nature and purpose of reserves

Share premium – represents amount subscribed for share capital in excess of nominal value.

Retained earnings – comprises the accumulated retained profits from current and prior periods.

Foreign exchange – exchange differences arising on the translation of overseas subsidiaries are recognised in other comprehensive income as described in note 1, and accumulated in a separate reserve within equity.

17 BUSINESS COMBINATIONS

On 3 January 2017, the Group acquired 100% of the voting equity instruments of Allocate Software SAS (previously 'Geocom Software France'), a company whose principal activity is to provide support to end users. The principal reason for this acquisition was to expand the Group's outreach in the European market.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £'000	Adjustments £'000	Fair value £'000
Property, plant and equipment	44	-	44
Financial assets	3	-	3
Trade receivables	226	-	226
Trade payables	(59)	-	(59)
Other assets and liabilities	(133)	-	(133)
Income tax receivables	17	-	17
Provision for risks and charges	(23)	-	(23)
Shareholders loans	(67)	-	(67)
Cash	121	-	121
Intangible assets	-	91	91
Total net assets	129	91	220

On acquisition Allocate Software SAS (France) held trade receivables with a book and fair value of £226,000 representing contractual receivables of £229,000. Whilst the Group will make every effort to collect all contractual receivables, it considers it unlikely that the £3,000 will ultimately be received.

Fair value of consideration paid

	£'000
Cash consideration	1,081
Contingent cash consideration (see note 8 and 18)	200
Total consideration	1,281
Goodwill (see note 8)	1,061

17 BUSINESS COMBINATIONS (CONTINUED)

The goodwill arising on the acquisition of Allocate Software SAS (France) is not deductible for tax purposes.

Acquisition costs of £185,000 arose as a result of the transaction and has been recognised as part of exceptional costs (see note 3) in the consolidated income statement.

Since acquisition date, Allocate Software SAS (France) has contributed £250,000 to the Group's revenues and a loss of £168,000 to the Group's result for the year. If the acquisition of Allocate Software SAS (France) had been completed on the first day of the financial year, group revenues for the year would have been £53,447,000 and group losses after tax would have been £11,915,000.

18 TRADE AND OTHER PAYABLES

GROUP	2017 £'000	2016 £'000
Non-current		
Financial liabilities		
Deferred consideration – acquisition of a subsidiary (see note 17)	**200**	-
Deferred consideration – acquisition of intangible assets (see note 9)	**100**	
Long service leave provision	**60**	-
	360	-
Non-financial liabilities		
Deferred income	**9,545**	12,838
	9,905	12,838
Current		
Financial liabilities		
Trade payables	**1,820**	1,059
Accruals	**7,122**	6,539
Deferred consideration (see note 9)	**100**	-
	9,042	7,598
Non-financial liabilities		
Other taxation and social security	**3,437**	3,566
Deferred income	**25,547**	24,696
Corporation tax	**417**	107
	38,443	35,967

The deferred consideration of £200,000 relates to the purchase of the eCommunity software (see note 9).

COMPANY	2017 £'000	2016 £'000
Non-current		
Financial liabilities		
Amounts owed to subsidiary company	**498**	-
Current		
Financial liabilities		
Amounts owed to subsidiary company	-	304
Accruals	13	20
	13	324

The Group's and Company's payables are unsecured and approximate to fair value.

19 FINANCIAL LIABILITIES - BORROWINGS

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. The amount outstanding at the statement of financial position date is £124,595,000. The interest rates are between 4% and 10% above LIBOR base rate.

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Non-current liabilities:				
Bank loans				
- Secured	**65,546**	-	-	-
Issue costs capitalised	**(2,329)**	-	-	-
	63,217	-	-	-
Shareholder loans – Unsecured:				
Loan notes	**2,109**	-	2,109	-
Interest due on loan notes	**640**	-	374	-
Shareholder loan	**42,135**	-	42,135	11
Interest on shareholder loan	**16,494**	-	10,648	-
Total non-current borrowings	**124,595**	-	55,266	11
Current liabilities:				
Bank loans	-	-	46,747	-
Issue costs capitalised	-	-	(3,722)	-
Shareholder loan			19,556	-
Total current borrowings	-	-	62,581	-

Bank loans

On 3 June 2016 the Company repaid its pre-existing Senior Term Facility (principal amount of £25,000,000 and accrued interest of £1,700,000) and the Second Lien Facility (principal amount of £20,000,000 and accrued interest of £350,000) in cash. The funds to repay these loans came from new loan agreements as stated below.

Terms and debt repayment schedule

	Currency	Effective Interest rate	Year of maturity
Facility B	Multi-currency	5.77%	2022
Facility C	GBP	11.63%	2023
Acquisition Facility A1	Multi-currency	3.75%	2022
Acquisition Facility A2	Multi-currency	10%	2023
Revolving Facility 1	Multi-currency	3.75%	2022

19 FINANCIAL LIABILITIES - BORROWINGS (CONTINUED)

	Principal amount 2017 £'000	Carrying amount 2017 £'000
Facility B	36,800	39,852
Facility C	22,650	22,650
Acquisition Facility A1	6,500	1,069
Acquisition Facility A2	3,500	575
Revolving Facility	5,000	1,400
Total facility available	**74,450**	**65,546**

The currency profile of the Company's loans and borrowings is as follows:

Currency	**2017 £'000**	2016 £'000
GBP	**42,787**	46,747
SEK	**15,732**	-
AUD	**7,027**	-
	65,546	46,747

Secured liabilities and assets pledged as security

The bank loans are secured by charges over the assets of certain Group companies (Allocate Software Limited, Allocate Software Pty Limited, Dynama Solutions Limited, Dynama Solutions Pty Ltd and Time Care AB). The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2017 £'000	2016 £'000
Current		
Trade and other receivables	**26,287**	17,735
Cash and cash equivalents	**6,823**	17,222
Non-current		
Property plant and equipment	**1,427**	1,793
Trade and other receivables	**33,848**	-
Deferred tax asset	**761**	2,590
	69,146	39,340

Fair value
The fair value of the borrowings is not materially different to their carrying amounts.

Risk exposures
Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 20.

19 FINANCIAL LIABILITIES - BORROWINGS (CONTINUED)

Shareholder loan notes

The interest rate on the loans notes and the related party loan is 11.15% compounding annually on the anniversary of the loan.

During the year, management exercised the repayment option available in the 11.15% Series 1 Unsecured PIK Notes (the "Notes") agreement and made two capital repayments (£19,197,000 against the listed shareholder notes, and £359,000 against the unlisted management shareholder notes) on 3 June 2016. The total Notes still in issue after repayment are £44,244,000.

The shareholder loan and loan notes are repayable in 2024.

20 FINANCIAL INSTRUMENTS

GROUP

The Group's financial instruments comprise cash and liquid resources, receivables, borrowings and payables. These all arise directly from the Group's operations.

It is, and has been throughout the year under review, the Group's policy that no other trading in financial instruments shall be undertaken.

Financial instruments by category

	Note	**2017**	2016
		£'000	£'000
Financial assets			
Current			
Trade and other receivables	**13**	**14,516**	12,034
Financial derivative held at fair value through profit or loss	**14**	**-**	29
Cash and cash equivalents - loans and receivables		**13,434**	20,272
Total financial assets		**27,950**	32,335

	Note	**2017**	2016
		£'000	£'000
Financial liabilities:			
Non-current			
Borrowings	**19**	**124,595**	55,472
Trade and other payables	**18**	**360**	12,838
Total non-current financial liabilities		**124,955**	68,310
Current			
Borrowings	**19**	**-**	62,581
Financial derivative held at fair value through profit or loss	**14**	**114**	-
Trade and other payables	**18**	**9,042**	7,598
Total current financial liabilities		**9,156**	70,179

Trade and other payables are measured at amortised cost unless otherwise stated.

There is no material difference between the book value and the fair value of these financial assets and financial liabilities.

20 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements

Financial assets and financial liabilities are classified in their entirety into only one of the three levels. The fair value hierarchy has the following levels:

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

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Financial instruments measured at fair value

	Level 1	
	2017	2016
	£'000	£'000
Derivative financial instruments	**(114)**	29

There were no transfers between levels during the year.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. These policies were fully reviewed by the board during the year and no significant changes were required.

20 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Foreign exchange risk
The Group undertakes transactions in foreign currencies and as a result is exposed to foreign exchange risk. These consist of the monetary assets and liabilities of Group companies that are not denominated in the functional currency of the respective Group company. The resulting exposures are summarised below:

	Euro	Swedish Krona	Australian Dollars	US Dollars	Macedonian Denar	Malaysian Ringgits
	£'000	£'000	£'000	£'000	£'000	£'000
2017	1,534	8,097	4,050	(857)	(706)	(412)
2016	351	1,015	304	2,406	305	370

The figures above are based on the following exchange rates:

	2017	2016
Euro	1.20	1.31
Swedish Krona	11.50	12.16
Australian Dollars	1.71	2.02
US Dollars	1.28	1.46
Malaysian Ringgits	5.64	6.01
Macedonian Denar	73.61	80.17

For a movement of plus or minus 5% in the above exchange rates, the carrying values would be changed as set out below. Profit and equity would be impacted by these amounts.

Resulting change	2017	2016
	£'000	£'000
Euro	73	17
Swedish Krona	386	48
Australian Dollars	193	14
US Dollars	41	115
Malaysian Ringgits	20	18
Macedonian Denar	34	15

The Group's approach to managing foreign currency risk is set out in the Strategic report.

Interest rate risk
The Group finances itself through a combination of equity and debt. The Group's policy is to borrow on a floating rate basis and, if appropriate, it will enter into arrangements to fix the cost of borrowings. At 31 May 2017, the Group had loan balances outstanding under a term facility agreement provided by funds managed by Hayfin, HSBC and NatWest amounting to £65,546,000 (2016: £46,747,000) at variable rates of interest linked to LIBOR. In order to hedge the potential interest rate risk on its loans, the Group has entered into an interest cap transaction via its wholly owned subsidiary company, Allocate Bidco Limited. This cap limits the effective rate of LIBOR to 0.85% until 31 December 2017 and at the balance sheet date applied to £29,725,000 (2016: £25,000,000) of the outstanding loans.

At 31 May 2017 the Group's financial assets, other than receivables, amounted to cash and cash deposits totalling £13,434,000 (2016: £20,272,000).

At 31 May 2017 the Group had a £65,546,000 (2016: £46,747,000) of external loan facilities. The interest rate range from 6% to 12% above LIBOR.

20 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies and public sector bodies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of the Group's loans and receivables financial assets of £27,950,000 (2016: £32,306,000).

The majority of the Group's trade receivables are from government health, defence, education and local authorities. The Group has trade receivables resulting from sales of products and services, which management consider to be of low risk, other receivables consist predominantly of deposits and prepayments. Management does not consider there is any concentration of risk within either trade or other receivables.

As at 31 May 2017 there were 5 customers who individually accounted for 5% or more of total outstanding trade receivables (2016: 3 customers). These 5 customers comprised 46% of trade receivables (2016: 3 customers 52%), all of whom are highly rated government bodies or companies with a strong payment history.

Deposits of cash are placed only with financial institutions whose credit rating is high.

Liquidity risk

Deposits with the Group's bankers are placed when cash is available surplus to immediate requirements.

The provision of cash for the payment of day to day business commitments is carefully monitored and forecasts are made of future cash requirements. There are no significant single amounts due for payment in the foreseeable future other than those arising in the normal course of business.

Financial liabilities mature according to the following schedule:

2017	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Borrowings	**-**	**-**	**-**	**124,595**
Trade and other payables	**9,042**	**360**	**-**	**-**

2016	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Borrowings	62,690	-	-	55,472
Trade and other payables	4,625	-	-	-

Capital risk management

The Group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders. The Group monitors cash balances and prepares regular forecasts which are reviewed by the Board.

20 FINANCIAL INSTRUMENTS (CONTINUED)

COMPANY

The Company's financial instruments comprise cash and liquid resources, receivables, borrowings and payables. These all arise directly from the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no other trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate, liquidity risk and foreign exchange risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. These policies were fully reviewed by the board during the year and no significant changes were required.

Financial instruments by category

	Note	2017 £'000	2016 £'000
Financial assets :			
Current			
Trade and other receivables		3	-
Cash and cash equivalents - loans and receivables		125	9
		128	9
Financial liabilities :			
Non-current			
Trade and other payables	18	498	-
Borrowings	19	-	11
Current			
Trade and other payables	18	13	324

Trade and other payables are measured at amortised cost unless otherwise stated.

There is no material difference between the book value and the fair value of these financial assets and financial liabilities.

Market risk

Foreign exchange risk
The company does not undertake any transactions in foreign currencies and therefore is not exposed to foreign exchange risk.

Interest rate risk

The Company finances itself through a combination of equity and debt. The Company's policy is to borrow on a floating rate basis and, if appropriate, it will enter into arrangements to fix the cost of borrowings. At 31 May 2017, the company had £nil borrowings (2016: £Nil).

20 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. In order to minimise this risk the Company endeavours only to deal with companies and public sector bodies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of the Company's financial assets £nil.

Liquidity risk

Deposits with the Company's bankers are placed when cash is available surplus to immediate requirements.

The provision of cash for the payment of day to day business commitments is carefully monitored and forecasts are made of future cash requirements. There are no significant single amounts due for payment in the foreseeable future other than those arising in the normal course of business.

Fair value

The fair values of all financial assets and liabilities at 31 May 2017 and 31 May 2016 were not materially different from their book values.

21 OPERATING LEASE COMMITMENTS

The table shows the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

GROUP

	2017	2016
	£'000	£'000
Land and buildings:		
Within one year	**875**	879
Two to five years	**199**	1,032
	1,074	1,911
Equipment:		
Within one year	**70**	151
Two to five years	**91**	164
	161	315

22 RELATED PARTY TRANSACTIONS

Intercompany Transactions

The Company had the following intercompany transactions:

	2017	2016
	£'000	£'000
Income Statement:		
Administration expenses	-	-
Statement of Financial Position:		
Loan from Allocate Holdco Limited	**498**	11

The Group has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2017 or 2016 regarding related party transactions.

All other intercompany balances are interest bearing at a rate of 11.15%. These balances have been classified for repayment outside of 1 year.

23 PARENT UNDERTAKING

A number of limited partnerships which are managed by Hg Pooled Management Limited ("HgCapital") (holding through a nominee company) held a significant interest in the ordinary shares of the company at 27 September 2017. The directors deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships holding an interest in the company and managed by HgCapital has an ownership interest of more than 20% of the issued share capital of the company.

The largest group in which the results of the company are consolidated is that headed by Allocate Topco Limited. There are no further groups in which the results of the company are consolidated. The consolidated financial statements of Allocate Topco Limited are available to the public and can be obtained from the company's registered office at 1 Church Road, Richmond, TW9 2QE.