ANNUAL REPORT AND ACCOUNTS 2019

Stock code: GBG

OVERVIEW

We are GBG, global specialists in identity data intelligence.

We offer a series of solutions that help organisations quickly validate and verify the identity and location of their customers.

Our products are built on an unparalleled breadth of data obtained from over 200 global partners. We work with customers in 72 countries, including some of the best-known businesses around the world, ranging from US e-commerce giants, to Asia's biggest banks and European household brands.

Our innovative technology leads the world in location intelligence, detects fraud and enables us to verify the identity of 4.4 billion people globally.

Highlights

Financial highlights

Revenue

£143.5m
(2018: £119.7m)

Adjusted operating profit

£32.0m
(2018: £26.3m)

Adjusted earnings per share

18.2p
(2018: 15.3p)

Adjusted operating margin

22.3%
(2018: 22.0%)

Strategic and operational highlights

Enhancing our customer proposition

- Successfully launched Loqate, our Location solution brand
- Key wins across our chosen geographies including Discover Financial Services, N26, Bosch, BNI, Kohls and eBay
- Shift to a cloud operational model to support faster growth and evolving security requirements across our key markets

Strengthening international footprint

- International revenues grew from 34% to 45% of total revenue
- Encouraging performance from North America and Asia Pacific
- Total number of employees increased to nearly 1,000 working in 16 countries

Strategic acquisitions enhance global capabilities

- IDology materially strengthens our position in the North American market
- VIX Verify provides complementary technology and data, and increases our reach in Asia Pacific
- Both acquisitions are performing in line with expectations

Our vision

To be the leader in identity data intelligence.

950+

team members in 16 countries

19,000+

customers across 72 countries

12

companies acquired and integrated since 2011

240

countries and territories with address validation capabilities

4.4bn

people verified (over half the world's population)

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INVESTMENT CASE

At GBG we use data, technology and the skills of our people to help our clients onboard customers, protect them from fraud and comply with regulations by establishing trust. We are able to do this because we have a truly innovative global offering, developed from years of market insight, which help our clients maintain their position in the digital economy.

The best data

Our unique data partnerships are a differentiator and a barrier to entry for others.

GBG maintains the highest standards of data integrity and demands the same of its partners and clients. We apply the insights gained from our client relationships to develop products using this data.

We have over 200 global data partners. This gives us a breadth and depth of scope that means we can offer our customers unique access to the most accurate data. We enable our customers to make more intelligent decisions by combining multiple data sources to enrich and enhance their existing data. In turn, this helps them to increase their revenues and improve operational efficiency.

Our commercial data team is focussed on building global scale by finding new data sources and partners. They work closely with our global technology teams to make sure we continue to be data agnostic – providing the most relevant blend of data sources, languages and locations to meet customer demands.

Read about our performance on pages 22 and 23

The best technology

Excellence in technology is the bedrock that our reputation is built upon.

Our global team of technologists makes up 29% percent of our workforce. Its focus is to make sure all our technology prioritises customer ease, speed and convenience.

Having core skills in established technologies helps us to increase existing customer revenue. Our innovation, drawing on knowledge of evolving technologies such as machine learning, biometrics and voice commands, is key to growth.

We support the largest and fastest growing B2C organisations around the world. As well as customer technology, we maintain and optimise our infrastructure to provide operational excellence and efficiencies. Examples include switching to Amazon Web Services and Kubernetes container orchestration, which offers faster opportunities for scale.

Read about our technology on pages 16 and 17

The best people

With each new hire we increase our team strength.

As we reach 1,000 people across our global offices, we continue to focus on developing the best and most engaged team.

Our newly-formed talent attraction and candidate qualification process includes substantial training for hiring managers, and means that we attract and retain the best people.

Our employee survey shows steady improvement on previous engagement levels. We recently changed supplier to provide a more rounded and industry standard experience and in our most recent survey, we saw the highest engagement scores to date.

Read about our people on pages 16 and 17

Dynamic market and global coverage

The continued expansion of the global digital economy fuels our growth.

Digital transformation is now cemented in our customer and technology ecosystem. To help our customers keep up with the on-demand nature of their consumers, we have made sure we maintain a regional focus where relevant. At the same time, we can offer support to those of our customers who want to globalise their offering and reach.

As the amount of personal data being generated is increasing, the spotlight on privacy is becoming more intense. So we are continuing to use our knowledge in global and local regulation to stay compliant with GDPR in the UK and also with the state-led privacy laws in the US.

Read about our dynamic market on pages 12 and 13

Proven business model

We put our strategic focus on our three biggest solutions – Location, Identity and Fraud.

This allows us to concentrate our investment where we see the greatest opportunity. Our guiding principles of the best data, technology and people, help our customers meet their growth objectives. And our focus in these areas adds to our strong competitive position.

This strategic focus is complemented by our M&A strategy, which focusses on global reach and capability. This combination means our data and channel partnerships have enabled entry into new markets and continue to develop our product capability.

Read about our business model on pages 14 and 15

Customer obsession

Consideration for our customers drives all our decisions.

We have over 19,000 customers globally, ranging from small e-commerce shops to the biggest technology organisations in the world. Each one is equally important to us.

In the past twelve months, we have made extensive investment to enhance our customer success framework. This has had a direct impact on customer satisfaction.

Read about our customers on pages 16 and 17

AT A GLANCE

GBG works with clients in 72 countries, including some of the best-known businesses around the world, ranging from US e-commerce giants, to Asia's biggest banks, and European household brands.

Headquartered in the UK, we have grown internationally both organically and via acquisitions, our team members are across 16 countries.

Our innovative technology leads the world in location intelligence, fraud detection and identity verification. We can verify the identities of 4.4 billion people across the globe.

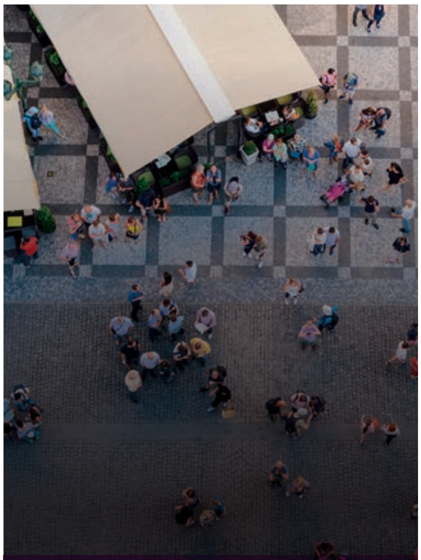
What we do

GBG helps organisations quickly validate and verify the identity and location of their customers. Our solutions address many of our customers' most important challenges including simplifying customer journeys, enhancing the quality of data and reducing fraud.

GBG works with clients in 72 countries. They range from US e-commerce giants to Asia's biggest banks and European household brands. We are also a big supporter of smaller businesses and disruptive start-ups. Many use GBG's self-serve solutions to help make their businesses more efficient.

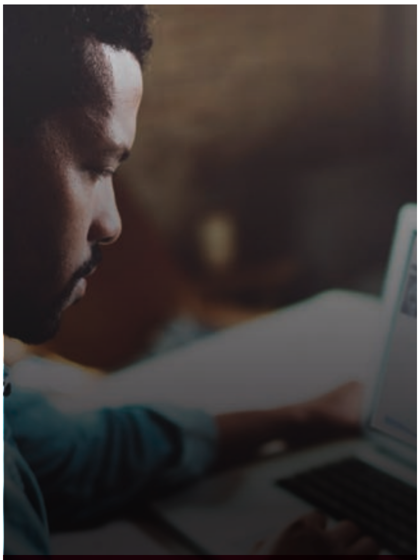
Our products are built on data obtained from over 200 global partners. With our innovative technology we lead the world in location intelligence and fraud detection, and can verify the identity of 4.4. billion people globally. Our software solutions make use of machine learning, facial recognition and many other cutting-edge technologies. As well as investing in our own research and development, we're constantly scanning the market for acquisition opportunities.

We have 30 years' experience of working with data and now sit at the forefront of the fast-moving digital economy.



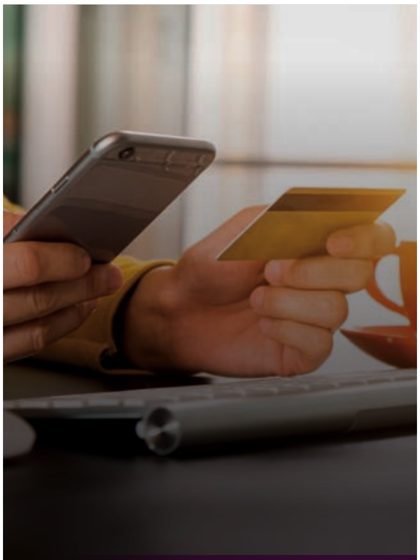
Location

Global address verification and geocoding technology helps customers understand where their customers are, increase sales conversions and improve data quality.



Identity

We help businesses onboard legitimate customers quickly and support them to comply with ever-changing regulation.



Fraud

Protection against fraud and loss without the risk of non-compliance helps organisations protect themselves and their customers.

Location

In today's global and multi-channel environment, it is not only essential for organisations to know who their customers are but also *where* they are.

At GBG, we help our clients make a great first impression through simple and accurate registration processes that reduce drop-out rates and cart abandonment. We also improve and enrich the information they hold about their customers.

Our Loqate solution combines rich global data with our cleansing and enhancing technology. This means businesses can deliver a more personalised experience for the lifetime of the relationship with their customers in three key ways.

- **Global address validation**: Smart capture and address validation across more than 240 countries and territories. Also makes sure our customers meet the requirements of all recognised postal accreditations.
- **Geocode and reverse geocode**: Enhanced location data with longitude and latitude coordinates. It provides a better customer experience while increasing operational efficiency by providing pinpoint accurate locations.
- **Email validation**: Validating email addresses without the need for double keying. This improves the user experience and makes sure our customers have the right information for ongoing communications.

Our real-time verification tools help businesses to improve user experience, increase conversions, reduce failed deliveries or services, and streamline operations

Who we do it for:

asos giffgaff Boots Hilton KOHL'S FARFETCH

AT A GLANCE

Identity

Organisations need to be confident they know who their customers and employees are.

We help businesses onboard legitimate customers as quickly as possible. We also support them to fully comply with ever-changing regulations using fast and compliant identity checks via these solutions:

- **Bank account validation:**
  A silent check that leaves no footprint on a credit file. We validate the bank account number and sort code at the point of registration.
- **Document validation:**
  Validates document images and authenticates more than 4,000 common document types including passports, driving licences and national ID cards.
- **Biometric checks:**
  Uses facial recognition and liveness detection to confirm a person is who they say they are.

Compliance is vital – not just with external regulations but with organisations' own internal rules. These regulations are designed to protect us all but can be complicated and difficult to manage, particularly when organisations are doing business globally. We can help in a few different ways:

- **Anti-money laundering:**
  Screen over 60% of the world's population and monitor transactions.
- **PEPs and sanctions checks:**
  Monitor government-issued data to identify politically exposed persons, terrorists, criminals or sanctioned organisations.
- **Age verification checks:**
  Block children from buying age-restricted goods and content over the internet.
- **Digital audit trails:**
  Monitor and report on the effectiveness of your organisation's checks and access a full audit trail to support any regulatory investigation.

We also help organisations establish trust with the people they employ. Our services evaluate the identity and integrity of new employees. This way, organisations can be sure an individual is who they say they are and that they can be legally employed.

Who we do it for:

deliveroo

sofology

coinbase

SBTech

Revolut

Liverpool Football Club

Fraud

At GBG, we want our customers to be able to do business with confidence.

We help organisations protect themselves and their consumers against fraud and financial loss – wherever they operate. We understand how complicated it can be. Organisations need to identify where fraudulent activity is happening – or where it is likely to happen. They need to eliminate the risks and demonstrate they've acted responsibly.

This means providing organisations with anti-fraud solutions they can trust, all without disrupting or damaging the relationship with the vast majority of consumers who present no risk.

Here's how we do it:

- **Fight identity fraud**: Protect an organisation's consumers from identity fraud, regardless of where they operate.
- **Automate decisions**: Take the risk of human error out of important business decisions.
- **Detect application fraud**: Understand the risk associated with any new application based on the organisation's own rules.
- **Monitor customer behaviour**: Monitor customer transactions and flag any unusual activity.

Who we do it for:

DISCOVER, HSBC, Krungthai Bank, BNI, BNP Paribas

CHAIRMAN'S STATEMENT

"This has been another successful year and we remain confident in the long-term prospects for GBG."

David Rasche
Chairman

This has been another strong year for GBG, maintaining a good operating performance. We are accelerating our product innovation and two important acquisitions will also help us to make further strategic progress and support future growth. Our presence in key markets has expanded and we have put an increased focus on providing excellent support to our customers. As a result, we remain confident that the business will capitalise on the opportunities in our target markets and continue to deliver double-digit organic growth.

Financial performance

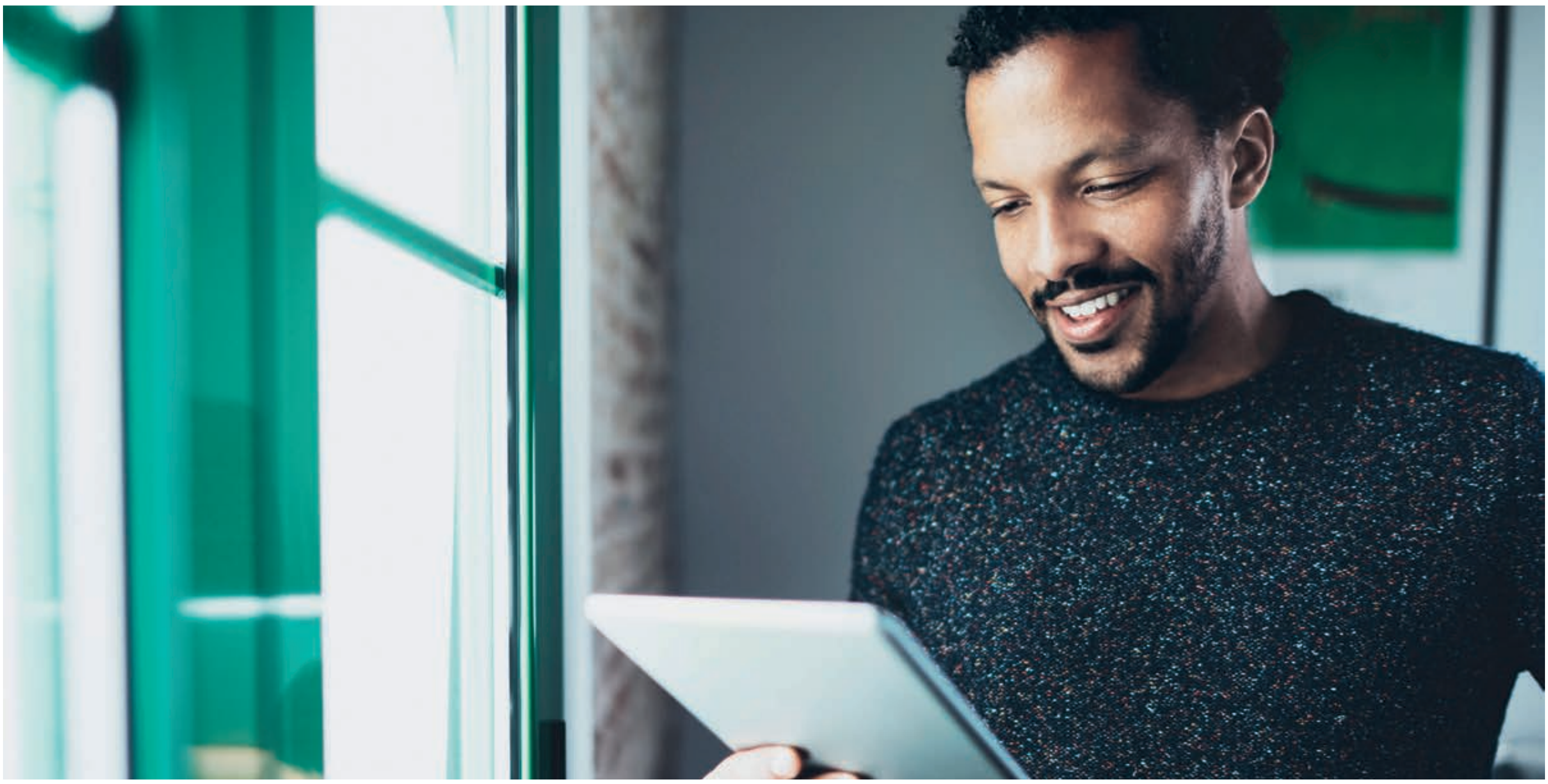
GBG's financial performance in the year was again ahead of original market expectations. Revenues increased by 20% to £143.5 million (2018: £119.7 million), with underlying organic revenue at constant currency of £130.1 million.

Adjusted operating profit increased by 22% to £32.0 million (2018: £26.3 million) meaning adjusted earnings per share rose 19% to 18.2 pence (2018: 15.3 pence).

GBG's net debt balance of £(66.3) million (2018: £13.5 million net cash) reflects the use of cash and debt to acquire VIX Verify, as well as an additional £84 million of debt to partially finance the purchase of IDology.

Achievements and strategic outlook

2018/19 saw us continue our long-standing commitment to innovation. We have evolved our identity propositions, increased the use of machine learning in our fraud and location solutions and improved the breadth of data across our product portfolio.



Alongside these important product developments, we also completed two acquisitions. VIX Verify provides us with complementary technology and data, as well as broadening our reach across Asia Pacific. IDology, the largest transaction GBG has made to date, is a leading U.S. provider of identity verification and anti-fraud solutions. It materially strengthens our ability to serve existing customers and win new customers in the large and growing North American market. We are pleased with the ongoing integration of both businesses.

A key aspect of the Group's strategic focus is to prioritise our three core propositions: location, identity and fraud. This will increase the effectiveness of our engagement with current and potential customers and improve our response to market trends and developments. We made an important step forward in that process with the launch of our location solution brand, Loqate, and we have been encouraged by the initial results and customer feedback following that change.

Finally, it is pleasing to see that the Group has further increased its high levels of employee engagement across the business - testament to the Group's ongoing programmes of employee inclusion and development.

Dividend

We remain committed to delivering increased returns to shareholders. The Board will propose a final dividend of 2.99 pence per share to shareholders at the Annual General Meeting in July. If approved, this will represent an eleventh year of growth in dividends.

The year overall

On behalf of the Board, I would wish to thank Chris Clark, his Executive team and all of GBG's employees for their hard work and also thank our shareholders and customers for their continued support.

This has been another successful year and we remain confident in the long-term prospects for GBG. I know we have the capabilities and enthusiasm necessary to take advantage of the significant market momentum and growth opportunities available to us. We expect this to lead to another good year in 2019/20.

Read about our strategy on pages 20 and 21

David Rasche
Chairman

MARKET REVIEW

The world is changing fast. An increasing rate of online transactions and technology-led innovation is shaping an expanding global market with great potential.

More people are using mobile devices and cloud services, while technologies such as Artificial Intelligence (AI) and blockchain are more mature. Together, these advances are changing business models in most industries. At the same time, a growing digital population is generating more and more personal data and as a result, our customers need to navigate an evolving regulatory landscape and address growing levels of fraud.

Businesses must be able to adapt to these global forces if they're going to make the most of the market opportunity.

72 countries

GBG works with clients in 72 countries, including some of the best-known businesses around the world, ranging from US e-commerce giants to Asia's biggest banks and European household brands.

16 countries

Headquartered in the UK, we have grown internationally via acquisition and have people in 16 countries.

4.4bn

Our innovative technology leads the world in location intelligence, fraud detection and identity verification. We can verify the identities of 4.4 billion people globally.

Global Coverage

As we scale internationally we continue to build our barriers for others to enter.

Our award-winning technologies access hundreds of datasets worldwide and we are agnostic in terms of data format, language or location. Our technology is continually refined to provide the solutions that ensure we are a key component to our customers' success. Our innovative technology leads the world in location intelligence, fraud detection and identity verification.

Key information:

- International revenues increased from 34% to 45% of our total business
- Significant organic growth across the Americas and APAC, along with the two major acquisitions of VIX Verify Global and IDology
- We enable customers to take advantage of the borderless economy and grow beyond their domestic markets

Americas
- 3 GBG offices
- 15% of revenue

EMEA
- 10 GBG offices
- 70% of revenue

APAC
- 7 GBG offices
- 15% of revenue

During the first half of the year our Identity Verification services grew as customers such as Coinbase, Stripe and Western Union increased their usage of our international data sets. We saw a shift to digital access from on-premise scanners in our document verification services, which we expect to continue.

Our international Fraud, Risk and Compliance products also maintained strong growth, particularly in Malaysia, Indonesia and China. We will continue to adapt these products to improve our fraud detection services and address our customers' compliance needs.

Our Location Intelligence business, which was rebranded in the year as Loqate, has made progress and saw good growth in the first half of the year. We have continued to win new business in Germany, including contracts with Hugo Boss, Canyon Bikes and Aldi.

We also have several new business wins in the USA including Kohl's, Ralph Lauren and Sephora.

MARKET REVIEW

Key market trends

Mobile onboarding is key

60% of millennials expect to be able to do everything on their smartphones by 2024.

Over three quarters reach for their devices as soon as they wake and 87% never let their handsets leave their sides.

Because of their high dependence on smartphones, consumers need and expect their mobile transactions to be frictionless. As the number of mobile transactions rises, customers' high expectations, whether met or not, have a real impact on businesses.

Even a small improvement to the user experience could translate into significant additional revenue. McKinsey reports that just a one point increase in consumer satisfaction on the Net Promoter Score translates into a 3% uplift in customer revenue. For a business handling $500 million worth of new customers, that's an extra $15 million.

Source: McKinsey, Google

Regulation expands and extends

Regulation is affecting new markets and demanding more from those already regulated.

The Fifth Anti-Money Laundering Directive (5AMLD) introduces new and stronger rules around beneficial ownership, high-risk third countries and Politically Exposed Persons (PEP). It also extends virtual currency platforms and other new markets.

The Licence Conditions and Codes of Practice (LCCP) now imposes stricter age verification rules in the gaming sector, and the UK government's Digital Economy Act 2017 requires age verification measures to protect children from harmful material online.

Organisations that want to focus their investment on innovation and customer experience will need to be able to navigate the challenges presented by these stricter regulations.

The shift to digital platforms

Digital platforms will be the preferred business model for banks and financial institutions.

Digital marketplaces allow consumers and small businesses to connect with service providers as part of their day-to-day activities. But while seven out of ten of the world's most valued companies are now based on a platform business model, experts estimate that only 3% of established companies have adopted an effective strategy.

Enterprises that fully embrace the power of platform business models to establish a digital ecosystem have grown dramatically in size and scale over the past decade. With the right strategy they're able to build connections between people, departments, organisations, partners, adjacent industries and even their competition.

Source: McKinsey

Great expectations

Personalised, relevant and seamless experiences are a priority for consumers.

Personalisation is especially important, with 84% of customers saying they value being treated as an individual.

Three quarters of consumers say they're prepared to take their business elsewhere to find experiences that meet their expectations. So, companies must take advantage of technology to differentiate themselves through customer experiences that are personalised, secure and seamless.

Source: Salesforce

Privacy and security assured

More than half of consumers are concerned about sharing personal information online.

High-profile data breaches and the introduction of the General Data Protection Regulation (GDPR) have brought the importance of privacy and security into sharp focus. Consumers are more aware of what they share, and with whom. And 41% are worried about keeping their personal data private while making mobile payments. Meanwhile GDPR presents marketing challenges for companies as consumers exercise their new rights. For example, 63% say they're likely to ask companies to delete the information they hold about them.

To maintain their customers' trust, organisations must commit to strong data security. In turn, they can seize the opportunity to use privacy to differentiate themselves from their competitors.

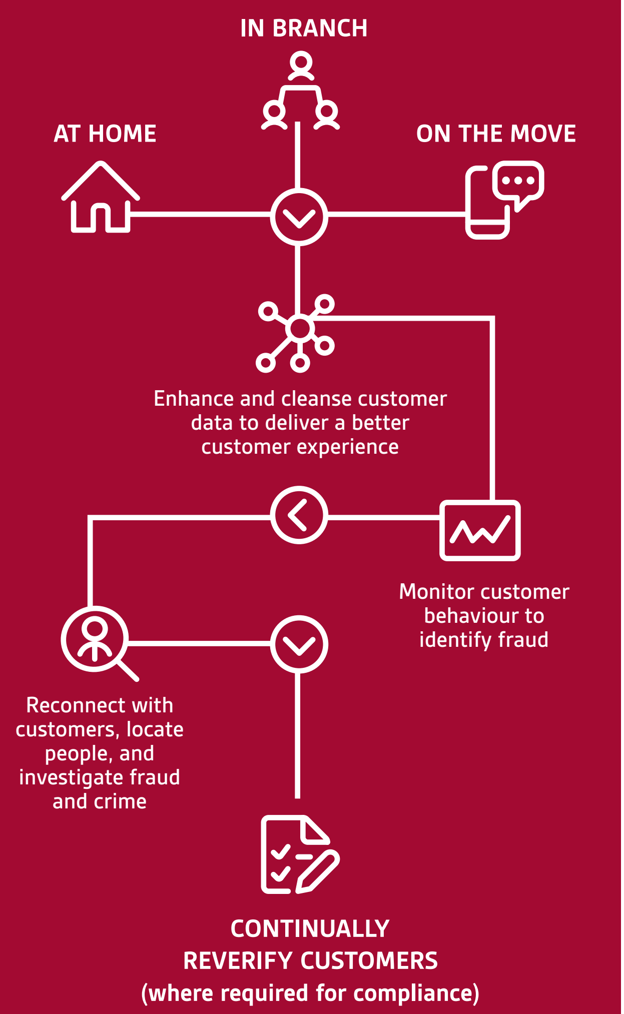
Source: McKinsey

BUSINESS MODEL

Customer and Consumer Needs

We support businesses and consumers through the entire journey, enabling delivery of excellent customer experience whilst managing fraud, risk and compliance.

Validate and verify to let customers quickly and safely register, and buy products and services



Employ the right people to meet compliance requirements and protect your brand

Our Offer

Using leading technology to bring together and enhance consumer data, we offer our customers global, flexible and long-term solutions.

External datasets

arvato BERTELSMANN
Ordnance Survey
EQUIFAX
experian
dun & bradstreet
BT
illion
PAYFONE
Gemserv
Royal Mail
Driver & Vehicle Licensing Agency
CRIF
TransUnion Formerly Callcredit
Disclosure & Barring Service
LexisNexis
NETELIS ASIA

Resources and Capabilties
Our success is underpinned by our core resources and capabilities

– Global data reach, resulting from partnerships with public and private sector data partners – Over 200 partnerships

Stakeholder Outcomes

Delivering for our customers and their consumers enables us to create value that we reinvest and share with our stakeholders.

Proprietary Software/Algorithms

B2C Clients

Fraud, Risk & Compliance

- ID Verification
- ID Compliance & Fraud Solutions
- ID Employ & Comply
- ID Trace & Investigate

Location & Customer Intelligence

- ID Location Intelligence (Loqate)
- ID Engage

Customers

We help:

- Spot potential problems
- Increase revenues through more effective use of technology and consumer data
- Digitise traditional, manual processes
- Scale businesses to take advantage of international growth

Team Members

We offer:

- Interesting and diverse career paths
- Opportunity for cross-cultural exchange
- Recognition of talent and personal achievement

Shareholders

We provide high-value return through:

- Profitable, cash-generative growth
- High proportion of recurring revenue
- Progressive dividends – EPS has grown by 20 percent in six years

19,000
customers across 72 countries integrating our technology into their services and operations.

- These partnerships provide compliant access to diverse datasets, for example, credit reference agencies, electoral rolls, passport and national ID registrars, postal services, retail consumer data and social media – 470 datasets
- More than half the world's population verified – 4.4 billion+ people
- International identity document verification including passports, driving licences and national ID card – 4,000+ documents
- Global address validation confirming the address really exists – 240+ countries and territories
- Highly skilled and motivated team that actively promote GBG

STRATEGY

	Key objectives	Our achievements in 2018-19
Customers	– Be a trusted and strategic partner for our customers. Engage with them regularly to provide expert advice and proactive support for delivering success. – Be customer-obsessed. Put the customer first in all areas of the business and take action based on customer feedback. – Be customer-centred. Simplify our portfolio into three core areas of Location, Identity and Fraud. Join up our propositions around customer use cases to maximize the number of GBG products that can offer value to our customers. – Be personal in our approach to global customers. Continue to develop our sales and service models to deliver the appropriate customer experience.	– We have stayed committed to improving customers' experience with success across six key areas of customer experience: Voice of the Customer, Global Helpdesk, Sales Operations, Order Processing and Fulfilment, and Professional Services and Operations. – We worked with the sales teams to establish a Customer Success function, dedicated to achieving our vision of becoming a trusted and strategic customer partner. We further supported this by rolling out our global sales training program. – We have seen great success in our operations programme, building our Global Help Desk, automating our internal customer processes, and introducing a standardised best-practice Professional Services model across Location and Identity. – In the last 12 months we have received and taken action on more customer feedback than any other time in our history. This feedback has helped us to improve our products, customer communications, and internal processes.
People	– Attract and retain the best and most engaged people within the technology sector by building a recognised, innovative and trusted employer brand. – Support our team members with development and opportunity.	– This year we have continued our commitment to our people. We have grown our headcount from 800 to just under 1,000, increasing the size of our teams across the globe and welcoming our new US and Australian team members from the acquisitions of IDology and VIX Verify Global. – We have developed our people manager learning programme, which is accredited by the Institute of Leadership & Management. This year we have rolled out the programme across the business as part of our strategy to support our team members and encourage development. – Our investment and commitment to communication and collaboration is reflected in the success of our internal intranet, be/connected. It remains a lively space for process, development, collaboration and celebrating our global team. Most importantly, our internal intranet nurtures our 'family feel' as we continue to welcome acquisitions and grow globally.
Technology	– Deliver trusted, compelling and innovative technology solutions for our global customers and teams. – Develop and deliver collaborative roadmaps with product centred around the global customer needs. – Enable worldwide scale with technology that facilitates collaborative remote working for team members, supports engagement, and helps us to maintain our culture.	– We welcomed our new Chief Information Officer, Mark Mamone to our executive team in December. – This year we have made great progress in areas of strategic focus. Examples of this include the delivery of a Group-wide microservices platform, innovations in machine learning across our fraud products, and the migration of a number of our systems to Public Cloud. There was a combined total of 25 billion requests processed through our cloud platforms in 2018/19 – reflecting a 170% increase year-on-year. – Cyber security remains core to our foundations and this year we have seen Security by Design embedded throughout our portfolio. We launched our Security Operations Centre (SOC), which provides continuous monitoring of systems. We also achieved re-certification of our group-wide IS27001 certification and implemented a Software Testing Programme for all GBG's web-facing systems.

Read about our performance on pages 22 and 23

Our focus for 2019-20

- Our priorities for this year are to build on the foundations that we have put in place to deliver the best customer experiences and operations.
- With the ongoing roll-out of our global training, we'll continue to drive customer success. We'll also support our teams with the best CRM tools and operations.
- We will continue to gather and action customer feedback, increasing engagement with customers from across the business.
- We will also use our focused portfolio to drive our customer engagement and customer success planning - including upselling our products.
- Regardless of the type of product, customer location, or time of day, we'll continue to focus on delivering the same high level of support. We'll work with product and technology to improve our self-serve and customer experiences.

- We will keep developing our employer brand so that we are seen as a key employer-of-choice in the technology sector.
- Our Employee Experience team will be organised so that its specialist advice and knowledge is accessible from all regions across the world.

- Innovation will continue to remain core to our technology and as we extend our Group Microservices platform capabilities, our work with partners and continued acquisition and innovation of data.
- We will build on our learnings and implement best practices as we integrate our new acquisitions.
- As part of our commitment to security, we will increase visibility and implement frameworks that cover all third-party risk. We will also launch a tailored training programme across the business to train our people in the importance of information security.
- As our global scale grows, we will make sure we're connecting our employees in the best way - standardising remote office infrastructure and allowing access to GBG services via cloud authentication.

Read about our KPIs on pages 22 and 23

STRATEGY

	Key objectives	Our achievements in 2018-19
Products	– Align our product roadmaps to the customer problem and deliver high-quality products that differentiate us from our competitors. – Run regular customer workshops to drive integrated, customer-obsessed product development. – Deliver joint product and technology strategies with aligned targets linking to overall Group strategies. – Continue to increase our focus on being a truly data-driven organisation. Make sure we are able to measure and report on product adoption and usage, to enable better-informed decisions regarding product lifecycle management.	– Building on the success of a single product function we have welcomed a new Group Head of Product, Adam Hancox. We followed by hiring several senior solution product leads in Fraud, Identity and Location. These additions will drive best practice and increase our speed of innovation across the Group. – We have created two new Group functions: User Experience (UX) and Product Launch. This brings together the strengths of our acquisition of PCA in 2017. The new UX function will make sure we deliver best-in-class customer experiences, while the Product Launch team will drive consistency and best practice when taking new products to market. We have also implemented Roadmunk at Group level, to provide a clear visual roadmap for all products and regions at GBG that can be shared internally and externally. – This year we improved our identity data and document verification through the addition of new data sets and expansion of our document libraries. We have also continued to innovate in our location intelligence portfolio, delivering a single click-to-fill reverse geocode solution. In Fraud we have invested in UI/UX and have implemented an orchestration layer, helping our customers to improve decision-making through the addition of third-party data.
Brand	– Continue to evolve into a world-leading brand that encourages and drives growth, positions us a technology leader, and differentiates us from our competitors. – Drive a customer-obsessed ethos, using intelligence and insight to make sure we are delivering high-quality and relevant thought leadership content.	– In June 2018 we unified our location intelligence brands with the launch of the Loqate brand. This success was reflected in our first Capital Markets Event, held in London in December. The event's content, thought leadership, and customer contribution demonstrated the value and growth our unique location intelligence solutions achieved for our customers. – Building on the marketing experience from PCA Predict, we have extended our relationship with Forrester and developed a new relationship with Gartner, both of whom are leading industry analyst firms. Once again, we saw the success of our Black Friday Data Trends tool, which gained coverage across media outlets. As we also received recognition for our International Retail Index. – As a Group, we have strengthened our global marketing team, adding new hires to drive digital and performance marketing. We also strengthened our marketing capability in US and APAC.

Our focus for 2019-20

- As we continue to evolve, we will align our products behind our solution brands: Location, Identity and Fraud. We will build on our investment in Roadmunk to deliver Group, solution and platform roadmaps. These will all link back to architectural and technology roadmaps ensuring consistent, high-quality product delivery to our customers.
- We will continue to invest in, and develop, our product people by introducing formal training in Agile Product Development and product marketing skills.
- Importantly, we will drive a single product data strategy. This will help accelerate the compliant use of data across our products and deliver data-driven insights to our customers through truly data-centric products and platforms.
- We will keep learning from our acquisitions. By applying the skills and capability within Identity and Fraud we can drive appropriate self-serve and intelligent data experiences throughout our portfolio.
- Following on from last year we will maintain our focus on retiring products across our product portfolio's and regions.

- This year we will continue to deliver brand experiences, by increasing engagement with our customers and producing insightful and thought-provoking content across Location, Identity and Fraud. We will invest and execute the GBG brand strategy, tying together our core solutions.
- As a single global team, we will maintain investment across our core regions of Europe, North America and APAC. As marketing shifts to become a growth-driver for the Group, we'll focus on enhancing our brand profile, creating customer-value messaging and performance-based marketing.

STRATEGY IN ACTION

Acquisition of VIX Verify Global and IDology

– Invest in **high growth innovation** in core and adjacent markets.
– Have the **best technology** for customers and team members.

VIX Verify Global encompasses a number of leading brands in the identity and location intelligence software space, including GreenID and Mastersoft Harmony. VIX Verify Global helps customers in Australia and New Zealand build trust by validating the identity of customers and confirming addresses. Our acquisition of VIX Verify Global enhances our offering in a number of ways.

– VVG operates a similar business model to GBG and provides its blue-chip customer base with identity and location intelligence solutions that will complement GBG's leading IDV and Loqate solutions.
– The acquisition of VVG enhances GBG's value propositions, giving additional access to domestic and international datasets for the benefit of both GBG and VVG customers.
– VVG has a trusted and experienced management team, which brings further talent and expertise to GBG.
– With synergies, the transaction is expected to be earnings accretive in the first 12 months of consolidated GBG ownership.

IDology is a fast-growing provider of identity verification services. It helps remove friction both in onboarding customers and in the detection of fraud. Its market-leading US identity verification and fraud prevention services, led by its ExpectID product range, are the perfect strategic complement to GBG's identity and fraud solutions. And there are a few other ways the acquisition augments our positioning, including:

– IDology provides GBG with a strong foothold for identity verification and fraud prevention in North America, a key growth region for the company.
– The acquisition will strengthen GBG's product portfolio and enhance its world-class customer experience, while delivering unbeatable regulatory compliance.
– GBG and IDology have a history of working together in partnership and share a similar culture with a strong emphasis on people and talent.
– IDology's US customer base currently accounts for 99% of its revenue, which will provide GBG with geographic scale, and help to position GBG as a global leader in electronic identification verification.

Link to Strategy

Invest in high growth innovation in core and adjacent markets

Have the best technology for customers & team members

Our involvement with UK Gaming Regulation (LCCP)

- Centre all decisions **around the customer**.
- Have **market leading** products in all of our key markets.

A wide range of our customers are feeling the impact of changes in the regulatory environment over the past year. Our engagement with regulators, industry bodies and policy makers is important for our customers. Early involvement ensures we're delivering technology and product roadmaps that are supportive of any change, helping our customers remain compliant.

We support positive change in regulation and work closely with the UK Gambling Commission (UKGC) and the Responsible Gaming Authority. We use our insights to offer our customers the best solutions for their business.

This year saw the UKGC announce changes to its license conditions and code of practice (LCCP). The amendments include tightening of age verification (AV) requirements and a general requirement for operators to understand more about their customers at an earlier stage of the digital journey.

We have helped to clarify the regulations for our customers and have worked with them to deliver age matching solutions and offer the best customer onboarding experience earlier on in the player journey.

Link to Strategy

Centre all decisions around the customer

Have market leading products in all of our key markets

Loqate Growth Strategy

- Accelerate our Location proposition by driving geographic expansion in the US.
- Have the best technology for customers and team members.

In December, GBG held a special event to introduce Loqate and demonstrate the added value and growth our unique digital solutions have helped our customers achieve. The event showcased the opportunity ahead and also the progress made against our growth strategy.

This year we have delivered hybrid cloud infrastructure and autoscaling platforms, enabling us to enter new markets, scale cost effectively to high volume customer needs and deliver a service with best in market service level agreements. And we invested in a developer experience which has supported our growth in the US - in particular our East Coast address capture business based out of New York.

The cloud, self-serve and developer experience technology that supports our location services is key to driving our international growth. So, our focus is on finding and using the most complete global address data to fuel our technology. This will allow us to consistently demonstrate the best results to our customers and give us a clear barrier of differentiation against our competition.

Link to Strategy

Accelerate our Location proposition, by driving geographic expansion in the US

Have the best technology for customers & team members

KEY PERFORMANCE INDICATORS

The Board monitors the Group's progress against its strategic objectives and the financial performance of the Group's operations on a regular basis. Performance is assessed against the strategy and budgets using financial and non-financial measures.

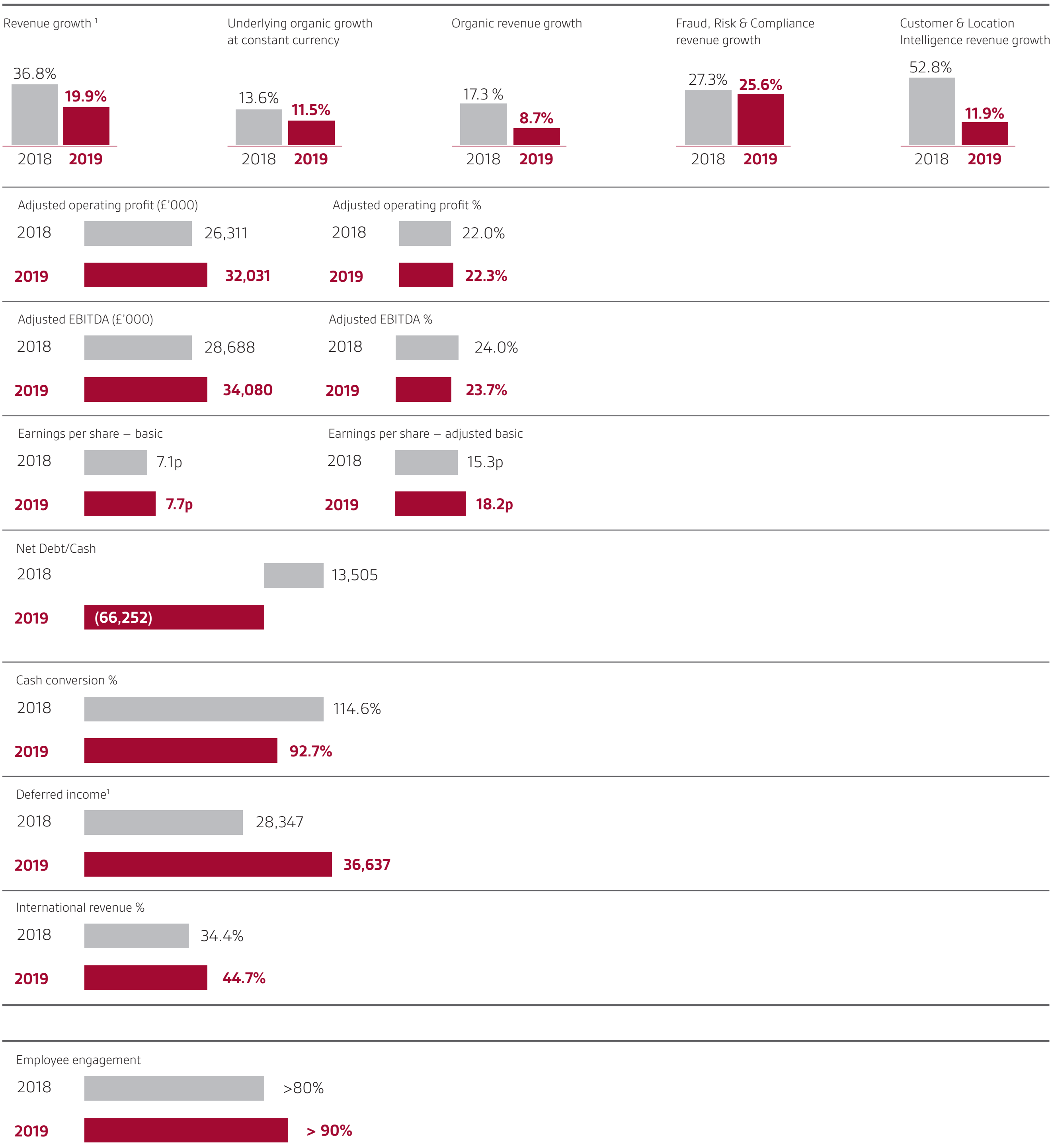
KPIs	Definition	Why this measure is important
Financial KPIs:		
Revenue	Revenue is measured at the fair value of the consideration received or receivable from customers for the sale of products and services. Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions (until the date of their anniversary) and will be reported at each reporting interval.	Revenue and revenue growth are used for internal performance analysis to assess the execution of our strategies.
Adjusted Operating Profit	Adjusted operating profit means profits before amortisation of acquired intangibles, share-based payment charges, exceptional items, net finance costs and tax.	This is used by management for internal performance analysis and to assess the execution of our strategies. Management believe that this adjusted measure is a more appropriate metric to understand the underlying performance of the Group.
Adjusted EBITDA	Adjusted EBITDA means operating profit before depreciation, amortisation, share-based payment charges and exceptional items.	This is used by the Group for internal performance analysis to assess the execution of our strategies. Management believe that this adjusted measure is a more appropriate metric to understand the underlying performance of the Group.
Earnings Per Share	Earnings per share is calculated as basic earnings per share from continuing operations on both an adjusted and unadjusted basis.	This measures the profitability of the Group relative to the number of shares in issue, and is therefore an important measure for our shareholders.
Net Debt/Cash	This is calculated as cash and cash equivalent balances less outstanding external loans. Unamortised loan arrangement fees are netted against the loan balance in the financial statements but are excluded from the calculation of net debt/cash.	This is monitored to measure our net external debt liabilities against the available headroom on our debt facilities.
Cash Conversion	This is calculated as cash generated from operations in the Consolidated Cash Flow Statement, adjusted to exclude cash payments for exceptional items, as a percentage of Adjusted EBITDA.	This is used by the Group to monitor our ability to turn profit into cash.
Deferred Income	Deferred income, which is included in our Consolidated Balance Sheet within Trade and Other Payables, is the amount of invoiced business in excess of the amount recognised as revenue.	This is an important internal measure for the business and represents the amount that we will record as revenue in our Consolidated Statement of Comprehensive Income in future periods. Trends may vary as business conditions change.
International Revenue as a percentage of Total Revenue	The revenue from our international operations (i.e. outside of the United Kingdom) as a percentage of our total revenue.	This is an important internal measure for the Group to assess progress towards expanding our international operations.
Non-financial KPIs:		
Employee engagement	The business undertakes twice yearly engagement survey, measuring if employees feel they have a voice and that the business is able to respond to issues.	Employee engagement is a key focus area for the business in order to retain and grow what we believe is some of the best talent in our industry.

Read about our strategy on pages 20 and 21

The following details the principal Key Performance Indicators ('KPI's) used by the Group, giving the basis of calculation and the source of the underlying data. A summary of performance against these KPIs is given below.

The Group uses the following primary measures to assess the performance of the Group and its propositions.

Performance



[1] The Group adopted IFRS 15 from 1 April 2018 using the modified retrospective method of adoption where the comparative period is not restated, but a cumulative adjustment is recognised in opening reserves. As a result, the 2018 revenue is still calculated under IAS 18 and therefore not directly comparable. The impact of the transition is explained in note 2.

CHIEF EXECUTIVE'S REVIEW

"I am very pleased to report that 2019 has been another successful year for GBG. We have reported a strong financial performance and I am very encouraged by the growth in our priority international markets of North America and Asia Pacific."

Chris Clark
Chief Executive Officer

Good strategic progress has been made, in particular with the two acquisitions completed during the year. This has strengthened the business and keeps us well-placed to support our customers and capitalise on the significant market opportunities ahead.

Market drivers and growth opportunities

GBG operates in a global market with a number of drivers for structural growth. Businesses around the world need innovative digital solutions to help them provide a frictionless customer experience, reduce online fraud and meet increasingly stringent compliance regulations. This is driven by:

- Sustained growth in e-commerce, particularly on mobile
- An increase in fraud and data breaches
- A greater focus on consumer data privacy and compliance with evolving regulations
- Consumer expectations of simple online journeys

With the shift accelerating towards a digital economy, coupled with the growing use of mobile devices, businesses need innovation that makes things easier, faster and more convenient for their customers.

Overview

Following another strong financial performance in 2019, GBG has the capability and resources to continue to make important investments across the Group. These investments will support further growth. Organic investment will be directed at developing and launching additional world-class products, improving how we take these products to market and recruiting and developing the very best people. We intend to support this organic investment by considering acquisitions that can broaden our geographic reach and/or strengthen our product capabilities.

Strategic focus areas

In the past years we have increased our focus on the three core solutions that underpin all of our propositions: location, identity and fraud. This has not only contributed to the strong performance in the period but in a complex and rapidly changing environment, this approach allows us to prioritise and align our developments with customer demand and capitalise on market trends.

We have strengthened the capabilities of all our teams, particularly in our key target markets of North America and Asia Pacific. We are pleased with the progress we have made during the period which is demonstrated by the growth of international revenues from 34% to 45% of our total business.

In June 2018, we launched the first GBG solution brand, Loqate. It was the first step in our brand strategy to provide simpler experiences for our customers by bringing our multiple location products and brands under the Loqate solution. The launch helped the business unit to grow by 17% in the year. Our brand strategy continues to evolve and we are currently researching and profiling further solutions.

Corporate transactions

GBG has a strong track record of acquiring companies. During the year we completed two further acquisitions to strengthen our product and technology capabilities, broaden our international reach and take us closer to our strategic goal of providing leading identity data intelligence solutions globally.

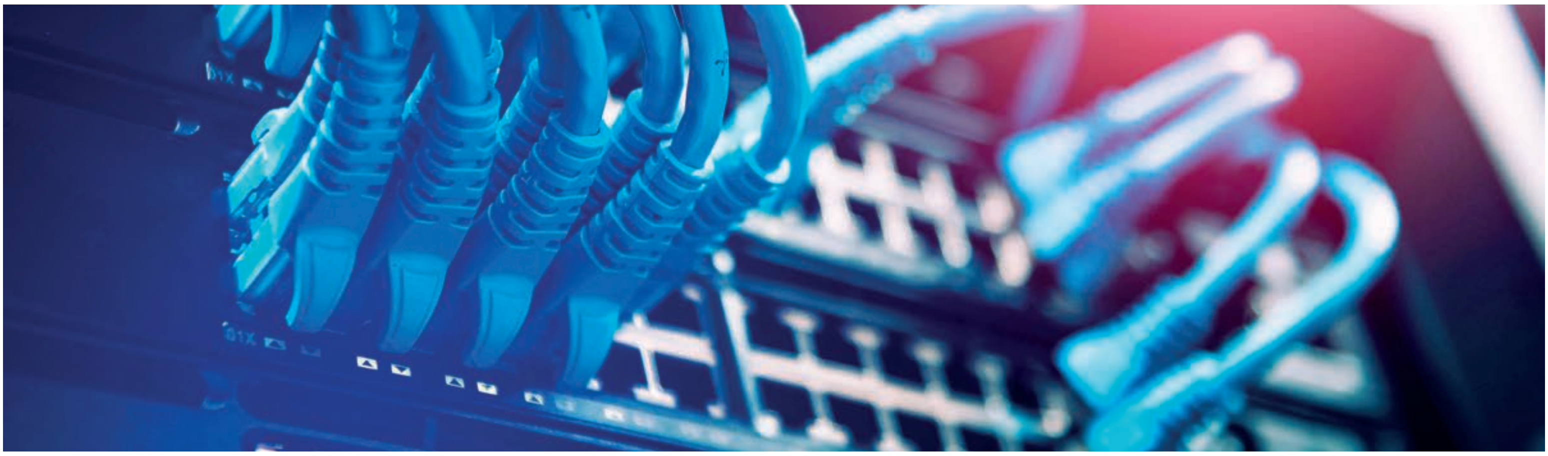
The first of these was VIX Verify in Australia. This acquisition enhances our portfolio of international identity and location solutions by complementing our existing fraud offerings. It also extends our reach across Asia Pacific.

This was followed by our largest transaction to date, the acquisition of IDology for US$300m, a leading U.S. provider of identity verification and anti-fraud solutions based in Atlanta, Georgia. We had already been working with IDology for several years and our long-term relationship with them has given us an excellent understanding of their products and technology and its strategic fit with GBG. Adding IDology to the GBG family materially strengthens our ability to serve existing customers and win new business in the large, growing North American market.

Together, these acquisitions mean that we now have businesses of genuine scale for all three of our solution areas in each of our key regions.

Scale through technology

This year we have significantly advanced the technology that underpins our customer propositions. The shift to a cloud operational model was a strategic priority, which will continue to evolve through our partnership with Amazon Web Services. This innovation means the business is able to scale faster and can continue to support our evolving security requirements in the UK and in our international markets.



CHIEF EXECUTIVE'S REVIEW

Growth: new business & international expansion

We have seen good performance in terms of new business and customer retention. This includes key wins across all of our core markets and geographies within each of our three solution areas.

- Our Location solution, Loqate, generated headline wins in North America which included Kohls, eBay and Sephora. We also saw significant additional growth from our current customer Nordstrom. In Europe, new customers include Paul Valentine, N26, Bosch and HelloFresh while we were pleased to see traction in Asia Pacific with key wins such as FarFetch.
- With our Identity solution, we had a significant new win in the UK with the fast growing FinTech business, Revolut. We are working with them to make sure they stay compliant as their customer base rapidly increases. Further growth has been seen with Coinbase, Deliveroo and Microgaming and we continue to expand across multiple sectors including gaming, banking, technology and retail.
- The Fraud solution, which operates primarily in Asia Pacific, has again seen good progress with wins with Krunthai Card in Thailand, BNI in Indonesia and PPmoney and Bank of Communications in China. We also saw our first US customer, Discover Financial Services, using our anti-fraud solutions.

People

Our global team now has close to 1,000 members working in 16 countries. One of this year's highlights for me personally came from our employee engagement survey, which showed the highest scores ever at GBG, where nine out of ten of our team members said they would recommend GBG as a great place to work. Having a truly engaged team is one of GBG's unique strengths and a key factor in our strong global performance. I am immensely proud to work every day with such a committed and talented team and am delighted to see it reflected in positive feedback from customers.

Our learning and development programme is evolving and now offers a range of tools and resources to all of our global team members. We have also simplified our employee review process making it more agile for team members and managers to ensure consistency in real time.

Current trading & outlook

Looking ahead, the new financial year is trading in line with the Board's expectations and we have clear plans for delivering organic growth. I am excited about this year and the opportunities to further develop our business.

Chris Clark
Chief Executive Officer

FINANCE REVIEW

"Through the application of our proprietary technology, our vision is to be the leader in identity data intelligence, informing business decisions between people and organisations globally."

Dave Wilson
Chief Financial Officer & Chief Operating Officer

Principal Activities and Business Review

The principal activity of GB Group plc ('GBG') and its subsidiaries (together 'the Group') is the provision of identity data intelligence services. GBG helps organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. Through the application of our proprietary technology, our vision is to be the leader in identity data intelligence, informing business decisions between people and organisations globally.

The performance of the Group is reported by segment, reflecting how we run the business and the economic characteristics of each segment. The Group's two operating segments are as follows:

- **Fraud, Risk & Compliance** – which provides ID Verification, ID Compliance and Fraud Solutions, ID Trace & Investigate and ID Employ & Comply.
- **Customer & Location Intelligence** – which provides ID Location Intelligence and ID Engage solutions.

VIX Verify Global Pty Ltd ('VIX Verify') and IDology Inc. ('IDology'), which were acquired during the year, are reported within the Fraud, Risk & Compliance segment.

Between them, the segments have six complementary lines of business:

- **ID Verification** – which provides the ability to verify consumers' identities remotely, without the physical presentation of documentation, in order to combat ID fraud, money laundering and restrict access to under-age content, purchases and gambling.
- **ID Compliance and Fraud Solutions** – which provides fraud detection, risk management and consumer on-boarding solutions.
- **ID Trace & Investigate** – which provides the largest and most accurate picture of the UK's population and properties in order to locate and contact the right individual, first time.
- **ID Employ & Comply** – which provides background checks through online verification and authentication of individuals, enabling organisations to safeguard, recruit and engage with confidence.
- **ID Location Intelligence** – which includes software and services for quick and accurate consumer registration and validation of records.
- **ID Engage** – which provides database services so our customers can better understand, target and retain their consumers and offers accurate and up-to-date identity information for their contact strategies.

The Group results are set out in the Consolidated Statement of Comprehensive Income and explained in this Finance Review. A review of the Group's business and future development is contained in the Chairman's Statement, the Chief Executive's Statement and in this Finance Review.

Group Vision and Strategy

The Group's vision is to be the leader in identity data intelligence, informing business decisions between people and organisations globally.

The Group's strategy is to create and maintain unique online products and services which provide additional value for customers and are of sufficient strength to enable the Group to create new markets and consistently win new business against its competition. The Group achieves this through its investment in people, business and product development opportunities and the application of innovation, quality and excellence in everything it does.

Review of the Business

The Group uses adjusted figures as key performance indicators in addition to those reported under adopted IFRS as they better reflect the underlying performance of the business. Adjusted figures exclude certain non-operational or exceptional items, which is consistent with prior year treatments. Adjusted measures are marked as such when used.

The following description of the Group's performance is complemented by the segmental analysis in note 4 to the accounts, which shows the contributions from the Fraud, Risk & Compliance and Customer & Location Intelligence segments. The overall impact of acquisitions in the year will not be fully evident in our segments until 2020.

	2019 £'000	2018 £'000	Change £'000	Change %
Revenue[1]	**143,504**	**119,702**	**23,802**	**19.9**
Adjusted operating profit[2]	**32,031**	**26,311**	**5,720**	**21.7**
Share-based payments	**(2,287)**	(2,375)	88	3.7
Amortisation of acquired intangibles	**(10,316)**	(7,885)	(2,431)	30.8
Operating profit before exceptional items	**19,428**	16,051	3,377	21.0
Exceptional items	**(4,003)**	(2,143)	(1,860)	86.8
Operating profit	**15,425**	13,908	1,517	10.9
Net finance costs	**(689)**	(508)	(181)	35.6
Profit before tax	**14,736**	13,400	1,336	10.0
Total tax charge	**(2,583)**	(2,746)	163	5.9
Profit for the year	**12,153**	10,654	1,499	14.1
Dividend per share	**2.99**	2.65	0.34	12.8
Adjusted earnings[2]	**28,759**	23,057	5,702	24.7
Basic weighted average number of shares ('000)	**158,052**	150,553	7,499	5.0
Basic earnings per share (pence)	**7.7**	7.1	0.6	8.5
Adjusted basic earnings per share (pence) [2]	**18.2**	15.3	2.9	19.0

1 The Group adopted IFRS 15 from 1 April 2018 using the modified retrospective method of adoption where the comparative period is not restated, but a cumulative adjustment is recognised in opening reserves. As a result, the 2018 revenue is still under IAS 18 and therefore not directly comparable. The impact of the transition is explained in note 2.

2 Adjusted operating profit, adjusted earnings and adjusted earnings per share ('EPS') are non-GAAP measures explained on page 31.

The Group's overall profile has changed through acquisitions concluded during both this year and in the previous year. These businesses have delivered strong performances in the 12 month period ended 31 March 2019 while being underpinned by solid underlying organic revenue growth of 11.5 per cent on a constant currency basis.

Adjusted operating profit for the year increased by 21.7 per cent to £32.0 million, reflecting:

- Revenue growth of 19.9 per cent to £143.5 million. This increase included organic growth of 8.7 per cent on a reported basis.
- The adjusted operating profit margin increased marginally from 22.0 per cent to 22.3 per cent, notwithstanding significant continued investment for growth made over the course of the year.

Profit before tax increased by 10.0 per cent in the year to £14.7 million. The total tax charge of £2.6 million compares to a tax charge of £2.7 million in the previous year resulting in the profit for the year increasing by 14.1 per cent to £12.2 million.

Adjusted basic earnings per share improved by 19.0 per cent to 18.2 pence (2018: 15.3 pence). Basic earnings per share increased by 8.5 per cent to 7.7 pence (2018: 7.1 pence). Cash conversion remained strong with net cash generated from operating activities excluding exceptional items of £31.6 million (2018: £32.9 million) compared to operating profit before depreciation, amortisation, share-based payments and exceptional items (Adjusted EBITDA) of £34.1 million (2018: £28.7 million).

The Group's balance sheet and financing ability remain strong. This has been evidenced through the equity placing and long-term loans agreed during the year, which supported our acquisitions of VIX Verify and IDology.

Adoption of IFRS 15

The Group adopted IFRS 15 effective 1 April 2018, which is the new standard applicable to revenue recognition. The Group has applied the modified retrospective method of adoption where the cumulative impact of adoption on the Group's performance and financial position at 1 April 2018 is recorded within reserves. Adoption resulted in a reduction in reserves of £1.1 million at 1 April 2018 as outlined in note 2. If the Group had continued to apply the previous revenue recognition standard (IAS 18), revenue for the year to 31 March 2019 would have been £0.2 million lower than under IFRS 15.

Adjusted EBITDA

Adjusted EBITDA was £34.1 million (2018: £28.7 million), consisting of adjusted operating profit of £32.0 million (2018: £26.3 million), depreciation of £1.5 million (2018: £1.4 million) and amortisation of purchased software and internally developed software of £0.5 million (2018: £1.0 million).

Exceptional Items

Exceptional costs of £4.0 million (2018: £2.1 million) were incurred by the Group in the year and have been detailed in note 7 to the accounts. £3.7 million (2018: £0.8 million) of the exceptional costs were acquisition related transaction costs.

FINANCE REVIEW

Net Finance Costs

The Group has incurred net finance costs for the year of £0.7 million (2018: £0.5 million), the increase being interest on the new long-term loan.

Acquired Intangibles Amortisation

The charge for the year of £10.3 million (2018: £7.9 million) represents the non-cash cost of amortising separately identifiable intangible assets including technology-based assets and customer relationships that were acquired through business combinations. The increased charge in the year is due to the full year impact of the acquisition of PCA in the prior year and then VIX Verify and IDology in the current year. As IDology, which is the largest acquisition the Group has completed, occured towards the end of the current year it is expected that this charge will increase in the next financial year.

Taxation

The total tax charge of £2.6 million (2018: £2.7 million) includes £4.6 million of current tax payable on the Group's profits in the year (2018: £4.4 million).

Dividend

The Board of Directors will propose a final ordinary dividend of 2.99 pence per share (2018: 2.65 pence per share), amounting to £5.8 million (2018: £4.0 million). The final ordinary dividend with respect to the year ended 31 March 2019, if approved, will be paid on 23 August 2019 to ordinary shareholders whose names were on the register on 19 July 2019. The Group continues to operate a Dividend Reinvestment Plan, allowing eligible shareholders to reinvest their dividends into GBG shares.

Earnings per Share

The earnings per share analysis in note 13 cover four measures: adjusted basic earnings per share (adjusted operating profit less net finance costs and tax); adjusted diluted earnings per share (adjusted operating profit less net finance costs and tax adjusting for the dilutive effect of share options); basic earnings per share (profit attributable to equity holders); and diluted earnings per share (adjusting for the dilutive effect of share options). Adjusted earnings (adjusted operating profit less net finance costs and tax) was £28.8 million (2018: £23.1 million) resulting in a 19.0 per cent increase in adjusted basic earnings per share from 15.3 pence to 18.2 pence. Basic earnings per share increased by 8.5 per cent from 7.1 pence to 7.7 pence reflecting the higher operating profit although offset by higher number of shares in issue. The weighted average number of shares at 31 March 2019 increased to 158.1 million (2018: 150.6 million).

Cash Flows

Group operating activities before tax payments and exceptional items generated £31.6 million of cash and cash equivalents (2018: £32.9 million) representing adjusted EBITDA to cash conversion ratio of 92.7 per cent (2018: 114.6 per cent). Operating cash flows continue to be healthy and the Group continually monitors its measures of cash generation and collection. Net cash generated by operating activities before working capital movements increased by 14.6 per cent to £27.2 million (2018: £23.7 million). Group investing activities resulted in net outflows of £256.7 million (2018: £72.3 million) including £255.1 million (2018: £70.4 million) in respect of acquisitions/investments and £1.6 million (2018: £2.1 million) on plant and equipment and software purchases. Financing activities generated £230.2 million (2018: £49.7 million) of net cash in the year and included £157.7 million (2018: £56.7 million) of net proceeds from the issue of shares, £77.7 million of net new borrowings (2018: £2.8 million of net repayments) and £4.0 million of dividends paid (2018: £3.6 million). The Group's overall cash and cash equivalents decreased by £1.6 million (2018: £5.1 million increase) in the year. Further detailed analysis of this movement is included in the Consolidated Cash Flow Statement.

Acquisitions

During the year the Group made two acquisitions:

- VIX Verify, an unlisted company based in Australia. The total cash consideration paid, net of cash acquired, was £20.4 million. This acquisition was part funded by new bank borrowings of £10.0 million.
- IDology, an unlisted company based in USA. The total cash consideration paid, net of cash acquired, was £234.6 million. This acquisition was part funded by the issue of 39.0 million shares as part of a placing that raised £160.0 million (before costs of £3.3 million), and new bank borrowings of £84.0 million (£15.0 million of which was repaid prior to the year-end).

In addition, a total of £0.1 million of contingent consideration was paid out in the year relating to IDScan. Further information on these acquisitions and the contingent consideration can be found in notes 31 and 32 to the accounts.

Deferred Income

Deferred income at the end of the year increased by 29.2 per cent to £36.7 million (2018[1]: £28.3 million under IAS 18 as explained in footnote 1 on the previous page). This balance principally consists of contracted licence revenues and profits that are payable up front but recognised over time as the Group's revenue recognition criteria are met. The increase has been driven by continued strong contracted sales growth, which will deliver revenues and profits in future years.

The deferred income balance does not represent the total contract value of any future unbilled annual or multi-year, non-cancellable agreements as the Group more typically invoices customers in annual or quarterly instalments. Deferred income is determined by several factors, including seasonality, the compounding effects of renewals, invoice duration, invoice timing and new business linearity within a reporting period.

Net Assets

Net assets at the end of 2019 were £321.5 million, an increase of £163.7 million on the 2018 level of £157.8 million. This growth is driven by the increase in equity capital of £157.3 million combined with the total comprehensive income for the year of £8.5 million, IFRS 15 transition adjustment of £1.1 million, less dividends paid of £4.0 million and after adjusting for share-based payments and tax on share options of £2.3 million and a credit of £0.7 million.

Relationships

Other than our shareholders, the Group's performance and value are influenced by other stakeholders, principally our customers, suppliers, lenders, employees and our strategic partners. Relationships are managed both on an individual basis and via representative groups. The Group participates in industry groups which give genuine access to customers, suppliers and decision makers in government and other regulatory bodies.

Treasury Policy and Financial Risk

The Group's treasury operation is managed within formally defined policies and reviewed by the Board. The Group finances its activities principally with cash, short-term deposits and borrowings but has the ability to draw down up to £54 million of further funding from a revolving credit facility that is in place. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operating activities. Surplus funds of the Group are invested through the use of short-term deposits, with the objective of reasonable interest rate returns while still providing the flexibility to fund ongoing operations when required. It is not the Group's policy to engage in speculative activity or to use complex financial instruments.

The Group is exposed to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk which are described in note 25 to the accounts.

Use of non-GAAP Measures in the Group Financial Statements

The Group has identified certain measures that it believes will assist in understanding the performance of the business. The measures are not defined under IFRS and therefore may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, however management considers them to be important indicators and key measures used within the business for assessing performance. Further information can be found in note 33.

The following are the key non-GAAP measures identified by the Group and used in the Strategic Review and Financial Statements:

Organic Growth

Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions which are included only after the first anniversary following their purchase.

Underlying Organic Growth

As highlighted in the October 2017 trading update, organic revenue growth in the year to 31 Match 2018 included £3.5 million from the sale of a material perpetual licence to a leading European bank in September 2017, paid upfront. Had this particular transaction been a fully delivered, three-year agreement, payable in annual instalments (as is normal), then our revenue recognition policies at the time would have only recognised one third of this value. This means revenues for 2018 would have been £117.4 million (the basis for underlying growth) rather than the reported £119.7 million.

Adjusted Operating Profit

Adjusted operating profit means profits before amortisation of acquired intangibles, share-based payment charges, exceptional items, net finance costs and tax.

Adjusted EBITDA

Adjusted EBITDA means operating profit before depreciation, amortisation, share-based payment charges and exceptional items.

Adjusted Earnings

Adjusted earnings represents adjusted operating profit less net finance costs and tax.

Adjusted Earnings Per Share ('Adjusted EPS')

Adjusted EPS represents adjusted earnings divided by a weighted average number of shares in issue, and is disclosed to indicate the underlying profitability of the Group.

Net cash generated by operating activities before working capital movements

Net cash generated by operating activities before working capital movements means net cash generated from operations in the Consolidated Cash Flow Statement before the movement in provisions, inventories, trade and other receivables and trade and other payables.

Approved by the Board on 24 June 2019.

Dave J Wilson

Chief Financial Officer & Chief Operating Officer

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Identification and Management

Risk management is an essential element of how we run GBG, to help us deliver long-term shareholder value and to protect our business, people, assets, capital and reputation. We consider risk assessment and control to be fundamental in achieving our strategic objectives. We have established an ongoing process for identifying, evaluating and managing the significant risks that we face and the effectiveness of the related controls. This process is reviewed every six months by the Audit & Risk Committee, who report their findings to the Board.

Framework – Risk and Control Structure

The Board

Our Board has overall responsibility for the risk management framework. The framework is not designed to eliminate risk but define and manage the type of risk and level of exposure we are prepared to take in pursuit of our strategic objectives to ensure decisions taken align with the Group's risk appetite. The Board review the recommendations made to them by the Audit & Risk Committee.

Audit & Risk Committee

The Committee regularly monitors the principal risks and uncertainties identified by our risk assessment processes, along with the strategies we have developed and the actions we have taken, where possible, to mitigate them. The Executive Management through the Executive Team also continually reviews the effectiveness of our system of risk management and internal controls, which supports our risk identification, assessment and reporting.

The Executive Team

Our Executive Team are each responsible for the management of the specific risks within their own business unit. They also report into the Internal Controls Team where they collectively review and monitor specific risks, agree mitigation actions and update risk scores.

Internal Controls Team

The Internal Controls Team assesses current risks, reviews and monitors the controls that mitigate those risks; and identifies potential new risks to the Group. It reports to the Chief Executive Officer and the Chair of the Audit & Risk Committee on matters of internal control and risk assessment.

Key Elements of the Control Framework

The Board is responsible for maintaining and reviewing the effectiveness of our risk management activities, from a strategic, financial and operational perspective. These activities are designed to identify and manage, rather than eliminate, the risk of failure to achieve business objectives or to successfully deliver our business strategy.

Risks are owned and managed within the business, and reviewed formally by our businesses and Internal Controls Team at least every six months. They review risks and controls, including those relating to information security, regulatory compliance and business continuity. The results of these reviews feed into our reporting cycle. The key elements of the risk control framework are as follows:

01 Internal Controls

Our internal controls system facilitates the management of risks that could impact upon our ability to meet our objectives. The Internal Controls Team meets at least once every six months to carry out an in depth risk review. In this review the team are required to collectively identify and assess risks specific to the business and review and monitor controls. The team scores risks based on qualitative and quantitative information including an assessment of impact. The meetings are chaired by the Internal Controls Coordinator (the Company Secretary) who collates the results and manages the risk register, which holds all of the risk scores.

02 Risk Management

The Internal Controls Coordinator presents the results of the risk reviews and the risk register to the Audit & Risk Committee. The Internal Controls Coordinator is responsible for regularly monitoring and assessing our risk management functions and reports directly to the Chief Executive Officer on all matters of internal control and risk assessment. Our Audit & Risk Committee monitors, through the reports provided by the Internal Controls Team, the controls which are in force and any perceived gaps in the control environment. The Audit & Risk Committee also considers and determines relevant action in respect of any control issues raised by the Internal Controls Coordinator or the external auditor.

03 Financial Reporting Process

Management and specialists within the finance department are responsible for ensuring the appropriate maintenance of financial records and processes to ensure that all information is relevant, reliable, compliant with the applicable laws and regulations and distributed both internally and externally in a timely manner. The financial statements are reviewed by our management team to ensure that our results and financial position of the Group is appropriately reflected. Our Audit & Risk Committee review and approve the release of all financial information published.

04 Strategic & Financial Planning

We have established an annual budgeting and strategic planning process, whereby we assess our competitive position and goals, taking account of the strategic risks faced. This strategy is translated into a financial plan with clear milestones and performance indicators.

05 Performance Management

Our performance against the plan is closely monitored by a formal monthly reporting process and by the attendance of the relevant Senior Managers at monthly Executive Team meetings and when required, at bi-monthly Board meetings.

06 Capital Investment

We have in place a clear process for the approval of capital expenditure, which includes a detailed appraisal of the benefits of the proposed investment and any associated key risks. Material capital expenditure requires approval from the Board.

07 Health & Safety

We have established health and safety standards and benchmarks. Our performance meeting these standards is closely monitored.

PRINCIPAL RISKS AND UNCERTAINTIES

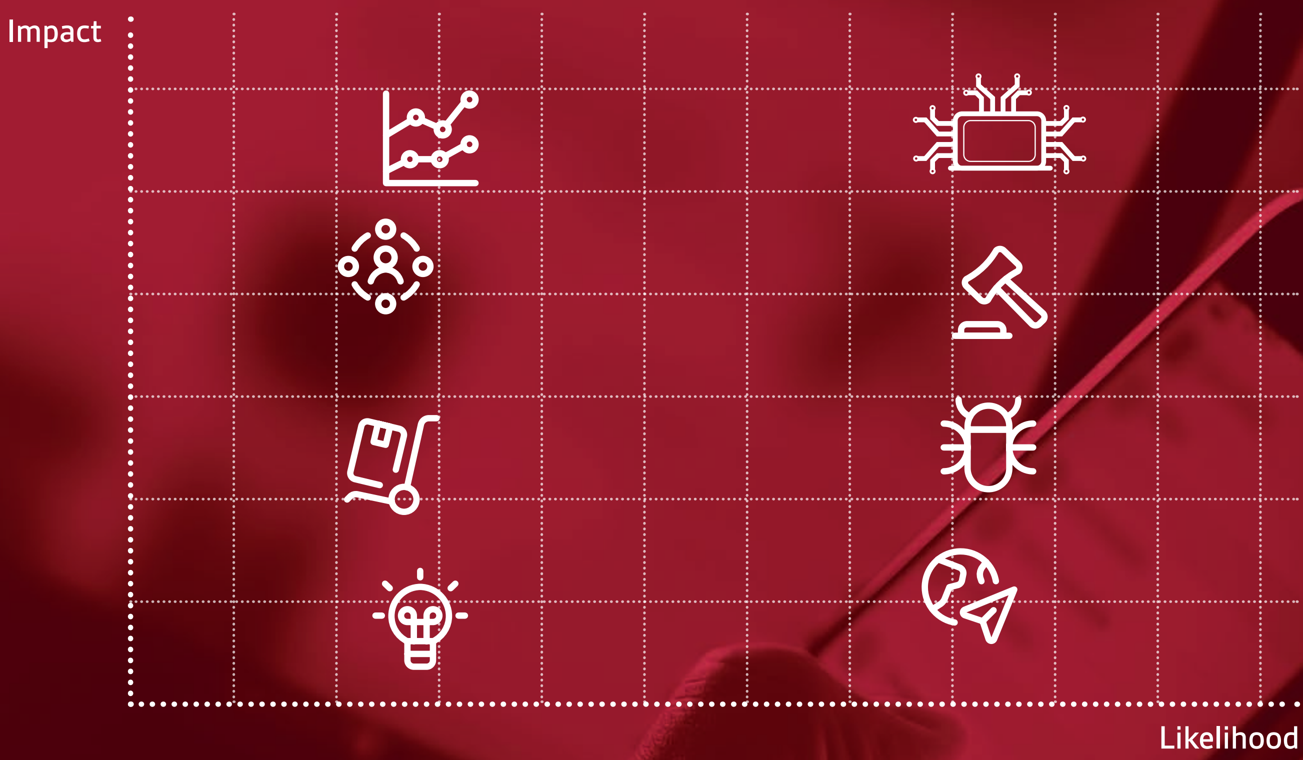
Our Risk Profile

Our risk identification processes has two main strands:

- A bottom-up approach at business unit and central services unit level. This identifies the risks that threaten a unit or units which the business manages. To give us visibility of issues across the business, we consolidate these risks at the regional and global level and escalate to the Internal Controls Team and Audit & Risk Committee.
- A top-down approach at a Group level. This identifies the principal risks that threaten the delivery of our strategy.

The diagram below summarises our principal risk profile and trends in the threat levels.

Principal Risk Profile



Key

- **Inability to Meet New Product Development and Scalability Challenges**
- **Ineffective Succession Planning and Skills Retention**
- **Non-supply by Major Supplier**
- **Loss of Intellectual Property**
- **Cyber Attack**
- **Failure to Comply with Regulations and Laws**
- **Loss of Data and Systems through Ineffective Disaster Recovery & Business Continuity Plans**
- **Increasing Competition & Lack of Global Reach**

Risk Appetite and Principal Risks

The Board is responsible for setting the level of risk and our associated risk appetite to ensure we focus appropriately on the risks we face. We identify and assess the impact of risks to the business under four key headings – financial, strategic, operational and knowledge. For each risk, the likelihood is identified and the impact is assessed using quantitative and qualitative information.

The significant risks and uncertainties we face are set out below together with a summary of the control measures and mitigations employed. Notwithstanding these actions, due to the pace and nature at which risks evolve, we remain vigilant in addressing these areas of concern and developing our control measures.

The Board is very much aware that as a public company, reputational damage is a risk and as such is a key concern. The potential effects to our reputation are not underestimated by the Board and whilst there may not be a specific risk addressing this point in the following commentary, the impact of reputational risk is a major, overarching consideration across our risk portfolio.

Risks	Description	Mitigation
Failure to Comply with Regulations and Laws	– Within the markets we operate, legislation changes on a regular basis and the interpretation of existing laws can also change, creating ever-tightening standards. This will often require additional human and financial resources and the provision of new assets and systems. – We are committed to responding positively to new regulation and legislation; changes could affect the pricing for, or adversely affect the revenue from, the services the Group offers. – We also acknowledge that we are required to maintain a number of accreditations and registrations to meet a number of contractual and statutory obligations. – We are aware of increasing international regulation in respect of data handling and privacy in the geographies in which we operate.	– We have dedicated Legal, Governance, Health and Safety, Privacy and Information Security Teams who are collectively responsible for monitoring changes to legislation and ensuring compliance in each area. – We have access to external legal advisors, globally. – Our global intranet provides a forum to promote and monitor our employees' understanding of our policies; which, in turn will ensure ongoing compliance with regulatory obligations including those required by data protection and privacy laws. – We continue to invest in training of staff in data handling and privacy best practices.
Increasing Competition & Lack of Global Reach	– We operate within competitive markets and intensified competition could lead to pricing pressures. – A reduction in the rate at which we add new customers may decrease the size by our market share if clients choose to receive services from other providers.	– Our business development functions review the activities of our competitors and report to Senior Management on issues and developments. – We strive to differentiate ourselves from the competition and can only do so effectively by understanding the activities and offerings of our competitors. – We continue to enhance our product portfolio both by internal development and through acquisition. – Our acquisition strategy has opened up new markets and territories enabling cross sale. We remain vigilant to future acquisition opportunities to further develop our strategic aims.
Non-supply by Major Supplier	– Some of our data and infrastructure is sourced from third party suppliers and partners. The removal from the market of one or more of these third party suppliers or interruption in supply could quickly and adversely affect our operations and result in the loss of revenue or additional expenditure.	– Our Product, Data and Technology Teams work strategically to prevent over reliance on any one key supplier, having multiple suppliers where required. – Suppliers are carefully selected to minimise risk of supplier failure or insolvency. – We ensure our staff are aware of supplier requirements or restrictions to minimise the risk of loss of a supplier due to a breach of contractual obligations.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks	Description	Mitigation
Loss of Data and Systems despite Disaster Recovery & Business Continuity Plans	– We have an understandable reliance on our office locations, IT systems and people. In the event of an incident affecting business continuity, we would initiate our business continuity plans; however, the loss of key components as a result of the incident could affect the Group's operations and result in additional expenditure.	– Our global business continuity programme covers policies and procedures for the key operating units. – Disaster recovery requirements and network security are regularly reviewed and back ups are maintained in databases and data centres. These policies and programmes are subject to annual review and audit. – We engage and undertake due diligence with our data partners and suppliers to ensure vulnerabilities are identified and mitigated against. – Risk analysis and mitigation processes relating to products and services that we either provide or consume are undertaken. These are fed into a risk matrix where we track treatment plans against each risk.
Cyber Attack	– Given the nature of our business, the threat of unauthorised or malicious attacks on our IT systems is an ongoing risk. The risk of a cyber attack such as denial of service attacks, phishing, data theft and disruptive software campaigns is constantly evolving and becoming increasingly sophisticated.	– We have cyber insurance in place and have established policies to protect the Group against a cyber attack and any security breaches, which is headed up by our Information Security Officer. – A respected third party conducted a review during the year of our Information Security processes and we have updated our incident response plan for cyber threats. – We will continue to develop our Information Security awareness programme with employees to raise the knowledge of cyber risk and information security. – Penetration testing is conducted via an approved third party specialist. – The Board also receives a bi-monthly report from the Chief Information Security Officer (CISO) updating it on the Group's information security activities including progress against strategy and update on threats. This is in addition to any updates that the CISO provides the Board on matters that may require more immediate attention.
Inability to Meet New Product Development and Scalability Challenges	– In order to maintain a competitive advantage, we invest significant amounts of resource into our product development. – The development of all new technologies and products involves risk, including; the product being more expensive, or taking longer to develop than originally planned, the market for the product being smaller than originally envisaged or that the product fails to reach the production stage. – It is also imperative that our product developments have the ability to scale as the business grows both in size and complexity.	– We carry out extensive research and market analysis around the viability of a product before the development phase is initiated. – We have a dedicated function in relation to product development that operates at a Group level ensuring that produt developments meet our corporate objectives, operate to agreed budgets and will deliver the KPIs agreed at the outset.
Loss of Intellectual Property	– We generally protect our proprietary application software products and services by licensing rights to use the applications rather than selling or licensing the computer source code. – We rely on trademark, copyright, patent and other intellectual property laws to establish and protect our proprietary rights in these products and services. However, there is a risk that our proprietary rights could be challenged, limited, invalidated or circumvented.	– All of our contracts include provisions to protect the proprietary rights of the Group. – We register trademarks globally and work closely with external advisors to ensure that the businesses' rights are safeguarded in all territories in which we operate.
Ineffective Succession Planning and Skills Retention	– Our people are key to our success. We acknowledge that we operate in very competitive markets and the skills that our people possess are attractive to other employers. Not having the right people and skills could impact negatively on our ability to service our customers and grow the business. – It is important that we maintain high levels of staff engagement to ensure that we are able to retain and attract the best talent.	– We invest in developing our people across all of our locations and geographies. – We offer competitive compensation and benefits and these are reviewed and benchmarked regularly. – We conduct a survey of all of our people every six months to monitor our employee engagement levels and use the results to focus on improvement activities. – We monitor attrition rates by business function and location.

Viability Statement

Our business model and strategic priorities are key to the Board's assessment of the Group's prospects. We continuously review these alongside forecasts and budgets in order to have a clear view, so far as is possible, on the viability of the Group over the medium term. The Board's assessment of viability is influenced by the businesses' current and projected performance against financial and non-financial KPIs and an analysis of principal risks within the Group's risk assessment framework. We are of the view that, on the basis of these considerations and realistic forecasts, three years is an appropriate period over which to consider the Group's continuing viability.

In assessing the viability the Board considers the following:

- Group's strategy;
- Group's position and prospects ;
- Qualitative and quantitative analysis of the Group's principal risks and uncertainties;
- Results of impact assessments which are carried out on a quantitative basis; and
- Results of scenario planning

Having considered all of the above factors, we have a reasonable expectation that the Group will continue in operation and meet our liabilities as they fall due over the next three year period.

The strategic outlook reflects the Board's best estimate of the future prospects of the business. However, as part of the Group's internal controls, scenario testing is conducted to assess the potential financial impact on the Group of its principal risks occurring

We acknowledge that this assessment is subject to uncertainties outside of our control and accordingly, the viability of the Group cannot be guaranteed.

CORPORATE SOCIAL RESPONSIBILITY

Chris Clark
Chief Executive Officer

Introduction

At GBG the Board has overall responsibility for corporate social responsibility, with developments and initiatives being led by myself with the support of the Executive Team. Overall employee experience is really important at GBG across all areas, from traditional HR and talent management practices to business ethics and the environment, through to internal communications and the Group's physical office spaces.

Business ethics and integrity
We promote a culture of honesty, integrity, trust and respect and all members of the GBG team are expected to operate in an ethical manner in all of their dealings, whether internal or external. We do not tolerate behaviour which goes against this or which could result in reputational damage to the business.

Our policies
We are committed to achieving and maintaining high standards with regard to behaviour at work and in all our working practices. All GBG team members are expected to conduct themselves with integrity, impartiality and honesty. We seek to develop a culture where inappropriate behaviour at all levels is challenged. To achieve this, we encourage the reporting of genuine concerns about malpractice, illegal acts or failures to comply with recognised standards of work without fear of reprisal or victimisation.

This year we have worked on establishing a 'Code of Conduct' that combines a number of our Group policies and clearly sets out the standard of behaviour we expect from all members of GBG. We believe that in setting these standards, we are creating a sustainable business for all GBG stakeholders. We encourage all members of GBG to live up to the spirit of the Code of Conduct and to make decisions only in accordance with our Group's values.

Our Code of Conduct touches upon different policies we operate regarding; the Environment, Health & Safety, Privacy & Data Protection, Information Security, Whistleblowing, Modern Slavery, Anti-Bribery & Corruption, Insider Trading and Anti-Tax Evasion.

A summary of our view on each is set out below:

Environment	We comply with all relevant environmental legislation, establish and review environmental objectives, reduce our waste production wherever feasible, reduce consumption of energy within our office environments and minimise the use of natural resources where possible. We make sure that we actively promote the recycling of ink cartridges, cardboard, paper and plastic by providing recycling points in each of our office locations. In addition video conferencing is promoted and used frequently across the Group to reduce business travel.
Health & Safety	We are committed to managing health and safety effectively to protect our employees and any other persons with whom we interact. Our Health and Safety Policy sets out the key objectives we aspire to, in managing health and safety. We provide information, training and supervision as needed for this purpose. Our Health and Safety Committee frequently share best practice initiatives and make plans for improvements where needed. All accidents and near misses, whether they result in absence from work or not, are reported with remedial action identified and implemented to prevent reoccurrences. There have been no reportable accidents within the last year, only minor incidents. Our external Health and Safety consultant provides GBG with annual audits and guide us on all health and safety matters.
Privacy & Data Protection	We are committed to compliance with data privacy legislation. As a global company, this covers many jurisdictions and laws, such as the General Data Protection Regulation ('GDPR'). We have an extensive framework of policies and procedures to follow (which are all available to GBG team members through our intranet), with an overarching framework called 'be/compliant'. This has four key principles we continuously promote to ensure we interact with data appropriately: **"We'll ensure we know what we can do with data and if unsure, we will ask"** **"We'll be clear about how we are going to use data"** **"We'll ensure we protect the data we hold/process"** **"We'll ensure compliance both individually and as a team"**
Information Security	Acting as custodian (controller/processor) of client identity data for some of the largest organisations in the world, GBG aims to set the highest standards of information security and in so doing has developed an Information Security Management System (ISMS) to meet the requirements of the ISO27001 standard. The aim of which is to protect the confidentiality, integrity and availability of GBG and client held information resources and assets, thus safeguarding GBG and its clients from unauthorised access, compromise and or disclosure of data. Our Information Security Policy is designed to ensure that in a continually changing business environment, we address the broad range of risks to our corporate, supplier and customer information. Information security concerns the protection of information and information systems from malicious or accidental loss, damage or abuse.
Whistleblowing	We encourage team members to raise concerns and provide clear reporting lines for instances of fraud, bribery, bullying, unfair or unethical treatment and unsafe working practices. We have in place an external whistleblowing hotline provider, which allows all GBG team members to raise concerns in complete confidence, wherever in the world they are located. No concerns have been reported this year.
Modern Slavery	We are committed to improving our practices to ensure that slavery and human trafficking are not taking place in any part of our business or supply chain. We expect the same commitment from our suppliers, contractors and business partners. We have adopted a policy on Modern Slavery that is reviewed each year, setting out the standards we expect from our stakeholders. A copy of our Modern Slavery Statement is available at www.gbgplc.com/legal
Anti-Bribery & Corruption	It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery. The policy we operate gives team members examples of what would constitute bribery and encourages the reporting of any suspected bribery activities through our whistleblowing channel.
Insider Trading	GBG is a public company and our shares are traded on the London Stock Exchange. A diverse range of institutions and individuals choose to invest in GBG and they expect to invest with the confidence that others are not trading in our shares with inside information that is not yet publicly available, otherwise known as insider trading. The Group operates a 'Dealing Code' to ensure that Directors and team members do not abuse and do not place themselves under suspicion of abusing inside information and that they comply with their obligations under the Market Abuse Regulations.
Anti-Tax Evasion	We have adopted a policy to uphold all laws relevant to countering tax evasion and prevent persons associated with GBG and its subsidiary companies from engaging in the criminal facilitation of tax evasion in the UK or in a foreign country. The policy outlines the procedure that must be followed should a team member suspect a breach of the policy.

CORPORATE SOCIAL RESPONSIBILITY

People and engagement
Our vision is to have 'the best and most engaged people' because we understand the link between high employee engagement and results. GBG has clear strategies for how it achieves this objective and the initiatives which contribute towards this are detailed below.

Employee feedback
In order that all team members have a voice within the Group and that the business is able to respond to any issues which might impact engagement, the business undertakes twice yearly engagement surveys. On the back of the results, all Senior Managers and Executive Team members are required to champion action plans within each of their areas to drive improvements, should they need to be made.

In March 2019 we launched a Q12 survey, in partnership with Gallup for the first time. We were delighted to find that we had a response rate of 90% which is our highest response rate to date. To ensure a like for like comparison to last year, we maintained the original methodology for one question but we changed the wording from "Would you recommend GBG as a **good** place to work" to " I would recommend GBG as a **great** place to work". We were delighted to report our score has risen from 85% in March 2018 to 90% in March 2019. This is our highest score on this question to date.

Communications
We communicate with our team members on a regular basis keeping them informed of business performance. This is achieved through monthly CEO live webinars and annual workshop style events at our key locations. In addition to this, business units provide key high level updates in both written and video format.

Last year we reported that we had recently launched our global Intranet platform called 'be/connected'. This has now been fully integrated in to the business providing all team members with access to a communication channel across the entire business. The platform allows team members to share news stories, access learning resources and general information about GBG. It also enables senior team members to read and respond to global feedback on business news, recognise achievements in all areas of the business and circulate significant updates without the need for email communication.

Training and development
We aim to provide team members with an engaging and stimulating environment where they are encouraged to learn and develop through our internal platform called 'be/developed'. This platform gives our team members access to a large variety of learning content. This year alone there has been 17,498 hours spent learning. Over 87% of our people leaders have been participants in the People Leadership journey in the last year to upskill their capabilities.

Recognition
This year, to further the focus on the Group Vision Objectives and Strategies ('VOS') we have continued to promote the VOS Awards. The awards not only link to the Group values of Quality, Innovation, Excellence, Trust and Respect but are also attributed to the five key segments of the Group's VOS – People, Products, Customer, Technology and Brand. The VOS Awards encourage individuals within the business to nominate their fellow team members should they feel they deserve recognition, with the winners announced every quarter. This year we received 550 VOS nominations.

In addition to the VOS Awards, we operate an annual sales incentive trip to recognise members of our sales teams who have performed exceptionally throughout the financial year, along with a number of other members of our team who have supported the sales teams along the way. Last year those recognised as top performers headed to Mauritius and this year's top performers will be heading to Iceland.

Working environment
We continue to invest in improving the working environment for our teams, creating innovative spaces which inspire our people to collaborate more readily and increase personal efficiency. We listen to our people and the Group has a flexible working policy which accommodates flexible working to support those with families and other needs or commitments outside of work, we also encourage working from home where possible.

As part of our plan to create vibrant workspaces that enable our team members to deliver, last year we carried out a refresh of our Chester and Mersin offices. In addition to this our employees in London moved in to a new office space which was much better suited to their needs.

Incentives
Everyone at GBG is given the opportunity to share in the Group's performance through GBG's Save-As-You-Earn ('SAYE') Share Option Scheme (the 'Scheme'). We currently operate the Scheme in 10 countries which gives team members the option to apply to save up to £250 (or foreign currency equivalent) per month for a period of 3 or 5 years and to purchase shares in GBG at a discounted rate (except in territories where offering shares at discount is prohibited).

We had a fantastic response to the Scheme that was launched in 2017 achieving a total 55% take up globally. This year we have worked on the 'maturities' of two running Schemes that were launched in 2013 and 2015. In the UK, 62% of participants opted to become shareholders in GBG and 47% internationally, allowing team members a stake of ownership in GBG.

Equal opportunities
The employment policies and procedures of the Group for recruitment, training and career development promote equality of opportunity regardless of gender, sexual orientation, age, marital status, education, disability, race, religion or other beliefs and ethnic or national origin. The aim is to encourage a culture in which all employees have the opportunity to develop as fully as possible in accordance with their individual abilities and the needs of the Group.

We ensure that every consideration is given to applications for employment from disabled persons. Should a member of our team become disabled every effort would be taken to offer suitable alternative employment within the Group and to assist with retraining.

In line with the Government requirement, in March 2018 we published our first Gender Pay Gap Report, which reflected our data at April 2017. Like many employers, we took our time to understand reporting requirements and to interpret our data. We acknowledge that the report is a useful snapshot to measure some progress and remind us that all employers can do more to create an inclusive environment that addresses key issues in our society. We also realise that the report may not capture all the progress made. Since the last report, we continue the journey to address and reduce the gender pay gap identified and work towards building an inclusive environment and diverse team. To accelerate our ambitions, we recognise that this type of change requires planning, targeted efforts and time before true impact is noted.

We are working on a strategy where we can make a difference to each other, to the business and to the societies that we live in. We are working to genuinely change in all aspects of diversity and inclusion. Whilst we are pleased to have made some improvement since our last report, for us, this is just the beginning. By enabling change with targeting efforts and driving a positive culture at GBG, we expect more improvements in future reports.

A copy of our last two Gender Pay Gap Reports are available on the GBG website www.gbgplc.com/about-us/gender-pay-report

Community and charity
During the year we continued with a global approach to our charity of choice, together we decided on the global 'umbrella' cause of Homelessness. Throughout the year, numerous events have been arranged at all GBG locations in support of our chosen charity. Examples include Sleepout events in our Liverpool, Chester and Worcester offices and a food bank collection drive in our London office.

In addition to supporting our chosen charity, we also support National events like Breast Cancer Awareness Day and Mental Health Awareness Day.

Our biggest fundraising event globally is known as the GBG Challenge and this year we had challenges that took place in Barcelona, Kuala Lumpur, Melbourne, California, New York, Beijing, Jakarta and the UK. The event encourages all GBG team members to work together towards a common goal, whether it is being involved physically or in a very valuable supporting role. The GBG Challenge events are always very popular and a great opportunity to get outdoors and socialise outside of the office environment whilst also raising money for charity.

This year, we raised £20,000 for local charities.

DIRECTORS AND OFFICERS

David Rasche

Chairman (Aged 69)

Appointed to the Board in September 2010

A R N

David has over 45 years' IT industry experience with over 35 years at Board level in the software and services sectors. He was the founder of SSP Holdings Limited, which became one of the largest specialist insurance software houses in the world. David has chaired and advised businesses in both the public and private markets and has overseen numerous acquisitions and disposals over the last 30 years. He is a strong believer in lifelong learning, has a diploma in company direction and is the longest serving member of the Vistage executive learning organisation in the UK. He was Yorkshire Business Leader of the Year in 2008 and the Grant Thornton QCA Chairman of the Year in 2009. He invests in and mentors some smaller technology businesses and chairs a family property and investment company and family charitable trust.

Chris Clark

Chief Executive Officer (Aged 50)

Appointed to the Board in April 2017

N

Before joining GBG Chris was Managing Director at Experian for 5 years where he was responsible for the UK & EMEA. Experian gave Chris first-hand knowledge of the Identity Data Intelligence market. Chris previously worked at BT for 20 years, running several technology businesses across the globe. Chris has lived and worked in the USA, Europe and Asia, as well as the UK and has significant international experience. Chris has a passion for and a strong track record of team member engagement and customer focus.

Dave Wilson

Chief Financial Officer & Chief Operating Officer (Aged 57)

Appointed to the Board in October 2009

N

Having joined GBG as Finance Director, Dave has a strong background in managing business growth. He has worked in technology, media and telecoms for over 40 years, previously holding international and operational board level positions with companies including Eazyfone (brand Envirofone.com), Codemasters, Fujitsu and Technology plc. Dave was named Finance Director of the Year at the 2013 Grant Thornton Quoted Company Awards and Finance Director of the Year at the 2015 FD Awards.

Nick Brown

Group Managing Director (Aged 58)

Appointed to the Board in April 2017

Nick has been a member of GBG's Executive Team since joining the business in 2007. Nick is currently responsible for managing the operating businesses of GBG on a global basis. Prior to joining GBG Nick held senior management positions at Sage plc, Microsoft UK and Fujitsu Services in the UK.

Charmaine Carmichael

Non-Executive Director (Aged 48)

Appointed to the Board in January 2014

A R N

Charmaine brings global digital, hardware and software expertise to GBG. As a Partner at BCG Digital Ventures, she leads the digital insurance practice across the world and financial services for Europe. Charmaine is an independent Non-Executive Director and committee Chairperson at Blue Prism plc and was a Non-Executive Director of Avanti plc, a global satellite provider. She is co-founder and Chairperson of BuzzGroup (Insuretech) as well as a founder, board member and trustee of The Marketing Academy, a not-for-profit organisation promoting USA, UK and Australian talent in digital, marketing and advertising. Additionally, Charmaine holds a CEO position at Plan B Consulting Limited, which invests in early stage digital start-ups. Previously, Charmaine was Global Senior Vice President at Nokia as well as the head of China and Managing Director and Vice President, EMEA at Research In Motion (BlackBerry). She also led Wayra, one of the world's largest digital accelerators and was a Non-Executive Director of Wayra UnLtd, a joint venture between the UK Government and Telefonica.

Liz Catchpole

Non-Executive Director (Aged 54)

Appointed to the Board in September 2017

A R N

Liz is currently an independent Non-Executive Director and Chair of the Audit Committee at Investec Wealth & Investment where she is also a member of the Risk, Remuneration and Nomination Committees. Liz is also an independent Non-Executive Chair of the architectural and design practice TP Bennett and an independent Non-Executive Director, Chair of Audit Committee and also member of Risk, Remuneration and Nomination Committees of British Gas. Liz has over 20 years of executive Board level experience gained primarily in the insurance, business services and property sectors. Liz has previously held Non-Executive positions at FTSE listed bwin.party, Bournemouth Water, The University of Law and Be Living Holdings (formerly Willmott Residential). Her career started in insurance with a subsidiary of GE Capital where she worked for almost 17 years. Liz is a chartered certified accountant and holds an MBA from Cranfield. University.

John-Henri Constantin FCIS

Group Company Secretary & General Counsel (Aged 53)

John joined GBG in 1994 as Assistant Company Secretary, becoming Deputy Company Secretary and in 2002 was appointed Group Company Secretary & General Counsel. With over 20 years' experience of working within a listed company environment he leads the Group's legal, administration, corporate governance and compliance operations. John has been a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) since 2007.

Committee membership key:

Audit & Risk A Remuneration R Nomination N

LETTER FROM THE CHAIRMAN

Dear Shareholder

As Chairman, it is my responsibility to work with my fellow Board members to ensure that the Group embraces the highest standards of corporate governance and to manage the Board in the best interests of our many stakeholders. With these responsibilities in mind, this year we have assessed the corporate governance code most appropriate for the Group.

Up until 2018, we modelled our corporate governance on the UK Corporate Governance Code, even though we were not required to do so under the AIM rules. We did this as far as practicable for an AIM company of our size.

On 8 March 2018, the London Stock Exchange issued the revised Rule 26 for AIM companies. With effect from 28 September 2018, it was a requirement for all AIM companies to disclose details of the recognised corporate governance code it had adopted, to confirm how it complies with its chosen code, where it departs from it and why.

I am pleased to confirm that we have chosen to adopt the 2018 Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). We will report our full compliance with the QCA Code through this Corporate Governance Statement, in other areas of our Annual Report and on our website.

We have set out our Corporate Governance Statement (pages 46 to 49) under the ten principles of the QCA Code. The QCA Code identifies these as the ten principles that companies should follow to deliver growth in medium-to-long term shareholder value. We believe that applying these ten principles will help support the Group's medium-to-long term success.

Good governance is good business

As we have said in previous years, as a Board we believe that practising good corporate governance is essential for building a successful and sustainable business. Our commitment to corporate governance has allowed us to build a healthy corporate culture throughout the Group. We promote a culture of honesty, transparency and respect to all members of GBG, by promoting Group policies such as our Code of Conduct, which embodies our wider Group policies and clearly sets out how team members of GBG are expected to behave in their internal and external dealings.

We apply the same commitment to responsible and ethical business practices when we make any business decisions, at both Board and operational levels. This is particularly important to us as an acquisitive business; as we acquire more global companies, our culture is something that we need to maintain and closely monitor.

With that in mind, we work hard to make sure that all Group businesses are aligned with our strategy, people processes and internal controls, whether they are newly acquired or longstanding GBG team members. We do this through strategy workshops, training and involving managers in our risk assessments and internal control meetings. This approach means our Executive Team can report to the Board on progress made and any issues that need addressing. You can find more information on our culture and Group policies in our Corporate Social Responsibility Report on pages 38 to 41.

As a final point, we also wanted to provide some insight into the other areas that the Board has worked on throughout the year, in addition to maintaining our standard of corporate governance across the Group. You can see a summary of these areas on the following page.

As always, my fellow Board members and I will be available at this year's Annual General Meeting ('AGM') to answer any shareholder queries regarding the work of our Board and its Committees. I would like to encourage all of our shareholders to participate in the AGM.

David Rasche
Chairman

24 June 2019

Summary of Board Activity	Further information
Governance	
– Reviewed developments to corporate governance reporting and made necessary changes where required	Page 44
– Took part in an external evaluation of the Board to assess areas for improvement	Page 48
– Discussed the need for an internal audit function and implemented a plan to take action on this point	Page 52
– Discussed the need to carry out an external audit tender, supported in the tender process and reviewed the recommendation for appointment	Pages 51 to 52
– Approved our 2018 Modern Slavery Statement	Page 39
People	
– Considered Board diversity and the appointment of an additional Non-Executive Director	Page 65
– Continued discussions on succession planning	Page 48
– Agreed to roll out a global SAYE scheme again in 2019	
– Discussed results of our annual employee engagement survey and put in place action plans to address any issues identified	Page 40
– Discussed the findings of our Gender Pay Gap Report	Page 41
Strategy	
– Considered and approved the acquisitions of VIX Verify and IDology to further the Group's strategic objectives	Page 25
– Held our annual strategy meeting to discuss our ongoing vision, the direction of our business and our strategic priorities	
– Received and reviewed reports from the Executive Team on progress made against strategic objectives on a monthly basis	
– Discussed the need for further strategy discussions following the board evaluation	
– Reviewed key risks that may threaten our strategy, such as cyber risk	Pages 32-36
Financial	
– Reviewed and approved the FY18/19 and FY19/20 budgets	
– Reviewed and approved the half and full year announcements	
– Reviewed and approved the 2019 Annual Report and Accounts	
– Discussed legislation changes, including taxation and employee pension schemes	

CORPORATE GOVERNANCE STATEMENT

We have set out this year's statement using the ten principles of the QCA Code, which we adopted this year.

Deliver growth

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

Our strategy, business model and business operations are set out in the Strategic Review of this Annual Report on pages 10 to 41. The Executive Team, led by the Chief Executive Officer, is responsible for recommending to the Board the strategy for the Group, taking into account the interests of its shareholders, customers, employees and other stakeholders. The Board is fully involved in discussing and developing our strategy and business model with the Executive Team before it is implemented. The Executive Team is then responsible for implementing the strategy and managing the business at an operational level.

Our vision is to be the leader in identity data intelligence, informing business decisions between people and organisations globally. Our strategy is to create and maintain unique online products and services which provide additional value for customers and are of sufficient strength to enable us to create new markets and consistently win new business against our competition. We achieve this through our investment in people, business and product development opportunities and the application of innovation, quality and excellence in everything we do.

As they execute our strategy and operational plans, the Executive and Management teams will typically confront a range of day-to-day challenges, which we identify as our principal risks and uncertainties. We manage these risks as they happen, using the mitigation steps we have identified. You can find more details of our internal control and risk management process on pages 32 to 36.

We believe that being listed on AIM is currently of long-term value to our shareholders as it offers a combination of access to capital markets, flexibility to make acquisitions, the ability to incentivise and reward management through share schemes and a regulatory environment appropriate to the size of the Group.

Our progressive dividend policy and share performance over the last five years are also indicators of long-term value for our shareholders, with total shareholder return shown in the Remuneration Report on page 63.

2. Seek to understand and meet shareholder needs and expectations

Our aim is to maintain a regular dialogue with both existing and potential new shareholders to communicate strategy and progress, as well as understanding their needs and expectations. You can find more information on how we do this on the investor section of our website: https://www.gbgplc.com/investors

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

We are working constantly to strengthen our relationships with our stakeholders as this helps us to make better business decisions and deliver on our commitments. We take our corporate social responsibilities seriously and are focused on maintaining effective working relationships with a range of groups, including our own people and our partners, customers, suppliers and regulatory authorities. You can find more information on how we do this in our Corporate Social Responsibility Report on pages 38 to 41, as well as on the investor section of our website: https://www.gbgplc.com/investors

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

Risk management and controls
Our main corporate objective is to maximise long-term shareholder value. As they work towards this objective, our Directors recognise that creating value is the reward for taking business risks. The Board's policy on risk management covers all significant business risks to the Group, including financial, operational and compliance risks that could be barriers to achieving our business objectives.

We regularly monitor risk and control processes across headline risk areas and other business-specific risk areas, providing the basis for regular and exception reporting to management and the Board. The risk assessment and reporting criteria are designed to provide the Board with a consistent, group-wide perspective of the key risks. Regular reports to the Board include an assessment of how likely risks are to happen and the impact if they did happen, as well as our risk mitigation initiatives and how effective these are.

The Board has overall responsibility for our approach to assessing risk and systems of internal control and for monitoring how effective they are. There are limitations inherent in any system of internal control. The system is designed to manage risks rather than eliminate them. It provides only reasonable and not absolute assurance against material misstatement or loss. Any new and material risks are flagged to the Board.

The Board considers risk assessment and control, with an acceptable risk/reward profile, to be fundamental to achieving our corporate objectives. We confirm that there is an ongoing process to identify, evaluate and manage the significant risks faced by the Group and the effectiveness of related controls.

You can see a summary of the principal risks and uncertainties facing the Group, as well as mitigating actions, on pages 32 to 36.

Budgets
We complete a comprehensive budgeting process once a year, which is reviewed, challenged and approved by the Board. The Board also receives regular reports on our results, compared with both budget and previous years.

Insurance
GBG maintains appropriate insurance to cover actions taken against the Directors and Officers, to cover the costs of defending themselves in civil proceedings taken against them in their capacity as a Director or Officer of the Group. In addition, we maintain a comprehensive insurance portfolio to cover against material loss, cyber threats and/or claims against the Group. We review the insured values and type of cover annually.

Maintain a dynamic management framework

5. Maintain the Board as a well-functioning, balanced team led by the Chair
The Board is made up of the Non-Executive Chairman, David Rasche; three Executive Directors, Chris Clark, Dave Wilson and Nick Brown; and two Non-Executive Directors, Liz Catchpole and Charmaine Carmichael. It is the Board's opinion that Liz Catchpole and Charmaine Carmichael are independent in both character and judgement. The Board has considered David Rasche's length of service (nine years in September 2019) and is confident that he remains independent in both character and judgement.

The Executive Directors all work full-time for the Group. The Non-Executive Directors work part-time for the Group, with other commitments outside of GBG. These commitments are summarised in their biographies on pages 42 to 43. It is the opinion of the Chairman that each member of the Board dedicates an appropriate amount of time to fulfil their responsibilities.

All of the Directors are subject to election by shareholders at the first annual general meeting after their appointment to the Board. They will continue to seek re-appointment at least once every three years, in accordance with our Articles of Association. Further details of those Directors seeking re-appointment at the 2019 AGM can be found in the Director's Report on page 67 and in the Notice of AGM. The service agreements for each of the Directors are available for inspection at our registered office in Chester.

The Board has a formal schedule of matters reserved for its decision and meets regularly to review trading performance, ensure adequate funding, set and monitor strategy, examine major business opportunities and report to shareholders. You can see the full schedule of matters reserved for the Board on our website.

The Board follows a pre-approved annual calendar of meetings that allows them to meet regularly for scheduled Board meetings. The Board also meet on an ad-hoc basis to deal with urgent business. The Board has full and timely access to all relevant information. The Non-Executive Directors have also met during the year without the Executive Directors and Chairman being present.

CORPORATE GOVERNANCE STATEMENT

In the year to 31 March 2019, the Board met on thirteen occasions. Here is an overview of each member's attendance at Board meetings:

Percentage Attendance

David Rasche	Chris Clark	Dave Wilson	Nick Brown	Liz Catchpole	Charmaine Carmichael
100%	100%	100%	100%	100%	80%*

* Charmaine was unable to attend two Board meetings during the year due to a family bereavement and another commitment.

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

We have included the biographies of all the Directors on pages 42 to 43. These biographies set out their experience and skills, along with details of their Committee memberships. The Board is satisfied that it currently has an appropriate balance of experience, skills, independence and expertise appropriate to the business. Each member of the Board understands the need to maintain their skill set, which includes roles and experience with other boards and organisations as well as formal training.

During the course of the year, the Directors received business updates and have had full access to the Company Secretary and various external advisers (including GBG's auditor, NOMAD and remuneration consultants) on a number of corporate governance matters.

GBG has appointed Liz Catchpole as its Senior Independent Director (the 'SID') to provide an alternative channel of communications for shareholders and to serve as an intermediary for the other Directors where necessary. The SID is also available to deputise for the Chairman at meetings or events where the Chairman may not be available. In addition, all Directors are entitled to seek independent professional advice concerning the affairs of the Group, at the Group's expense, although no advice was sought this year.

The Chairman regularly meets with the Chief Executive Officer and other Directors to discuss progress and performance of the Board. With that said, each Board member is ultimately responsible for continuing their professional development to maintain an effective level of skills and knowledge.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Every year each Board member is asked to complete an online questionnaire to personally evaluate the Board, which provides an opportunity to comment and make suggestions for improvements. The Chairman receives a detailed report which sets out the responses and actions which are shared with the Board.

The Board is also committed to seeking external evaluation of its performance at least every three years. This review process involves the evaluation and assessment of the work of both our Board and Committees to make sure that the Board is fully equipped to support the Group's needs. The evaluation is carried out through detailed questionnaires and interviews and by observing the Board in action. The output from the review is a report identifying areas of focus which is then used as an improvement action plan for the Board.

In November 2015 we appointed Springboard Associates Limited ('Springboard'), which has no other connection with the Group, to carry out our first external evaluation project. We invited Springboard to conduct a further evaluation of the Board in February and March 2019. We are very happy to report that they did not identify any areas of concern and indeed were complimentary of the progress that we had made since the last review. The areas they identified for ongoing focus were, in the main, areas that the Board had already considered as part of its development road map (such as further improvements in the content and presentation of Board reports including; the increased use of KPI measurement, succession planning, use of external advisers and Board composition). We will be addressing the action plan in the coming year and beyond and will continue in our efforts to implement further improvements not only to accommodate changes in the governance landscape but also to address challenges and opportunities as GBG grows in size and complexity.

Committee evaluation

The evaluation of the Committees has always been carried out by using an internal questionnaire. It is considered that this continues to be the most effective method for evaluating the Committees.

Director evaluations

Performance evaluations of each of the Directors is carried out through a series of peer-group meetings. The Non-Executive Directors monitor, evaluate and appraise the performance of the Executive Directors. In turn, Executive Directors monitor, evaluate and appraise performance of the Non-Executive Directors. The appraisal process allows the Board to assess whether a Director continues to contribute effectively and whether they demonstrate commitment to the role. If any performance issues arise, the Chairman of the Board or Chief Executive Officer will take these up with the individual Director at the appropriate time and the Chairman will assess any training and development needs.

Vacancies on the Board are filled following rigorous evaluation of suitable candidates who have an appropriate balance of skills, knowledge and experience. We consider whether or not to use recruitment consultants on a case-by-case basis. New Directors receive formal guidance about the workings of the Board and its Committees. In addition, shortly after their appointment, they meet with the Senior Management of the Group and receive detailed information and presentations on Group strategy, products and services.

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

You can find information on our corporate culture, value and behaviours in the Letter from the Chairman and in our Corporate Social Responsibility Report on pages 38 to 41.

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

You can find information on how we comply with this principle on the investor section of our website, as well as in the Audit & Risk Committee Report on pages 50 to 53, the Remuneration Report on pages 54 to 64 and the Nomination Committee Report on page 65.

Build trust

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

It is the Chairman's responsibility to:

- Communicate with shareholders and make sure that the Board are made aware of any shareholder concerns;
- Take steps to ensure that the members of the Board, in particular the Non-Executive Directors, develop an understanding of the views of major shareholders about the Group; and
- Ensure the Board's integrity and effectiveness.

Regular communications with our various stakeholder groups are very important to us and we aim to make sure all communications about our activities are clear, fair and accurate. Our website and in particular the investors section, is regularly updated. Users can register to receive emails when announcements are released by contacting investor.relations@gbgplc.com.

Our main form of communication with shareholders is through the Annual Report and Accounts, full-year and half-year announcements, the AGM and GBG Investor Roadshows.

You can read our financial reports and AGM Notices (for the past five years) on our website.

We announce the results of voting on all resolutions at the AGM shortly after the conclusion of the AGM. In future, we will post on our website a more detailed analysis of voting at general meetings. This will include any actions to be taken as a result of resolutions for which votes against have been received from at least 20% of shareholders.

AUDIT & RISK COMMITTEE REPORT

Dear Shareholder
On behalf of your Board, I am pleased to present the Audit & Risk Committee Report for the year ended 31 March 2019.

The Committee oversees GBG's financial reporting process on behalf of the Board. Our management has primary responsibility for the financial statements and for maintaining effective internal control over financial reporting. The Committee's role is to challenge the Group's executive management and auditor on:

- Internal control and risk management systems;
- The processes and best practice for implementing policies;
- Providing additional detail and explanation on each area of the audit report; and
- The potential impact of developments in audit practice and international accounting standards and whether or not the planning for such developments is effective.

The Board is confident that the Committee has sufficient recent financial experience, relevant to the sector in which the Group operates with myself as Chair being a Chartered Certified Accountant. We have access to the financial expertise of the Group and its auditor and can seek professional advice at the Company's expense if needed.

Accounts that are fair, balanced and understandable
We review the accounting principles, policies and practices adopted for preparing public financial information and we examine documentation relating to the Annual Report, Interim Report, preliminary announcements and other related reports. We are satisfied that the Annual Report is fair, balanced and provides the information necessary for shareholders to assess the Group's position and performance, as well as its business model and strategy.

Liz Catchpole
Audit & Risk Committee Chair

Role and responsibilities

The role of the Committee is to be responsible for:

- Maintaining the integrity of the financial statements and other formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained in them;
- Reviewing the controls that are in force to maintain the integrity of the financial information that we report to shareholders;
- Reviewing the effectiveness of the Group's systems of internal control and risk management including, but not limited to, the financial reporting process;
- Developing, implementing and monitoring policy for engaging the Group's external auditor to supply non-audit services limited before non-audit;
- Reviewing the effectiveness, scope and objectivity of the audit process;
- Reporting to the Board on any matters that need action or improvement and making recommendations for the steps to be taken; and
- Reporting to the Board on how the Committee has discharged its responsibilities.

Report on the work of the Committee

Annual Report

This year the Committee reviewed and discussed the audited consolidated financial statements in the Annual Report with the external auditor and management. Our challenges and discussions focussed on the quality, not just the acceptability, of the accounting principles, as well as the reasonableness of significant judgements, the clarity of disclosures in the financial statements and the effectiveness of internal control over financial reporting.

External Audit – Audit Tender

Last year I reported that we would consider a formal tender process when it was thought appropriate to do so.

Ernst & Young LLP ('EY') has audited the Group's accounts since 1993. Although the Board and the Committee have been satisfied with EY's quality of service, independence and objectivity, the Committee recommended to the Board that due to EY's length of tenure, a competitive tender process should take place in the financial year.

Prior to undertaking the auditor tender, the Company consulted with its largest institutional shareholders on the scope of the exercise and also whether EY should be included in the process and took account of the feedback provided.

Stage: 01

The Committee recommended the audit tender to the Board in November 2018 to take place in the financial year. The successful firm's first year would be signing the audit opinion for the 12 months to 31 March 2020. The Committee agreed the timetable for the tender, the tender document, the tender shortlist and the key decision criteria for the recommendation it would make to the Board.

Stage: 02

Before issuing the tender to audit, Dave Wilson, the Chief Finance & Operating Officer, met separately with the audit partner of each shortlisted firm. This provided an opportunity to assess each audit partner in terms of independence, internatonal capability and experience.

We invited four firms to tender for the audit of GBG, including one from outside of the 'Big Four'. One of the 'Big Four' firms was not invited to tender because of independence conflicts arising from non-audit services provided in recent years. We sent each firm a list of proposal requirements and the evaluation criteria. The criteria included, but was not limited to, the audit quality record of the firm and lead partner, demonstration of a probing and challenging attitude, industry and geographic capability and coverage with GBG.

We invited each firm to meet with me seperately, as well as additional meetings with other members of GBG's management and Finance Team. Firms were also invited to a secure data room where they could access information about GBG to help them understand the business and our policies on key accounting areas of judgement.

Stage: 03

Due to a lack of responsiveness and engagement during stage two of the process, it was mutually agreed that one of the firms should withdraw. The remaining three firms submitted extensive written proposals in February 2019. We reviewed the proposals and agreed a shortlist.

While completing their final independence checks, one of the firms highlighted that they owned an overseas company which provided critical IT services to GBG. This conflict led to the firm withdrawing from the process as both the audit firm and Audit & Risk Committee agreed the importance of this service to the Group would have led to it being an independence conflict.

Percentage Attendance

(4 meetings)

Liz Catchpole	David Rasche	Charmaine Carmichael
100%	100%	100%

This year meetings were attended by the Company Secretary, external auditors, Senior Managers and Executive Directors by invitation.

The Committee approved and oversaw a thorough tender process, including agreeing the timetable and preparing the tender document in accordance with the relevant requirements. Having carefully considered and followed the Financial Reporting Council ("FRC") guidance on audit tenders, we decided that the process should follow five rigorous and comprehensive stages set out as follows:

Stage: 04

We invited the final two firms to present to the Audit & Risk Committee in March 2019. The Committee then met to evaluate each firm using pre-agreed key decision criteria to reach its recommendation to the Board.

Stage: 05

The Committee concluded that both firms taking part in stage four of the process demonstrated a high level of competence on all audit matters. However, it was agreed that the proposed audit approach by the unsuccessful firm significantly understated the resource requirement to audit the Group, in addition to having a lack of international coverage and experience to accommodate the Group's expansion. The Committee therefore recommended that EY be reappointed on the following basis:

- EY demonstrated innovation in their approach to continue improving on audit quality, with an increased use of software to select and automate their substantive testing.
- The audit partner would be rotated ahead of the financial year audit, one year ahead of mandatory rotation rules. The new audit partner demonstrated independence of mind and a fresh approach. This view was supported by the references I personally took on the prospective audit partners through phone calls with their other clients. The Committee was satisfied this would maintain the high quality challenge EY has demonstrated in the past.
- Feedback from the Finance Team was that the EY team has always demonstrated a probing and challenging attitude, while striking the right balance between materiality, professional scepticism and co-operation.
- Their proposed audit approach, specifically the balance between a substantive and controls-based audit, was more reflective of GBG's current control environment, especially following two recent overseas acquisitions.
- EY has the international coverage required as the Group continues to expand as well as partners and audit teams experienced in conducting global audits.
- The Committee was satisfied with EY's audit quality results (taking into account the FRC's audit quality reports and open investigations). The firms were challenged on these results throughout the process and specifically during the oral presentations. The Committee was satisfied with the responses from EY on their commitment to maintaining and improving audit quality.
- As a further safeguard the Committee intends to appoint an internal audit provider in 2019/20. EY would be prohibited from providing this service.

AUDIT & RISK COMMITTEE REPORT

The Committee unanimously agreed to propose a resolution at the 2019 Annual General Meeting to reappoint EY as external auditors. The Committee is mindful of the ongoing investigations into the audit market and is committed to following any guidelines introduced following their conclusion in future proposed resolutions.

Following the audit tender process, we have approved EY's terms of engagement, scope of work and the process for the interim review and the annual audit. We have also reviewed and agreed the audit fee proposals, tenure and audit partner rotation (based on best practice and professional standards within the United Kingdom).

EY has confirmed that there are no relationships between themselves and the Group that could have a bearing on their independence.

Non-audit Services

During the year, EY undertook certain specific pieces of tax related work with our overseas subsidiaries, which were in accordance with our non-audit work policy. These were considered non-material with total fees of £23,000, equivalent to 7% of the total amount paid to EY in the year. To maintain EY's independence and objectivity, they undertook their standard independence procedures in relation to those engagements.

During 2018/19 we transitioned tax services from EY to KPMG in the UK and will transfer all of the remaining tax services across the Group to KPMG during 2019/20. We also expect that in the coming year the only non-audit service to be provided by EY will be the review of the Group's half-year results.

We have included further details of the non-audit fees in note 6 to the financial statements on page 96. EY were selected for these tasks due to their alignment with work carried out under the audit.

Outside of the formal Committee meetings, I also meet with the external auditor and with individual members of the Group's management and Finance Team. This is principally to discuss the risks and challenges faced by the business and, most importantly, how these are being addressed.

Advisor Independence

In addition, the Board ensures external advisors remain independent, by having separate firms (non EY) carrying out aquisition financial due diligence, tax matters and acquisition advisory.

Notwithstanding the audit tender process detailed above, the Committee has and will continue to assess the independence, tenure and quality of the external auditor at least once a year and in addition to requiring both verbal and written confirmation of the auditor's independence. This assessment will include consideration of any new requirements following the conclusion of the ongoing audit market investigations.

Internal Audit

In the past, the Board felt that the Group did not need an internal audit function, due to its size,the internal controls in place and significant executive involvement in the Group's day-to-day business. However, due to the increasing complexity of the Group and the market and regulatory environments that it operates in, we believe the Group would benefit from an internal audit function. We are making good progress in the search for an independent external assurance provider to support our internal audit plan and are working towards implementing an internal audit function during the next financial year.

Whistleblowing Policy

This year, the Group has worked on raising awareness of our external whistleblowing hotline. Our People Team published a blog entitled 'Whistleblowing – History and Guidance' on our intranet. This helped to improve our employees' understanding of whistleblowing, the legislation that governs it and how they can use the hotline to raise any concerns they may have. We have also carried out an annual review of our whistleblowing policy to ensure that it is still appropriate for a Group of our size and the geographies in which we operate and we are satisfied that it is. We receive monthly reports from our external whistleblowing hotline provider and can confirm that no concerns have been raised during the year.

Anti-tax Evasion Policy

In light of the Criminal Finance Act 2017, the Group adopted a policy to uphold all relevant laws that counter tax evasion. This policy has been added to the Groups 'Code of Conduct' and published on our intranet.

Integrating Companies that we Acquire

Following the acquisition of VIX Verify in October 2018 and IDology in February 2019, we are working to make sure the two entities are integrated smoothly with regards to our internal controls, risk management and financial processes.

Internal Controls and Risk Management

Our corporate objective is to maximise long-term shareholder value. As we work towards this objective, our Directors recognise that creating value is the reward for taking business risks. The Board's policy on risk management covers all significant business risks to the Group, including financial, operational and compliance risks that could be barriers to achieving our business objectives. We regularly monitor risk and control processes across headline risk areas and other business-specific risk areas, providing the basis for regular and exception reporting to management and the Board.

The risk assessment and reporting criteria are designed to provide the Board with a consistent, group-wide perspective of the key risks. The reports to the Board, which are submitted at least every six months, include an assessment of how likely risks are to happen and the impact if they did happen, as well as our risk mitigation initiatives and how effective these are.

The Board also receives a bi-monthly report from the Chief Information Security Officer (CISO) updating it on the Group's information security activities including progress against strategy and update on threats. This is in addition to any updates that the CISO provides the Board on matters that may require more immediate attention.

The Board has overall responsibility for the Group's approach to assessing risk and systems of internal control and for monitoring how effective they are. There are limitations inherent in any system of internal control. The system is designed to manage risks rather than eliminate them. It provides only reasonable and not absolute assurance against material misstatement or loss.

The Board considers risk assessment and control, within an acceptable risk/reward profile, to be fundamental to achieving our corporate objectives. There is an ongoing process to identify, evaluate and manage the significant risks faced by the Group and the effectiveness of related controls. We review the process at least every six months and then report our findings to the Board in accordance with the Financial Reporting Council's Revised Guidance for Directors (the 'Revised Guidance') on internal control.

This year, the internal controls team met on two occasions to assess current risks and to review and monitor the controls that currently mitigate those risks. The internal controls team met with individual risk owners between November and January to discuss any developments to their specific risk area and assess whether any re-scoring of risks needed to take place. Feedback from these meetings was discussed at the Group's larger internal control meeting in April. At that meeting, all risk owners discussed proposed changes to the risk register and any potential new risks to the Group.

The Internal Controls Coordinator (the Company Secretary) chairs the meetings to collate and present the results of the risk reviews to the Committee. This allows the Committee to monitor the controls that are in force and identify any gaps in the control environment. The Committee also determines whether any action is needed in respect of any control issues raised by the Internal Controls Coordinator or the external auditor.

The Internal Controls Coordinator monitors and assesses the Group's risk management functions on a regular basis and reports directly to the Chief Executive Officer on matters of internal control and risk assessment.

You can find more information on the Group's principal risks, along with any mitigating factors, on pages 32 to 36.

The Group's Internal Controls Coordinator, executive management and external auditor have satisfied the Board that there is an ongoing process to identify, evaluate and manage the significant risks faced by the Group. This process has been operational during the year and is in accordance with the Turnbull guidelines, Revised Guidance and any subsequent updates issued by the Financial Reporting Council.

Board-level Reporting on Risk Management and Internal Control

This year, we have reviewed reports from the external auditor and executive management relating to internal control, financial reporting, risks and risk management and presented those reports to the Board. This process is reviewed on a quarterly basis to make sure the risks included in the bi-annual reports are valid and relevant.

We have provided the Board with an independent assessment of the Group's financial position, accounting affairs and internal control systems.

Terms of Reference

The terms of reference of the Audit & Risk Committee, including its role and the authority delegated to it by the Board, are available on the Group's website www.gbgplc.com/investors. In accordance with its terms of reference, the Committee has reported to the Board as to how it has discharged its responsibilities throughout the year.

Liz Catchpole

Audit & Risk Committee Chair

REPORT ON DIRECTORS' REMUNERATION

Annual Statement from the Chair of the Remuneration Committee

"GBG recognises the need to report in an open and transparent manner, aligning shareholder and stakeholder expectations."

Charmaine Carmichael
Non-Executive Director

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2019. In keeping with last year's structure, the Report has been separated into three sections: the Annual Statement; the Directors' Remuneration Policy; and the Director's Annual Report on Remuneration - which describes how the policy has been implemented throughout the year and looks ahead to 2019-20. This year we present the remuneration policy in a table, to increase clarity and simplicity and to improve disclosure in line with best practice amongst AIM companies.

In discharging its duties, the Remuneration Committee considers the wider economy, the market in which the Company operates and the overall performance of the Company. The remuneration of each Executive Director is determined on behalf of the Board by the Remuneration Committee in accordance with the relevant provisions of the Code.

We firmly believe that our remuneration policy effectively rewards and incentivises our Executive and Senior Management Team in pursuit of the Company's strategic aims and that these incentives align with long-term shareholder value creation. In light of the development of the Group and its increasing scale, we intend to make a number of changes to our remuneration policy and arrangements which are detailed later in this statement, the policy table and the Report on Directors' Remuneration. The Company consulted with its largest institutional shareholders in respect of these changes.

Information Not Subject to Audit

This report is for the year ended 31 March 2019. It sets out the remuneration policy and the remuneration details for the Executive and Non-Executive Directors of the Company. As an AIM-quoted company, the information provided is disclosed to fulfil the requirements of AIM Rule 19. Complying with AIM Rule 26, GBG complies with the Quoted Companies Alliance Corporate Governance Code. Although GBG is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Company is committed to achieving both high governance standards and a simple and effective remuneration structure. The following information is unaudited except where stated.

The Committee at a Glance

The Committee comprises of only independent Non-Executive directors, with myself as Chair and includes David Rasche and Liz Catchpole.

The number of Remuneration Committee meetings held during the year was two, as anticipated, this has reduced from the previous year. Details of attendance is set out below:

Number of meetings and percentage attendance (2 meetings)

David Rasche 100%

Charmaine Carmichael 50%*

Liz Catchpole 100%

* Charmaine was unable to attend one of the Committee meetings due to a family bereavement.

The Committee has discharged its responsibilities throughout 2018-19 by:

- Considering and approving bonus measure & KPIs;
- Considering and approving executive salary increases;
- Approving Executive bonuses awarded;
- Establishing a new, long-term performance share plan for Senior Managers which was approved at the 2018 AGM;
- Considering and approving share matching awards for Executive Directors; and
- Considering and approving the exercise and sale of Executive Directors share awards.

Performance and Decisions on Remuneration Taken During 2018-19

GBG has continued to meet the Board's growth expectations throughout 2018-2019, with revenue increasing by 19.9 percent and underlying organic growth of 11.5 per cent at constant currency. In addition, GBG completed the successful earnings enhancing acquisitions of the VIX Verify Group and IDology Inc. – extending our global reach within APAC and the US. In order to raise the capital required for the purchase of IDology, a placing of ordinary shares was carried out in February 2019, with the directors investing in aggregate £0.8 million.

Annual Bonus

In light of this year's strong performance and targets being met, annual bonuses are payable to the CEO, CFO & COO and the Group Managing Director totalling 123.59%, of their respective salaries.

Share Awards

During the year, share match awards granted to the CFO & COO and the Group Managing Director on 3 June 2015 which were subject to a demanding three-year EPS growth targets, vested fully as the maximum target was achieved. Further details regarding the EPS targets can be found on page 62 of the Remuneration Report.

During the year the Remuneration Committee approved the exercise and sale of the Directors' share options. Details of the number of shares sold and subsequent holdings can be found on pages 62 and 63 of the Remuneration Report.

In February 2019 share matching awards were made to the CEO, CFO & COO and Group Managing Director under the Company's share matching Scheme following their reinvestment of salary and bonus in purchasing shares in GBG as part of the share placing for the acquisition of IDology Inc.

A summary of the performance share plan is set out beneath the remuneration policy table.

AGM

An advisory resolution will be put to shareholders at the AGM on 25 July 2019, asking them to consider and approve this Report. A similar resolution was put to the 2018 AGM and was supported by 84.96% of votes cast. Prior to the 2018 AGM, some shareholders sought clarification about the share dilution limit in the 2018 Performance Share Plan (PSP) which was to be put to shareholders at the AGM. In addition, one proxy adviser cited a concern over the level of disclosure in relation to the option award granted to our new CEO in compensation for lost earnings and shares from his previous employer and the additional bonus paid to our CFO and Group Managing Director in recognition of their additional duties and responsibilities during the CEO transition.

Prior to the 2018 AGM, GBG's Chairman, David Rasche, met or spoke with many of our institutional investors about these concerns. In response, the Company gave undertakings that it intended that share dilution across all of its share option schemes (including the PSP) would be no greater that 10% of GBG's issued share capital over a ten-year period, notwithstanding the dilution limit of 15% in the new and existing plans.

REPORT ON DIRECTORS' REMUNERATION

Annual Statement from the Chair of the Remuneration Committee

Committee Evaluation

As part of an overall Board Evaluation, a review of the effectiveness of the Remuneration Committee has been undertaken during the year. The review was facilitated externally by Springboard Associates Limited and a small number of recommendations were made to further improve the effective flow of information between the Remuneration Committee and the Board. The Company Secretary will work with the Remuneration Committee throughout 2019-2020 to action the recommendations.

Looking Forward to Financial Year 2019-2020

In response to the changes in the scale of the Group's business and its market capitalisation, we are making a number of changes to our remuneration policy in 2019-2020. These reflect the need to ensure that our remuneration remains competitive and effective and to develop a policy to comply more closely with best practice and corporate governance guidelines on remuneration, notwithstanding that GBG is an AIM company. Changes include the following.

- The Remuneration Committee intends to operate remuneration during 2019-20 in line with the policy and with bonus limits and share matching awards as laid out in the policy table. The salaries of the Executive Directors will be increased by 2.5%, effective 1 April 2019, in line with the general Company increase. The salary of the CEO will increase to £504,300 and the salaries of the CFO & COO and the Group Managing Director will increase to £294,175.
- The maximum bonus opportunity of our CEO will be increased from 130% of salary to 150%. The share match plan operated for Executive Dircetors encourages executives to invest a substantial portion of their annual bonus in shares, further aligning their interests with shareholders over the long term.
- In view of the Company's significantly increased size and its strategic outlook, the Committee sees that it is appropriate to vary the vesting and target ranges for the share match awards to be made this year so that 25% of the award will vest if 10% EPS CAGR is achieved over three consecutive financial years with full vesting being applied where a level of 17.5% EPS CAGR is achieved. The Company is currently focussed on integrating the major acquisitions completed in 2018/19 and we believe that the new range represents robust and demanding targets in view of the Company's increased scale.
- The Company will introduce a shareholding guideline at 200% of salary for the CEO and 150% for the COO & CFO and Group Managing Director. The Executive Directors will be expected to build up this holding over a period of five years from the date of their appointment and will only be permitted to sell half of their vested long-term incentive awards (other than those shares sold to cover the costs of exercise and any tax liability arising), until this holding is achieved. The shareholdings of the COO & CFO and Group Managing Director are already well ahead of their guideline percentage. Salary and fee changes for 2019-20 and details of share matching awards to be made in the year are set out later in this report.
- The Executive Directors together with the Chairman determined that, taking taken into account the substantial demands on NED time with significant acquisition discussions and reviews, as well as the additional governance required on all committees and overall board work, the base fees for the GBG's two NEDs will be increased to £55,000 per annum. The additional fees for the Audit and Remuneration Committee Chairs and Senior Independent Director of £7,100 and £7,600, respectively, will remain unchanged. The Executive Directors and the two NEDs determined that the base salary for the Chairman will be increased to £145,000.

The Company consulted with its largest institutional shareholders in respect of these changes and took account of comments provided.

Due to the growing size and complexity of GBG, the Board has identified the need for an additional Non-Executive Director, further information can be found in the Nomination Committee Report on page 65. It will be the responsibility of the Non-Executive Chairman and the Executive Directors to review and approve the remuneration of any additional non-executive appointment to the Board.

GBG has always recognised the need to report in an open and transparent manner and align with shareholder and stakeholder expectations. Our adoption of the QCA Code has now formalised this approach. The policy table sets out remuneration policy with regard to the Executive Directors. Shareholders will find details of salary changes for the year 2019-2020, how the annual bonus will operate and expected Long Term Incentive Plan awards set out in Remuneration Report on page 64.

We trust you will find this Report to be informative and transparent and we look forward to receiving your support at our forthcoming AGM. We recognise the need to foster good relations with our shareholders and are committed to and encourage open dialogue. I will be available at the AGM on 25 July 2019 and welcome the opportunity to discuss any feedback.

Charmaine Carmichael

Remuneration Committee Chair

REMUNERATION POLICY

Our remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement our business strategy in order to optimise long-term shareholder value. It is the intention that this policy should conform to best practice standards and that it will continue to apply for 2019 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests;
- incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle;
- the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken of the performance of the Group and of each individual Executive Director; and
- reward practice will conform to best practice standards as far as reasonably practicable.

When formulating the scale and structure of remuneration levels the Remuneration Committee considers market rates, drawn from external market data, for the level of remuneration offered to directors of similar type and seniority in other companies whose activities are similar to GBG. In addition, we also consider the pay and employment conditions of our employees when determining Directors' remuneration. Where appropriate we seek advice from external consultants and the services of PwC and h2glenfern Limited were retained during the year. No Director was involved in deciding the level and composition of their own remuneration.

Each Executive Director's remuneration package consists of basic salary, bonus, share options, health and car benefits, prolonged disability insurance and pension contributions. An appropriate balance is maintained between the fixed and performance related remuneration elements. The details of individual components of the remuneration packages and service contracts are outlined on pages 58 to 60.

Bonus and share option awards to Executive Directors are subject to clawback and malus provisions. In addition, Executive Dircetors will be required moving forward to maintain a shareholding in the Company's shares in accordance with the shareholding policy guideline of 200% of salary for the CEO and 150% for the COO & CFO and Group Managing Director.

This part of the report sets out the remuneration policy with regard to the Executive Directors. The policy on each element of remuneration and how it operates, is detailed in the table.

REPORT ON DIRECTORS' REMUNERATION

Element	Link to remuneration policy/ strategy	Key features / Operation	Potential value	Performance metrics
Base salary	To attract and retain high-calibre executives.	Reviewed annually, changes effective from 1 June. Executive Director's experience, responsibilities and performance taken into consideration. Performance is assessed both from an individual and business perspective	Effective 1 April 2018: CEO salary: £492,000 COO & CFO salary: £287,000 GMD Salary: £287,000	None
Benefits	To provide an attractive package alongside basic salary to attract and retain executives.	Benefits include but are not limited to private medical insurance, fuel benefit and dental insurance. Cash in lieu of benefits is provided for car allowances	No maximum potential value	None
Pensions	Do not provide a contributory pension scheme.	The company contributes to executives' existing pension schemes. Cash payments in lieu of pension is available in the event an executive has exceeded the personal pension allowance	CEO: 17.5% basic salary COO & CFO: 12.5% on basic salary GMD: 12.5% on basic salary	None
Performance related bonus	To incentivise achievement of company profit targets and other near-term strategic objectives.	Based on performance against targets related to financial and individual KPIs agreed at the start of the year. No formal deferral requirement. Executives can re-invest up to 80% of their bonus in the Share Matching Plan. In the past, Executives have reinvested large proportions of their bonus in shares	In 2018-2019 payments capped at 130% of salary for the CEO, CFO & COO and GMD.	EPS growth targets and non-financial KPIs aligned to strategic objectives. These include improving employee engagement, increasing GBG's Net Promotor Scores and increasing organic growth. For the executives the maximum pay out for the EPS growth target is currently 110% of base salary The maximum pay out for all executives for the individual KPIs is currently 20% of base salary
Long term incentives (Share matching plan)	To align executives to the interests of shareholders and to incentivise long term financial performance.	Participants may purchase shares up to a maximum aggregate value of 80% of the amount of their bonus and/or 20% of their annual salary ('Investment Shares'). All of these amounts are net of the employee's national insurance and income tax paid. In consideration, the Company grants an option to allot a number of matching shares in proportion to the Investment Shares acquired on a grossed up for income tax basis.	Matching shares awarded are capped at up to three times the number of Investment Shares purchased by the participant. Prior to 31 March 2018: 2.0x matching rate. For years ended 31 March 2018 and 31 March 2019: 1.75x matching rate.	Adjusted EPS growth condition measured over three financial years. The range of lower level growth targets for options currently in issue is between 10% and 15%. The range of upper level growth targets for is between 22.5% and 25%. Straight line vesting between target ranges

Element	Link to remuneration policy/ strategy	Key features / Operation	Potential value	Performance metrics
Shareholding guideline	Incentivises executives to achieve the Company's long-term strategy and create sustainable shareholder value. Aligns with shareholder interests.	Target value to be achieved over five years: – CEO – 200% of salary – CFO & COO – 150% of salary – GMD – 150% of salary Until the shareholding guideline has been achieved, executives must retain at least half of vested LTIP awards beyond those needing to be sold to cover tax liabilities and exercise costs.	n/a	n/a
SAYE	The Group also operates a savings-related share option scheme, which is offered to employees but not the Executive or Non-Executive Directors. The awards made to the COO & CFO and GMD were prior to this policy decision being made.	The Group has a savings-related share option plan, under which employees save on a monthly basis, over a three or five year period, towards the purchase of shares at a fixed price determined when the option was granted. This price is usually set at a 20% discount to the market price at the time of grant. The option must be exercised within six months of maturity of the savings contract, otherwise it lapses.	Maximum participation level is aligned to HMRC limits	None

Notes

Chris Clark was awarded an option over 1,000,000 shares options with an exercise price of 293p upon his appointment as CEO on 1 April 2017 (the 'Grant Date'). Vesting of this option is subject to performance targets based on the growth of the Group's EPS over a three to five-year performance period. The award will vest in 3 equal tranches three, four and five years from the Grant Date, subject to an adjusted EPS compound annual growth rate with vesting commencing from zero at 16.25% and increasing on a straight line basis to full vesting at 26.25%. Chris was also awarded an option over 400,000 shares with an exercise price of 2.5p in compensation for lost earnings and shares from his previous employer, which vested in two tranches on the first and second anniversary of the date of grant.

Performance Share Plan

The company operates a PSP for all employees, but it is intended that awards are made to senior management staff below the level of Executive Director. The plan was approved at the 2018 AGM. Awards are subject to a three-year EPS performance condition. Employees can be granted awards of nil cost options with an aggregate value on date of grant of up to 100% of base salary. The awards are subject to malus and clawback.

Consideration of Employment Conditions Elsewhere in the Group

The Committee considers pay and conditions of employees throughout the company when determining remuneration. The Committee considers the relationship between Executive Director rewards and broader changes to UK employee's remuneration. Whilst the company does not formally consult with employees as part of the process, the Board seeks feedback from employee surveys and takes a general view on employee remuneration into account when determining executive remuneration.

Shareholder Consultation

The Company welcomes dialogue with its shareholders over matters of remuneration and will seek the views of its significant shareholders if and when any major policy changes are being planned. The Chairman of the Remuneration Committee is available for contact with institutional investors concerning the Company's approach to remuneration. The annual report on remuneration will be put to an advisory vote at the coming AGM.

The Company consulted with its largest institutional shareholders in respect of a number of changes to the Company's remuneration policy in the coming year and took account of comments provided.

REPORT ON DIRECTORS' REMUNERATION

Information on the options issued to the Executive Directors is detailed later in this report.

Service Contracts

The service contracts and letters of appointment of the Directors include the following terms:

Executive Directors	Date of contract	Unexpired term (months) or rolling contract	Notice period (months)
Chris Clark	1 April 2017	Rolling Contract	6
Dave Wilson	1 October 2009	Rolling Contract	6
Nick Brown	3 April 2017	Rolling Contract	6
Non-Executive Directors			
Charmaine Carmichael	January 2019	9	1
David Rasche	1 September 2018	5	1
Liz Catchpole	1 September 2017	17*	1

* Liz Catchpole has a 3-year fixed term contract which commenced on 1 September 2017. In accordance with GBG's Articles of Association, her subsequent reappointment is subject to shareholder approval at an Annual General Meeting.

There are no special provisions for compensation in the event of loss of office. The Remuneration Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

Non-Executive Directors

The Chairman and the other Non-Executive Directors' remuneration comprise only of fees. The Chairman's fee is approved by the Board on the recommendation of the Remuneration Committee. The other Non-Executives' fees are approved by the Board on the recommendation of the Chairman and CEO. The Non-Executive Directors are not involved in any decisions about their own remuneration. Non-executive directors receive a base fee and can earn extra fees for holding the position of Committee Chair or Senior Independent Director. The fees for the non-executives are presented in the table below:

Position	2018-19 Fee	2019-20 Fee
Non-executive Chair	£137,500	£145,000
Non-executive Director	£43,900	£55,000
Committee Chair	£7,100	£7,100
Senior Independent Director	£7,600	£7,600

ANNUAL REPORT ON REMUNERATION

Introduction

This Annual Report on Remuneration sets out information about the remuneration of the Directors of the Company, for the period ended 31 March 2019.

Information subject to audit

Directors' Remuneration

2019

Executives	Salaries / Fees £'000	Cash in lieu of benefits in kind £'000	Benefits in kind £'000	Bonuses £'000	Pension £'000	2019 Total £'000
Chris Clark*	491	96	2	608	–	**1,197**
Dave Wilson*	287	14	2	355	36	**694**
Nick Brown*	287	12	2	355	36	**692**
Non-Executives						
David Rasche	135	–	–	–	–	**135**
Charmaine Carmichael	51	–	–	–	–	**51**
Liz Catchpole	59	–	–	–	–	**59**

2018

Executives	Salaries / Fees £'000	Cash in lieu of benefits in kind £'000	Benefits in kind £'000	Bonuses £'000	Pension £'000	2018 Total £'000
Chris Clark*	480	96	2	527	–	**1,105**
Dave Wilson*	260	14	3	352	33	**662**
Nick Brown*	265	12	2	352	33	**664**
Non-Executives						
David Rasche	128	–	–	–	–	**128**
Charmaine Carmichael	49	–	–	–	–	**49**
Liz Catchpole	31	–	–	–	–	**31**
Dick Linford	27	–	–	–	–	**27**

* denotes Executive Director

Details of cash in lieu of benefits in kind and benefits in kind are disclosed above.

Note: Chris Clark, having reached the maximum level permitted for a personal pension, receives a direct payment in lieu of his pension entitlement, which was £84,000 (2018: £84,000). This figure is included in the column entitled 'Cash in lieu of benefits in kind' in the Directors' Remuneration table above.

Information not subject to audit

Annual Bonuses

The details of the Executive Bonus Scheme 2018-19 are set out below and includes details of the annual bonus targets, threshold and maximum levels and bonuses paid to each Executive Director. Bonuses were awarded based on the achievement of a range of financial and non-financial targets as follows:

– EPS growth targets where the maximum pay out for the achieving the target was capped at 110% of base salary; and

– achieving non-financial key performance indicators (KPIs), aligned to our strategic objectives and covering: improvements in employee engagement; increasing GBG's Net Promotor Scores (NPS); as well as increasing level of organic growth. The maximum bonus that could be earned for achieving these targets was capped at 20% of salary

The maximum bonus that could be earned by the Executive Directors was capped at was 130% of their respective salaries. The following table details the bonus earned by the Executive Directors during the year.

	EPS growth						Bonus awarded	
Executive Directors	Budget 15.43 per share	Max 17.58 per share	Achievement of KPIs %	Total max bonus %	EPS target achieved %	KPI target achieved %	% of salary	£'000
Chris Clark	40 %	110 %	20 %	130 %	110%	13.6%	123.59%	608
Dave Wilson	40 %	110 %	20 %	130 %	110%	13.6%	123.59%	355
Nick Brown	40 %	110 %	20 %	130 %	110%	13.6%	123.59%	355

Long Term Incentive Awards

During the year, the share match options over 156,683 shares that were awarded to both Dave Wilson and Nick Brown in June 2015 fully vested, following EPS growth target level of 22.5% measured over 3 financial years being achieved.

As part of his recruitment package, Chris was awarded with 400,000 compensatory options on 1 April 2017, to compensate for lost earnings and shares from his previous employer. On 1 April 2018, the first tranche of 200,000 options vested (the first anniversary of the grant date), the second tranche of 200,000 options vested on 1 April 2019.

Following the investment of the Executive Directors in acquiring shares in the Group during the 2018-2019 financial year, share matching awards over 128,853 and 125,379 and 125,376 shares were made on 27 February 2019 to Chris Clark, Dave Wilson and Nick Brown respectively. The amount of their investment was grossed up for income taxes and the match rate of 1.75 times applied. The Share Matching Awards are subject to a three-year adjusted EPS compound annual growth performance condition. Vesting will commence from zero at a compound average growth rate of 10% on a straight line basis up to full vesting at 22.5%.

Information subject to audit

Directors' Interest in the Group's Share Option Schemes

Executive Directors	Share Option Scheme	At 31 March 2018	Granted During Financial Year	Exercised During Financial Year	Lapsed During Financial Year	At 31 March 2019	Option Exercise Price (p)	Date Exercisable
Chris Clark	SOS	10,238	–	–	–	**10,238**	293.00	2020–27
	SOS	989, 762	–	–	–	**989,762**	293.00	2020–27
	Comp	400,000	–	(200,000)	–	**200,000**	2.50	2018–20
	SM	–	128,853	–	–	**128,853**	2.50	2021–29
		1,400,000	**128,853**	**(200,000)**	**–**	**1,328,853**		
Dave Wilson	SOS	211,164	–	–	–	**211,164**	25.75	2013–20
	SM	159,177	–	–	–	**159,177**	2.50	2017–25
	SM	156,683	–	(156,683)	–	**156,683**	2.50	2018–26
	SM	130,764	–	–	–	**130,764**	2.50	2019–27
	SM	113,208		–	–	**113,208**	2.50	2020–28
	SM	–	125,379	–	–	**125,379**	2.50	2021–29
		770,996*	**125,379**	**(156,683)**	**–**	**739,692**		
Nick Brown	SM	190,595	–	–	–	**190,595**	2.50	2017–25
	SM	156,683	–	(156,683)	–	**–**	2.50	2018–26
	SM	117,988	–	–	–	**117,988**	2.50	2019–27
	SM	119,917	–	–	–	**119,917**	2.50	2020–28
	SM	–	125,376	–	–	**125,376**	2.50	2021–29
		585,183**	**125,376**	**(156,683)**	**–**	**533,876**		

Key: SOS: Share option plans adopted in or prior to 2010. SMP: Share matching plan. Comp: Compensatory share option award

Notes:

* The 2018 Remuneration Report incorrectly stated that Dave Wilson held 770,916 share options. The correct figure for the financial year ending 31 March 2018 was 770,996 which shown in first column (at 31 March 2018) of the table above.

** the share options recorded in the Remuneration Report for the financial year ended 31 March 2018 for Nick Brown related to awards made following his appointment as a Director in April 2017. In the interests of transparent reporting this year's report contains all share options awarded to Nick Brown prior to his appointment as a Director.

Further information about the general terms of the share option schemes we offer can be found on pages 57 to 59 of this Remuneration Report.

Savings Related Share Scheme

Executive Directors	At 31 March 2018	Granted During Financial Year	Exercised During Financial Year	Lapsed During Financial Year	At 31 March 2019	Option Exercise Price (p)	Date Exercisable
Dave Wilson	6,640	–	6,640	–	–	76.80	2018
Nick Brown	6,640	–	6,640	–	–	76.80	2018

The aggregate gains made on the exercise of options during the year was £2,461,461 (2018: £954,000).

Information not subject to audit

At 31 March 2019, our quoted share price on the London Stock Exchange was 489.00p and the lowest and highest prices during the year ended 31 March 2019 were 396.50p and 626.00p on 5 April 2018 and 31 August 2018, respectively.

Directors' Interests

Set out below are the beneficial interests of the Directors and their families in the share capital of the Group at the beginning and end of the year.

Ordinary shares of 2.5p	31 March 2019	1 April 2018
David Rasche	**903,525**	855,473
Chris Clark	**128,524**	–
Dave Wilson	**354,337**	239,725
Nick Brown	**992,196**	877,585
Charmaine Carmichael	**27,937**	18,181
Liz Catchpole	**12,195**	–

There have been no other changes to Directors' interests in the shares of the Group from the end of the year to 1 June 2019. Full details of the Directors' interests in the shares and options of the Group are contained in the Register of Directors' Interests, which is open to inspection.

Shareholder Return Graph

The graph below shows the percentage change in total shareholder return for each of the last five financial years compared to the FTSE Techmark (All Share) index.

The FTSE Techmark (All Share) was selected as it represents a broad equity index in which the Group can be compared against.

REPORT ON DIRECTORS' REMUNERATION

Remuneration in 2019-20

Salary

The Remuneration Committee will continue to monitor the remuneration of Executive Directors of other companies in the IT sector and other listed companies with similar market capitalisation to ensure that the Executive Directors remain sufficiently rewarded to promote long-term success. In line with the Directors' remuneration policy, the annual salaries of the Executive Directors for the year commencing 1 April 2019 are as follows:

CEO: £504,300

CFO & COO: £294,175

Group Managing Director: £294,175

Benefits

There will be no change to the benefits for the Executive Directors in the year commencing 1 April 2019.

Annual Bonus

Annual bonus for the year commencing 1 April 2019 will be operated within the policy disclosed in this report. The principles of bonus criteria which will be applied to each Executive Director during the year ending 31 March 2019 will be similar to those applied during the year ended 31 March 2020. The targets for the annual bonus for 2019-20 are not being disclosed in this report as that information is deemed commercially sensitive and may be interpreted as forecast. That information will be disclosed in the 2020 Annual Report. For 2019-20, normal annual bonus amounts are capped at 150% of salary of the CEO and 130% for the COO & CFO and Group Managing Director.

Long Term Incentives

The Remuneration Committee intends to make further Share Matching Awards in 2019-20. These will be made in line with the remuneration policy. The Remuneration Committee intends to apply a matching rate of 2.0x for awards to be made in the current year. In view of the Company's significantly increased size and its strategic outlook, the Committee sees that it is appropriate to vary the vesting and target ranges for the award to be made this year so that 25% of the award will vest if 10% EPS CAGR is achieved over three consecutive financial years with full vesting being applied where a level of 17.5% EPS CAGR is achieved. The Company is currently focussed on integrating the major acquisitions completed in 2018/19 and we believe that the new range represents robust and demanding targets in view of the company's increased scale.

Non-Executive Director Remuneration

The Executive Directors together with the Chairman (except for his own remuneration) determined that, taking taken into account the substantial demands on NED time with significant acquisition discussions and reviews, as well as the additional governance required on all committees and overall board work, the base fees for the GBG's two NEDs and the Chairman will be increased to £55,000 and £145,000 per annum, respectively. The additional fees for the Audit and Remuneration Committee Chairs and Senior Independent Director of £7,100 and £7,600, respectively, will remain unchanged.

NOMINATION COMMITTEE REPORT

Dear Shareholder

On behalf of your Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2019.

Report on the work of the Committee

Appointments to the Board

There were no changes to the Board this year, however, we continue to monitor the balance of skills, experience, independence, diversity and knowledge of the Board. As we have done this, we have identified the need for an additional Non-Executive Director to strengthen the breadth of expertise on the Board, particularly in technology. This year we have commenced a search process for an additional Non-Executive Director using the services of third-party advisor, Odgers Berndston, to help identify suitable candidates based on a specification agreed by the Committee. At the time of publishing this report, we are yet to make an appointment to the position and continue the search process.

Board Evaluation

This year, we invited Springboard to carry out an external evaluation of the Board and Committees. The overall conclusion of the review was that the Board has made positive progress since the last review and continue to work effectively. Further information on the evaluation can be found in the Corporate Governance Statement on pages 48 to 49.

Diversity

Whenever we make a new appointment to the Board or across the Group, diversity is an important consideration. This is because we want to be sure that the Group is made up of people with a broad range of skills, backgrounds and experience, reflecting both the type of industry we are in and the places in which we operate.

We are committed to increasing the number of women across all levels of the Group, particularly within Senior Management. Over the past two years, we have been delighted to see a number of our vacancies filled by senior women leaders both in the UK and internationally. We continue to welcome great women leaders to our Senior Management team.

We are committed to equal opportunities in all areas of our business, with people gaining promotion on merit. We recruit, train, promote and retain skilled and motivated people regardless of gender, age, marital status, disability, sexual orientation, race and religion, ethnic or national origin. In line with this commitment we also promote a culture of openness and responsibility within our business.

Terms of Reference

You can see the terms of reference of the Nomination Committee, including its role and the authority delegated to it by the Board, on the Group's website: www.gbgplc.com/investors

David Rasche
Nomination Committee Chair

Percentage Attendance
(1 meeting)

David Rasche 100%

Chris Clark 100%

Dave Wilson 100%

Charmaine Carmichael 100%

Liz Catchpole 100%

The membership of the Nomination Committee is drawn from the Board as and when required. The composition above reflects the membership throughout this financial year.

Role and Responsibilities

The primary role and responsibilities of the Committee are to:

– Ensure that appropriate procedures are in place to nominate and select candidates for appointment to the Board, particularly in terms of the balance of skills, experience, independence and knowledge of the Board; and
– Make recommendations to the Board about new appointments, re-electing Directors, succession planning and Board composition, particularly the benefits of diversity on the Board, including gender.

DIRECTORS' REPORT

The Directors present their report, together with the audited accounts in relation to the Group's activities for the year ended 31 March 2019.

In accordance with s414c of the Companies Act 2006, certain matters that would otherwise be required in the Directors' Report is included in the Strategic Review or elsewhere in this document as indicated in the table below and is incorporated into this Report by reference.

Statutory Information	Section	Page
Appointment and Re-appointment of Directors	Directors' Report	67
Biographical Details of the Directors	Corporate Governance Statement	42 to 43
Change of Control	Directors' Report	68
Directors' Indemnities	Directors' Report	68
Directors' Interests	Remuneration Report	63
Directors' Responsibility	Statement of Responsibilities	70 to 71
Disclosure of Information to the Auditor	Directors' Report	68
Employment Policies and Employee Engagement	CSR & Directors' Report	40 to 41 & 68
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Dividends

The Directors have recommended a final ordinary dividend of 2.99 pence per share (2018: 2.65 pence per share) amounting to £5.8 million (2018: £4.0 million). If approved, the final dividend will be paid on 23 August 2019 to ordinary shareholders whose names were on the Register of Members on 19 July 2019. A Dividend Reinvestment Plan (DRIP) will be offered, allowing eligible shareholders to reinvest their dividends into GBG shares. Further information regarding the DRIP is set out on page 121.

Substantial Shareholders

In accordance with the Disclosure and Transparency Rules, we have been notified of the following interests in the ordinary share capital, representing 3% or more of our issued share capital. Details of substantial shareholders is regularly published and updated on our website, the position as at 31 March is detailed below:

Substantial Shareholder	No. of Shares Owned at 31 March 2019	Percentage of Shares Owned at 31 March 2019
Aberdeen Standard Investments (Standard Life)	17,133,378	8.88
Octopus Investments	16,362,322	8.48
Kames Capital	14,640,203	7.59
Canaccord Genuity Wealth Mgt	13,073,793	6.78
Hargreaves Lansdown Asset Mgt	8,091,463	4.20
Janus Henderson Investors	6,382,808	3.31
Herald Investment Mgt	5,950,128	3.09

Since 31 March 2019 to the date of release of this Annual Report and Accounts, we have not received any notifications from our shareholders in accordance with the Disclosure and Transparency Rules.

Additional Information for Shareholders

The following provides the additional information required for shareholders as a result of the implementation of the Takeovers Directive into UK law.

Share Capital Structure

At 31 March 2019, the Group's issued share capital comprised:

	No.	£'000	% of Total Share Capital
Ordinary shares of 2.5p each	192,850,117	4,821	100%

Restrictions on Transfers

We are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights.

Ordinary Shares

On a show of hands at a General Meeting of the Group, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the General Meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at the General Meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at a general meeting and the results are released as an announcement after the meeting.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- Certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- Pursuant to the internal policies of the Company whereby certain employees of the Company require the approval of the Company to deal in the Company's securities.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a General Meeting of the shareholders.

Directors and Their Interests

The names and brief biographical details of each Director as at the date of this report are set out on page 42 to 43.

The Directors who have served during the year ended 31 March 2019 and details of their interests in the share capital and share options are set out in the Report on Directors' Remuneration on pages 54 to 64.

Directors are reappointed by ordinary resolution at a General Meeting of the shareholders The Board can appoint a director but anyone so appointed must be re-appointed by an ordinary resolution at the next General Meeting. Directors who have held office for more than three years since their last appointment are eligible for reappointment by rotation at the next AGM.

In accordance with the Articles of Association, a third of the Board are required to stand for election, therefore, Charmaine Carmichael and Nick Brown will be retiring by rotation and seeking re-appointment by the Group's shareholders.

The Directors confirm that, having conducted the board performance evaluation process, Charmaine Carmichael and Nick Brown continue to contribute effectively and demonstrate commitment to their roles.

DIRECTORS' REPORT

Details of their notice period and service agreements are detailed in the Report on Directors' Remuneration on pages 54 to 64.

Directors' Liabilities

The Directors have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force at the date of approving this Directors' Report.

Employment Policies and Employment Engagement

We are committed to the investment of our staff at all levels to ensure a culture of continuous improvement. In order to attract and retain a high calibre of employees we provide various employee benefit packages including share option schemes in order to align employee interests with the long term strategic objectives of the Group. We are committed to our equality and diversity polices and seek regular feedback and engagement from our work force. Further information regarding our work policies and engagement can be found on page 16. Information regarding diversity is contained within the Audit & Risk Committee report on page 65.

Change of Control

Within the Group's revolving credit facility, the lender has the right to demand immediate payment of any outstanding balances upon a change of control of the Group following a takeover bid.

The Group does have an agreement with a data supplier which, if the Group were acquired by a competitor of that data supplier, would allow it to terminate its agreement with the Group. The data supplier would, however, continue to be bound to service arrangements with the Group's clients existing on the date of termination.

Upon a change of control, share options may be exercised within six months of the time when the change of control takes effect and any subsequent conditions at the offer process have been satisfied.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Proposed Resolutions for the Annual General Meeting

Details of business to be conducted at this year's AGM to be held on 25 July 2019, are contained in the Notice of the Annual General Meeting which will be communicated to shareholders separately. It is the opinion of the Directors that the passing of these resolutions are in the best interest of the shareholders.

Financial

The Group's financial risk management objectives and policies are discussed in the Finance Review on pages 28 to 31 and within note 25.

Research and Development

Research and development activities continues to be a high priority with the development of new products and maintaining the technological excellence of existing products. During the year ended 31 March 2019, approximately 29% (2018: 31%) of our employees were employed in research and development activities. This figure is lower than previous years due to GBG's growth which has brought the overall figure down.

Auditor

Following a rigorous auditor tender, a resolution proposing the reappointment of Ernst & Young LLP as auditor to the Group will be put to shareholders at the AGM. Further details regarding the process can be found in the Audit & Risk Committee Report on pages 51 to 52.

Directors' Statement as to Disclosure of Information to Auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 42 and 43. Having made enquiries of fellow Directors and of the Group's auditor, each Director confirms that:

- To the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor are unaware; and
- They have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor are aware of that information.

Going Concern

The Group's business activities, together with the factors likely to affect our future development, performance and position are set out in the Chief Executive's Review on pages 24 to 26. The financial position of the Group, its cash flows and liquidity position are described in the Finance Review in pages 28 to 31 In addition, note 25 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

After reviewing the budget, financial forecasts and other relevant information, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

By Order of the Board

John Constantin FCIS
Company Secretary & General Counsel

24 June 2019

STATEMENT OF RESPONSIBILITIES

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ('IFRS's) as adopted by the European Union.

The Directors are required to prepare Group and Company financial statements for each financial year which present fairly the financial position of the Group and Company and the financial performance and cash flows of the Group and Company for that period. In preparing the financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Company's financial position and financial performance; and
- state that the Group and Company have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

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

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

Responsibility Statement by Management

We confirm that to the best of our knowledge:

a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of The Group and the undertakings included in the consolidation taken as a whole; and

b. the Annual Report includes a fair review of the development, performance and position of The Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Chris Clark
Director

Dave Wilson
Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GB GROUP PLC

Opinion

In our opinion:

- GB Group plc's group financial statements and parent company financial statements (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 March 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of GB Group plc which comprise:

Group	Parent company
Consolidated Statement of Comprehensive Income	Company Statement of Changes in Equity
Consolidated Statement of Changes in Equity	Company Balance Sheet
Consolidated Balance Sheet	Company Cash Flow Statement
Consolidated Cash Flow Statement	Related notes 1 to 33 to the financial statements, including a summary of significant accounting policies
Related notes 1 to 33 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	– Revenue recognition – Accounting for business combinations
Audit scope	– We performed an audit of the complete financial information of four components and audit procedures on specific balances for a further six components. – The components where we performed full or specific audit procedures accounted for 100% of Pre-tax income adjusted for exceptional costs, 100% of Revenue and 100% of Total assets.
Materiality	– Overall group materiality of £937,000 which represents 5% of pre-tax income adjusted for exceptional costs.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition **(Revenue 2019: £143.5m, 2018: £119.7m)** *Refer to Accounting policies (page 90), and Note 3 of the Consolidated Financial Statements (page 94).* The number and nature of the revenue streams increases the risk of inappropriate revenue recognition. As the business expands by acquisition, there is a risk that revenue recognition policies no longer reflect all of the Group's revenue streams. Specifically there is a risk that revenue is recorded incorrectly around the year end date. This cut off risk manifests itself differently across the two revenue streams as follows: *Licence based* – Revenue recognised is not in line with contractual arrangements (price, duration, classification) *Usage based* – Inaccurate usage data/costs are used as a basis to recognise revenue	Our audit procedures included: – Identification and walkthrough of key controls over revenue process for licence based and usage based revenue streams *Licence based* – For all individual sales above an amount judged to give appropriate coverage' recognised in March and April 2019 we recalculated the revenue recognised by inspecting the licence price, duration and classification as per the signed customer contracts *Usage based* – For all individual sales above an amount judged to give appropriate coverage' recognised in March and April 2019 we agreed sales prices to signed customer contracts, vouched usage data to usage reports. – We assessed the completeness and accuracy of the usage reports by vouching a sample to supplier invoices. – For all individual credit notes above an amount judged to give appropriate coverage' raised in March and April 2019 across both revenue streams we assessed their impact on the value of revenue recognised. – We checked any consolidation journals affecting revenue to supporting documentation to ensure they were valid, complete and accurate. We also checked consistency with those tested in the prior year consolidation. – We assessed management's IFRS 15 assessment paper and contract analysis, in line with our knowledge and understanding of the standard, challenging management on the assumptions used and conclusions reached. We reviewed industry specific guidance in order to identify any areas requiring additional consideration by management.	We have audited the timing of revenue recognition and assessed the risk of management override. Based upon the audit procedures performed, we conclude that revenue has been appropriately recorded in the period.
Accounting for business combinations *Refer to Accounting policies (page 86), and Note 31 of the Consolidated Financial Statements (page 117).* Accounting for acquisitions under IFRS 3 (Revised) is considered complex and involves estimation on the part of management; in particular in the area of intangible asset valuations and prospective financial information. The Group completed the acquisitions of IDology Inc. ('IDology') the Group's largest acquisition to date in terms of consideration as well as a second acquisition of Vix Verify Global Pty Ltd ('Vix Verify'). The assumptions applied in terms of discount rates, tax rates, growth rates and attrition levels are judgemental. There is a risk that the assumptions underpinning the acquisition model lead to a material error in the acquisition accounting and specifically the purchase price allocation.	Our audit procedures included: – We inspected the sale and purchase agreement for Vix Verify and the merger agreement for IDology, corroborated consideration to external support and agreed key details into the accounting applied. – We considered the appropriateness of the assumptions applied within the prospective financial information by reference to external sources such as the financial due diligence report and consistency with internal forecasts and prior year financial statements. – We engaged EY valuation experts to review the acquisition accounting model including commenting on the methodology selected for valuing intangible assets, calculating an internal rate of return for the transaction as a corroboration for the discount rate used by management, assessing the appropriateness of the discount rate (risk adjusted weighted average cost of capital, 'WACC') determined by management and assessing the appropriateness of discounting of intangible assets at the same discount rate as the WACC. – We considered whether accounting policies align with the policies of GB Group plc, and we performed a technical review of acquisition disclosures.	We have audited the acquisition accounting of both Vix Verify Global Pty Ltd and IDology Inc. We are satisfied that the purchase price allocation is materially correct and that the disclosures are complete and fairly stated.

An overview of the scope of our audit

Tailoring the scope

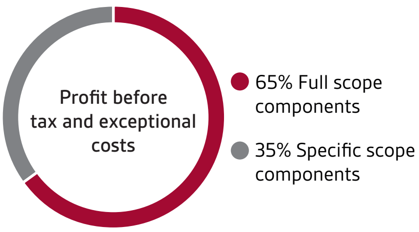
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and changes in the business environment when assessing the level of work to be performed at each entity.

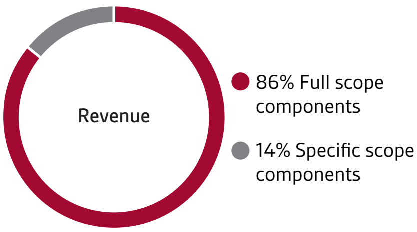
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected all ten reportable components within the Group.

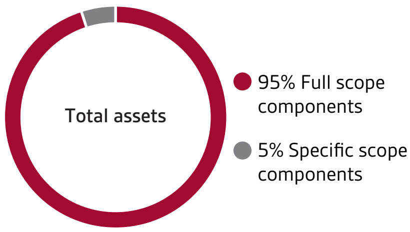
Of the ten components identified, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics. For six components ("specific scope components"), we performed audit procedures on specific accounts within those components that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 100% (2018: 100%) of the Group's Pre-tax income adjusted for exceptional costs, 100% (2018: 100%) of the Group's Revenue and 100% (2018: 100%) of the Group's Total assets. For the current year, the full scope components contributed 65% (2018: 85%) of the Group's Pre-tax income adjusted for exceptional costs, 86% (2018: 93%) of the Group's Revenue and 95% (2018: 97%) of the Group's Total assets. The specific scope components contributed 35% (2018: 15%) of the Pre-tax income adjusted for exceptional costs, 14% (2018: 7%) of the Group's Revenue and 5% (2018: 3%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant tested for the Group.

The charts below illustrate the coverage obtained from the work performed by our audit teams.







Changes from the prior year

We identified the following scope changes in the current year audit:

- IDscan UK Limited, Postcode Anywhere Holdings Limited and GB Group Head Office were full scope components in the prior year but have been hived up into the GB component in the current year.
- PCA Predict Inc. has been assigned full scope. In the prior year this was included within the full scope Postcode Anywhere Holdings Limited. PCA Predict Inc. was not hived up into the GB component.
- Vix Verify Pty and Mastersoft Group both part of the newly acquired Vix Verify Global Pty Ltd have been assigned full scope and specific scope respectively. IDology Inc. which was the second acquisition in 2019 was assigned specific scope.
- In the prior year, CAFs (trading) was considered to be one full scope component. In the current year, CAFs Malaysia and CAFs China have been split out from CAFs (Australia) as two specific scope components with CAFs (Australia) remaining as a full scope component.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the four full scope components, audit procedures were performed on two of these directly by the primary audit team and two by component teams. For the six specific scope components the work was performed on three components by the primary audit team and the remaining three by a component team.

The primary team interacted regularly with all component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures

We determined materiality for the Group to be £937,000 (2018: £777,000), which is 5% of Pre-tax income adjusted for exceptional costs (2018: 5% of Pre-tax income adjusted for exceptional costs). We believe that Pre-tax income adjusted for exceptional costs provides us with a key performance measure of management and is what the users of the financial statements are most interested in. The increase in materiality in the current year is due to the acquisitions of Vix Verify Global Pty Ltd and IDology Inc

Starting basis	– Profit before tax – £14,736,000
Adjustments	– Exceptional costs – £4,003,000
Materiality	– Total – £18,739,000 – Materiality of £937,000 (5% of materality basis)

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £703,000 (2017: £582,000). We set performance materiality at this level due to our past experience on the audit indicates a lower risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £18,000 to £561,000 (2018: £5,000 to £407,000).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £47,000 (2018: £38,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, set out on pages 2-71, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 70, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Victoria Venning

(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
24 June 2019

Notes:

[1] The maintenance and integrity of the GB Group Plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

[2] Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Revenue	3	**143,504**	119,702
Cost of sales		**(36,060)**	(27,092)
Gross profit		**107,444**	92,610
Operating expenses before amortisation of acquired intangibles, equity-settled share-based payments and exceptional items		**(75,413)**	(66,299)
Operating profit before amortisation of acquired intangibles, equity-settled share-based payments and exceptional items (adjusted operating profit)		**32,031**	26,311
Amortisation of acquired intangibles	15	**(10,316)**	(7,885)
Equity-settled share-based payments charge	27	**(2,287)**	(2,375)
Exceptional items	7	**(4,003)**	(2,143)
Operating profit		**15,425**	13,908
Finance revenue	9	**31**	37
Finance costs	10	**(720)**	(545)
Profit before tax		**14,736**	13,400
Income tax charge	11	**(2,583)**	(2,746)
Profit for the year attributable to equity holders of the parent		**12,153**	10,654
Other comprehensive income:			
Exchange differences on retranslation of foreign operations (net of tax)[1]		**(3,702)**	(3,206)
Total comprehensive income for the year attributable to equity holders of the parent		**8,451**	7,448
Earnings per share	13		
– basic earnings per share for the year		**7.7p**	7.1p
– diluted earnings per share for the year		**7.6p**	7.0p
– adjusted basic earnings per share for the year		**18.2p**	15.3p
– adjusted diluted earnings per share for the year		**17.9p**	15.0p

1 Upon a disposal of a foreign operation, this would be recycled to the Income Statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017		3,368	48,595	6,575	3	4,097	31,545	94,183
Profit for the period		–	–	–	–	–	10,654	10,654
Other comprehensive income		–	–	–	–	(3,206)	–	(3,206)
Total comprehensive income for the period		–	–	–	–	(3,206)	10,654	7,448
Issue of share capital	20	2,189	56,219	–	–	–	–	58,408
Share issue costs	20	(1,740)	–	–	–	–	–	(1,740)
Share-based payments charge	27	–	–	–	–	–	2,375	2,375
Tax on share options		–	–	–	–	–	660	660
Equity dividend	12	–	–	–	–	–	(3,582)	(3,582)
Balance at 31 March 2018 (As Reported)		**3,817**	**104,814**	**6,575**	**3**	**891**	**41,652**	**157,752**
IFRS 15 transition adjustment	2	–	–	–	–	–	(1,058)	**(1,058)**
Balance at 31 March 2018 (Restated)		**3,817**	**104,814**	**6,575**	**3**	**891**	**40,594**	**156,694**
Profit for the period		–	–	–	–	–	12,153	**12,153**
Other comprehensive income		–	–	–	–	(3,702)	–	**(3,702)**
Total comprehensive income for the period		–	–	–	–	**(3,702)**	**12,153**	**8,451**
Issue of share capital	20	1,004	159,609	–	–	–	–	**160,613**
Share issue costs	20	–	(3,274)	–	–	–	–	**(3,274)**
Share-based payments charge	27	–	–	–	–	–	2,287	**2,287**
Tax on share options		–	–	–	–	–	738	**738**
Equity dividend	12	–	–	–	–	–	(4,049)	**(4,049)**
Balance at 31 March 2019		**4,821**	**261,149**	**6,575**	**3**	**(2,811)**	**51,723**	**321,460**

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017		3,368	48,595	6,575	3	–	35,198	**93,739**
Profit for the period		–	–	–	–	–	5,153	**5,153**
Total comprehensive income for the period		–	–	–	–	–	5,153	**5,153**
Issue of share capital	20	2,189	56,219	–	–	–	–	**58,408**
Share issue costs	20	(1,740)	–	–	–	–	–	**(1,740)**
Resulting from hive-up transactions	31	–	–	–	–	4,543	–	**4,543**
Share-based payments charge	27	–	–	–	–	–	2,375	**2,375**
Tax on share options		–	–	–	–	–	651	**651**
Equity dividend	12	–	–	–	–	–	(3,582)	**(3,582)**
Balance at 31 March 2018 (As Reported)		**3,817**	**104,814**	**6,575**	**3**	**4,543**	**39,795**	**159,547**
IFRS 15 transition adjustment	2	–	–	–	–	–	(1,058)	**(1,058)**
Balance at 31 March 2018 (Restated)		**3,817**	**–**	**6,575**	**3**	**4,543**	**38,737**	**158,489**
Profit for the period		–	–	–	–	–	7,275	**7,275**
Total comprehensive income for the period		–	–	–	–	–	7,275	**7,275**
Issue of share capital	20	**1,004**	**159,609**	–	–	–	–	**160,613**
Share issue costs	20	–	**(3,274)**	–	–	–	–	**(3,274)**
Share-based payments charge	27	–	–	–	–	–	2,287	**2,287**
Tax on share options		–	–	–	–	–	738	**738**
Equity dividend	12	–	–	–	–	–	(4,049)	**(4,049)**
Balance at 31 March 2019		**4,821**	**261,149**	**6,575**	**3**	**4,543**	**44,988**	**322,079**

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	**4,815**	4,700
Intangible assets	15	**420,137**	161,372
Investments	17	**411**	–
Deferred tax asset	11	**8,222**	4,212
		433,585	170,284
Current assets			
Inventories		**341**	399
Trade and other receivables	18	**54,874**	37,969
Cash and short-term deposits	19	**21,189**	22,753
		76,404	61,121
Total assets		**509,989**	231,405
Equity and liabilities			
Capital and reserves			
Equity share capital	20	**4,821**	3,817
Share premium		**261,149**	104,814
Merger reserve		**6,575**	6,575
Capital redemption reserve		**3**	3
Foreign currency translation reserve		**(2,811)**	891
Retained earnings		**51,723**	41,652
Total equity attributable to equity holders of the parent		**321,460**	157,752
Non-current liabilities			
Loans	21	**85,447**	8,451
Long service award	24	**528**	–
Trade and other payables	22	**1,184**	–
Deferred tax liability	11	**29,548**	8,260
		116,707	16,711
Current liabilities			
Loans	21	**1,441**	797
Trade and other payables	22	**68,961**	55,897
Contingent consideration	32	**79**	45
Provisions	23	**–**	25
Current tax		**1,341**	178
		71,822	56,942
Total liabilities		**188,529**	73,653
Total equity and liabilities		**509,989**	231,405

Approved by the Board on 24 June 2019

C G Clark — **Director**

D J Wilson — **Director**

Registered in England number 2415211

COMPANY BALANCE SHEET

AS AT 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	**3,803**	3,714
Intangible assets	15	**139,139**	113,174
Investments	17	**298,268**	76,310
Deferred tax asset		**3,094**	3,163
		444,304	196,361
Current assets			
Inventories		**338**	399
Trade and other receivables	18	**35,899**	31,351
Cash and short-term deposits	19	**7,791**	14,778
		44,028	46,528
Total assets		**488,332**	242,889
Equity and liabilities			
Capital and reserves			
Equity share capital	20	**4,821**	3,817
Share premium		**261,149**	104,814
Merger reserve		**6,575**	6,575
Capital redemption reserve		**3**	3
Other reserves		**4,543**	4,543
Retained earnings		**44,988**	39,795
Total equity attributable to equity holders of the parent		**322,079**	159,547
Non-current liabilities			
Loans	21	**85,447**	7,000
Long service award	24	**395**	–
Trade and other payables	22	**863**	–
Deferred tax liability		**5,020**	6,319
		91,725	13,319
Current liabilities			
Trade and other payables	22	**73,657**	69,541
Contingent consideration	32	**79**	45
Provisions	23	**–**	25
Current tax		**792**	412
		74,528	70,023
Total liabilities		**166,253**	83,342
Total equity and liabilities		**488,332**	242,889

During the year the Company made a profit £7,275,000 (2018: £5,153,000).

Approved by the Board on 24 June 2019

C G Clark
Director

D J Wilson
Director

Registered in England number 2415211

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Group profit before tax		**14,736**	13,400
Adjustments to reconcile Group profit before tax to net cash flows			
Finance revenue	9	**(31)**	(37)
Finance costs	10	**720**	545
Depreciation of plant and equipment	14	**1,544**	1,430
Amortisation of intangible assets	15	**10,821**	8,832
Loss on disposal of plant and equipment		**46**	38
Fair value adjustment on contingent consideration	32	**–**	383
Share-based payments	27	**2,287**	2,375
(Decrease)/increase in provisions	23	**(25)**	(10)
Increase in inventories		**58**	(166)
Increase in trade and other receivables		**(9,904)**	(5,390)
Increase in trade and other payables		**7,527**	10,220
Cash generated from operations		**27,779**	31,620
Income tax paid		**(2,930)**	(3,247)
Net cash generated from operating activities		**24,849**	28,373
Cash flows from/(used in) investing activities			
Acquisition of subsidiaries, net of cash acquired	31	**(255,107)**	(70,363)
Purchase of plant and equipment	14	**(1,453)**	(1,902)
Purchase of software	15	**(172)**	(212)
Proceeds from disposal of plant and equipment		**6**	96
Interest received	9	**31**	37
Net cash flows used in investing activities		**(256,695)**	(72,344)
Cash flows from/(used in) financing activities			
Finance costs paid	10	**(720)**	(545)
Proceeds from issue of shares	20	**160,613**	58,408
Share issue costs	20	**(3,274)**	(1,740)
Proceeds from new borrowings	21	**110,447**	10,000
Repayment of borrowings	21	**(32,807)**	(12,839)
Dividends paid to equity shareholders	12	**(4,049)**	(3,582)
Net cash flows from financing activities		**230,210**	49,702
Net (decrease)/increase in cash and cash equivalents		**(1,636)**	5,731
Effect of exchange rates on cash and cash equivalents		**72**	(596)
Cash and cash equivalents at the beginning of the period		**22,753**	17,618
Cash and cash equivalents at the end of the period	19	**21,189**	22,753

COMPANY CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Company profit before tax		**9,078**	6,303
Adjustments to reconcile Company profit before tax to net cash flows			
Finance revenue		**–**	(16)
Finance costs		**642**	439
Depreciation of plant and equipment	14	**1,125**	856
Amortisation of intangible assets	15	**6,116**	1,851
Loss on disposal of plant and equipment		**47**	–
Fair value adjustment on contingent consideration	32	**–**	383
Share-based payments	27	**2,287**	2,375
Increase in inventories		**61**	(399)
(Decrease)/increase in provisions	23	**(25)**	(10)
Increase in trade and other receivables		**(4,548)**	(9,505)
Increase/(decrease) in trade and other payables		**4,074**	33,268
Cash generated from operations		**18,857**	35,545
Income tax paid		**(1,674)**	(399)
Net cash generated from operating activities		**17,183**	35,146
Cash flows from/(used in) investing activities			
Acquisition of subsidiary undertakings	31	**(256,348)**	(81,312)
Dividends received		**2,464**	–
Purchase of plant and equipment	14	**(1,214)**	(585)
Purchase of software	15	**(167)**	(145)
Interest received		**–**	16
Net cash flows used in investing activities		**(255,265)**	(82,026)
Cash flows from/(used in) financing activities			
Finance costs paid		**(642)**	(439)
Proceeds from issue of shares	20	**160,613**	58,408
Share issue costs	20	**(3,274)**	(1,740)
Proceeds from new borrowings	21	**110,447**	10,000
Repayment of borrowings	21	**(32,000)**	(12,000)
Dividends paid to equity shareholders	12	**(4,049)**	(3,582)
Net cash flows from financing activities		**231,095**	50,647
Net (decrease)/increase in cash and cash equivalents		**(6,987)**	3,767
Cash and cash equivalents at the beginning of the period		**14,778**	11,011
Cash and cash equivalents at the end of the period	19	**7,791**	14,778

NOTES TO THE ACCOUNTS

1. Corporate Information

GB Group plc ('the Company'), its subsidiaries and associates (together 'the Group') provide identity data intelligence products and services helping organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. The nature of the Group's operations and its principal activities are set out in the Finance Review on pages 28 to 31.

The Company is a public company limited by shares incorporated in the United Kingdom and is listed on the London Stock Exchange with its ordinary shares traded on the Alternative Investment Market. The company registration number is 2415211. The address of its registered office is The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB. A list of the investments in subsidiaries, including the name, country of incorporation, registered office address and proportion of ownership interest is given in note 17.

These consolidated financial statements have been approved for issue by the Board of Directors on 24 June 2019.

The Company's financial statements are included in the consolidated financial statements of GB Group plc. As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

2. Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS's) as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value. A summary of the significant accounting policies is set out below.

The accounting policies that follow set out those policies that apply in preparing the financial statements for the year ended 31 March 2019 and the Group and Company have applied the same policies throughout the year.

Changes to Accounting Policies

The following new IFRS standards relevant to the Company have been adopting in these financial statements:

(i) **IFRS 15 Revenue from Contracts with Customers**: Replaces IAS 18 Revenue and IAS 11 Construction Contracts. The core principle of IFRS 15 is that revenue reflects the transfer of goods or services to customers in an amount that reflect the consideration to which an entity expects to be entitled. The recognition of such revenue is in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction price; allocate the transaction price to the performance obligations; and recognised revenue when the performance obligations are satisfied. The impact of adopting IFRS 15 is detailed below.

(ii) **IFRS 9 Financial Instruments**: The Group has adopted IFRS 9 'Financial Instruments' with a date of initial application of 1 April 2018. IFRS 9 'Financial Instruments' replaces IAS 39 and impacts upon the classification and measurement of financial instruments and will require certain additional disclosures. Management have confirmed that there are no changes as a result of adopting IFRS 9. The following areas were identified as the main items of interest to the Group:

Credit Losses

IFRS 9 replaced the existing incurred loss model with a forward looking expected credit loss model. The expected credit losses on these trade receivable and contract assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for management judgement concerning factors that are specific to the receivables, general economic conditions and assessment of the current as well as the forecast direction of conditions at the reporting date based on reasonable and supportable information that is available, without undue cost or effort to obtain. Due to the exemption in IFRS 9, there is no requirement to restate comparative periods in the year of initial application and as a consequence, any adjustments to the carrying amounts of financial assets or liabilities are to be recognised at 1 April 2018. The change from an incurred loss model under IAS 39 to an expected loss model has not had a material impact and no adjustment is required at 1 April 2018.

Modifications to Financial Liabilities

Under both IAS 39 and IFRS 9, when the terms of a financial liability are modified, for example, where the maturity date is extended, an entity must consider whether that modification is substantial or non-substantial. Under IAS 39, the Group did not recognise any gain or loss at the time of a non-substantial modification. However, under IFRS 9 it is a requirement to recognise a gain or loss at the time of the non-substantial modification. On transition to IFRS 9, this change in policy was applied retrospectively to all financial liabilities that were still recognised at the date of the initial application. There was no material impact and therefore no adjustment is required at 1 April 2018.

(iii) **Amendment to IFRS 2 'Classification and Measurement of Share-based Payment Transactions'**: the amendments are intended to clarify the standard in relation to the accounting for cash-settled share-based payment transaction that include a performance obligation, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

(iv) **IFRIC 22 'Foreign Currency Transactions and Advance Consideration'**: The interpretation addresses foreign currency transactions or parts of transactions where (i) there is consideration that is denominated or priced in a foreign currency; (ii) the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and (iii) the prepayment asset or deferred income liability is non-monetary. The Interpretations Committee came to the following conclusions: The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

(v) **Amendment to IAS 40 'Transfers of Investment Property'**: the amendments are intended to clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a chance in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

Apart from IFRS 15, none of these pronouncements has had any impact for amounts recognised in these financial statements. The Group has adopted IFRS 15 from 1 April 2018 using the modified retrospective method of adoption, details of the impact are set out below. In accordance with the new five step model, revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be measured reliably.

2. Accounting Policies CONTINUED

Revenue from Contracts with Customers

The following table provides information about areas of revenue recognition where there has been a change under IFRS 15 compared to the treatment that would have been applied under IAS 18.

Type of product / service	Description of the product or service	Treatment under IAS 18	Revised treatment under IFRS 15
Software licences - data disk sales within Fraud, Risk & Compliance segment	Customers are provided with a physical disk of data that they can use over an agreed licence period. During the licence period they are provided with new data disks containing updates to that data on a regular basis. The frequency of changes in the data provided in these disks and the uses of this data by the customer makes it important that they are using up to date data.	The revenue is apportioned between the data disk and the post-contract support, which incorporates providing the data, updates. The revenue for the data disk is recognised upon delivery to the customer as that was considered to be when the risks and rewards of ownership have passed which was the criteria under IAS 18. The revenue for the post-contract support was recognised evenly over the licence period.	Under IFRS 15 revenue recognition is now based on the transfer of control of goods or services to a customer, rather than just the transfer of risks and rewards which was the case under IAS 18. Control is defined as "the ability to direct the use of and obtain substantially all of the remaining benefits from the asset". Due to the relative importance of the data updates to the customer's use of the data disk, it is considered that control over the full licence period does not pass on delivery of the initial data disk. This is because they require the future updates to that data to be able to obtain the benefits of it. We consider that the delivery of each data disk containing the updates meet the criteria under IFRS 15 paragraph 22: "a promise to transfer to the customer a series of distinct goods or services that are substantially the same and that have the same pattern of transfer". Consequently, the revenue for the full licence period is recognised over time as each data disk is delivered, rather than all upfront on delivery of the original data disk.
Software licences - data disk sales within Customer Location & Intelligence segment - multi year deals	Customers are provided with a physical disk of data that they can use over an agreed licence period of more than one year. During the licence period they are provided with new data disks containing data updates on a regular basis. In contrast to Fraud, Risk & Compliance data disks, the data within the customer location and intelligence data disks changes less frequently and so the updates are not considered as critical to the customer.	The revenue is apportioned between the data disk and the post-contract support, which incorporates providing the data, updates. In the majority of cases GBG multi-year contracts were not paid upfront and were invoiced and paid annually. The timeframe between each invoice meant that the criteria in IAS 18 that it is 'probable that any future economic benefit associated with the item of revenue will flow to the entity' was assessed not to be met and so the revenue was recognised in line with the invoicing – i.e. one year at a time. The revenue for the post-contract support was recognised evenly over the licence period.	As the data updates are less critical to the customer, it is considered that the delivery of the original disk and the data updates are separate performance obligations. Under IFRS 15 the credit risk is not considered in the revenue recognition and so whilst there is a requirement to account for a financing component in the recognition profile, this is not a significant element of the overall revenue. Therefore, the full amount of revenue allocated to the data disk should be recognised upfront as the control criteria has been met. The revenue for the post-contract support continues to be recognised evenly over the licence period.
Transactional services – forfeitures	Customers make a prepayment, which entitles them to perform a specific number of transactions over an agreed contract period. Once this period has expired, any unused transactions are forfeited.	Revenue is recognised based on the number of transactions used by the customer at each measurement date. Any remaining deferred revenue balance at the end of the contract period was recognised as revenue at that point.	Based on a review of forfeitures in previous years an estimate has been made of the expected percentage of transactions that will remain unused over their contracted life. This percentage is applied such that revenue for expected forfeitures is recognised in proportion to the pattern of transactions performed by the customer.

NOTES TO THE ACCOUNTS

2. Accounting Policies CONTINUED

Due to the transition method chosen by the Group in applying IFRS 15, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

The follow table summarise the impact, net of tax, of the transition to IFRS 15 on retained earnings at 1 April 2018.

	Impact of adopting IFRS 15 at 1 April 2018 £000
Retained earnings – as reported	**41,652**
Software licences - data disk sales within Fraud, Risk & Compliance segment	(1,929)
Software licences - data disk sales within Customer Location & Intelligence segment - multi year deals	454
Transactional services – forfeitures	176
	(1,299)
Related tax	241
Impact at 1 April 2018	**(1,058)**
Retained earnings - restated	**40,594**

If reporting under IAS 18 for the period, revenue would have been £0.2 million lower, and operating profit £0.2 million lower. There was no material impact on the Group's statement of cash flows for the year ended 31 March 2019.

Significant Accounting Policies

The Group and Company financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business Combinations

The Group uses the acquisition method of accounting to account for business combinations of entities not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 'Financial Instruments: Recognition and Measurement' (31 March 2019) and IAS 39 'Financial Instruments: Recognition and Measurement' (31 March 2018), are measured at fair value with the changes in fair value recognised in the statement of profit or loss. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

2. Accounting Policies CONTINUED

The Group applies IFRS 3 'Business Combinations' and as a consequence of the acquisition of the remaining 73.3% in 2015 of shares in Loqate, Inc., the area of the standard applicable to business combinations achieved in stages became relevant to the Group. If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held investment in the acquiree is remeasured to fair value at the acquisition date with any resultant gain or loss recognised through profit or loss.

Foreign Currencies

The Group's consolidated financial statements are presented in pounds Sterling, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into pounds Sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated to write off cost less estimated residual value based on prices prevailing at the balance sheet date on a straight-line basis over the estimated useful life of each asset as follows:

Plant and equipment	– over 3 to 10 years
Freehold buildings	– over 50 years

Freehold land is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the year the item is derecognised.

Residual values and estimated remaining lives are reviewed annually.

Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ('CGU's) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only on assets other than goodwill if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2. Accounting Policies CONTINUED

Intangible Assets

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill already carried in the balance sheet at 1 April 2004 or relating to acquisitions after that date is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the CGU expected to benefit from the synergies. Impairment is determined by assessing the recoverable amount of the CGU, including the related goodwill. Where the recoverable amount of the CGU is less than the carrying amount, including goodwill, an impairment loss is recognised in the Statement of Comprehensive Income. The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of the unit, or an operation within it. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Research and Development Costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the availability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised on a straight-line basis over 2 to 4 years.

Acquired Intangibles

Separately identifiable intangible assets such as patent fees, licence fees, trademarks and customer lists and relationships are capitalised on the balance sheet only when the value can be measured reliably, or the intangible asset is purchased as part of the acquisition of a business. Such intangible assets are amortised over their useful economic lives on a straight-line basis.

Separately identified intangible assets acquired in a business combination are initially recognised at their fair value. Intangible assets are subsequently stated at fair value or cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Estimated useful lives typically applied are as follows:

Technology based assets	– over 2 to 5 years
Brands and trademarks	– over 2 to 3 years
Customer relationships	– over 10 years

Acquired Computer Software Licences

Acquired computer software licences comprise computer software licences purchased from third parties, and also the cost of internally developed software. Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software.

Costs associated with maintaining the computer software are recognised as an expense when incurred. Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Inventories

Inventories are valued at the lower of cost or net realisable value (net selling price less further costs to completion), after making due allowance for obsolete and slow moving items. Cost is determined by the first in first out ('FIFO') cost method.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified at initial recognition and subsequently as measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2. Accounting Policies CONTINUED

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

The Group only has financial assets falling into the first two categories above and as such has only included the policy for these two below.

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECL are a probability-weighted estimate of credit losses. An assessment of ECL is calculated using a provision matrix model to estimate the loss rates to be applied to each trade receivable category. ECL are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Accounting Policies CONTINUED

Trade and Other Receivables

Trade receivables, which generally have 14 to 60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. A provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover the entire amount due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of a provision for doubtful debts account. Impaired debts are derecognised when they are assessed as uncollectable.

Cash and Short-Term Deposits

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Trade and Other Payables

Trade and other payables are initially recognised at their fair value and subsequently recorded using the effective interest method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Pensions

The Group does not have a contributory pension scheme. Payments are made to individual private defined contribution pension arrangements. Contributions are charged in the Statement of Comprehensive Income as they become payable.

Revenue Recognition

Revenue is stated net of value-added tax, rebates and discounts and after the elimination of intercompany transactions within the Group. The Group operates a number of different businesses offering a range of products and services and accordingly applies a variety of methods for revenue recognition, based on the principles set out in IFRS 15.

Revenue is recognised to represent the transfer of promised services to customers in a way that reflects the consideration expected to be received in return. Consideration from contracts with customers is allocated to the performance obligations identified based on their standalone selling price and is recognised when those performance obligations are satisfied and the control of goods or services is transferred to the customer, either over time or at a point in time.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract assets, contract liabilities, accrued income and deferred income) to recognise in the period, management is required to form a number of judgements and assumptions. These may include an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones.

For contracts with multiple components to be delivered, management may have to apply judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is determined, and the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied. Because of the bespoke nature of some solutions, judgement is sometimes required to determine and estimate an appropriate standalone selling price.

(A) Software Licences

Revenue from software licences is recognised when control is considered to have passed to the customer. Control can pass either at a point in time or over time depending on the performance obligations under the contract.

Web-service Hosted Software Solutions

The performance obligation is to provide the customer a right to access the software throughout the licence period for which revenue is recognised over the licence period.

On-premise Installation or Data Disk – Customer Location & Intelligence Segment

The performance obligations can include the provision of a software licence, data sets, updates to those data sets during the licence period and support and maintenance. There are instances where customers are provided a data set to use with their own software rather than the Group's.

The Group's software has no standalone value to the customer without the data as there is nothing to apply the algorithms to. The data file cannot be accessed outside of the software so has no standalone value (unless under the circumstance where it has been licenced for use on the customer's system). As a result, the software and the data are considered one performance obligation as the customer cannot benefit from one without the other.

Customers are given a right to use the software and data as it exists at the point in time the licence is granted, for which revenue is recognised at the point in time the customer can first use and benefit from it.

2. Accounting Policies CONTINUED

A proportion of the transaction price is allocated to the provision of data updates and support and maintenance, which are considered separate performance obligations. This is either based on the stand-alone selling price for those services or, where the Group does not have a history of stand-alone selling prices for a particular software licence, a cost plus mark-up approach is applied.

Data Disk – Fraud, Risk & Compliance Segment

The performance obligations can include the licence to use specific data sets, updates to those data sets during the licence period and support and maintenance.

The delivery of the initial data disk and then subsequent disks containing the updates meet the criteria under IFRS 15 paragraph 22: "a promise to transfer to the customer a series of distinct goods or services that are substantially the same and that have the same pattern of transfer". Accordingly, the revenue for the full licence period is recognised over time as each software update is delivered.

(B) Transactional

A number of GBG SaaS solutions provide for the provision of transactional identity data intelligence services with customer paying only for the number of searches they perform. The performance obligation is to provide this identity check and revenue in respect of those solutions is recognised based on usage. Customers are either invoiced in arrears for searches performed or make a prepayment giving them the right to a specific number of searches.

Where customers make a prepayment, which entitles them to perform a specific number of transactions over an agreed contract period, once this period has expired any unused transactions are forfeited. Based on a review of historic forfeitures an estimate is made of the expected percentage of transactions that will remain unused over their contracted life. This percentage is applied such that revenue for expected forfeitures is recognised in proportion to the pattern of transactions performed by the customer.

(C) Rendering of Services

Revenue from the rendering of services is recognised over time by reference to the stage of completion. Stage of completion of the specific transaction is assessed on the basis of the actual services provided as a proportion of the total services to be provided. Where the services consist of the delivery of support and maintenance on software licence agreements it is generally considered to be a separate performance obligation and revenue is recognised on a straight-line basis over the term of the support period.

(D) Contract Assets and Contract Liabilities

Costs to obtain a contract in the Group typically include sales commissions and under IFRS 15 certain costs such as these are deferred as Contract Assets and are amortised on a systematic basis consistent with the pattern of transfer of the goods or services to which the asset relates. As a practical expedient, these costs are expensed if the amortisation period to which they relate is one year or less.

Where the Group completes performance obligations under a contract with a customer in advance of invoicing the customer, the value of the accrued revenue is initially recognised as a contract asset.

Any contract assets are disclosed within the trade and other receivables in the Consolidated Balance Sheet.

Where the Group receives a short-term prepayment or advance of consideration prior to completion of performance obligations under a contract with a customer, the value of the advance consideration received is initially recognised as a contract liability in liabilities. Revenue is subsequently recognised as the performance obligations are completed over the period of the contract (i.e. as control is passed to the customer). Contract liabilities are presented in deferred income within trade and other payables in the Consolidated Balance Sheet.

(E) Principal Versus Agent

The Group has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer.

The Group is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Group has in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group is bears the responsibility for fulfilling the promise to deliver the service or good. Where the Group is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

The Group acts as a principal if it controls a promised good or service before transferring that good or service to the customer. Where the Group is acting as a principal, revenue is recorded on a gross basis.

This assessment of control requires some judgement in particular in relation to certain service contracts. An example is the provision of certain employment screening services where the Group may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

(F) Contract Modifications

Although infrequent, contracts may be modified for changes in contract terms or requirements. These modifications and amendments to contracts are always undertaken via an agreed formal process. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

a. Prospectively as an additional separate contract;

b. Prospectively as a termination of the existing contract and creation of a new contract;

c. As part of the original contract using a cumulative catch up; or

d. As a combination of b) and c).

For contracts for which the Group has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under either a) or b). d) may arise when a contract has a part termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

(G) Interest Income

Revenue is recognised as interest accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

2. Accounting Policies CONTINUED

(H) Presentation and Disclosure Requirements
The Group has disaggregated revenue recognised from contracts into contract type (Licences, Transaction and Services) as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The Group has also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 4 for the disclosure on disaggregated revenue.

Exceptional Items

The Group presents as exceptional items on the face of the Statement of Comprehensive Income those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share-based Payment Transactions

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Equity-settled Transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuation specialist using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GB Group plc ('market conditions') and non-vesting conditions, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting conditions were satisfied, provided that all other vesting conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised over the remainder of the new vesting period for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it was granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected in the computation of earnings per share (note 13).

Leases

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment, where the Group assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest-bearing loans and borrowings. Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental charges are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the life of the lease.

Lease incentives are primarily rent-free periods. Lease incentives are amortised over the lease term against the relevant rental expense.

Finance Costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Finance costs are expensed in the period in which they are incurred.

Taxes

Current Tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred Income Tax
Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

– No provision is made where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit.

2. Accounting Policies CONTINUED

- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

New Accounting Standards and Interpretations not Applied

The IASB and IFRIC have issued the following Standards and Interpretations with an effective and adoption date after the date of these financial statements:

International Accounting Standards (IAS/IFRS)

		Effective date
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9	Prepayment Features with Negative Compensation – Amendments to IFRS 9	1 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28	1 January 2019

IFRS 16 'Leases' replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Lease Incentives and SIC-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard included two recognition exemptions for lessess – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognised a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset). Lessees will be required to separately recognise the interest expense on the lease liability and depreciation expense on the right of use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019 and will be adopted by the Group on 1 April 2019.

The Group has entered into a number of long-term leases in respect of land and buildings. The Group is continuing to evaluate the full impact of the accounting changes that will arise under IFRS 16. To see the volume of operating leases, see note 26 for more information. The following changes to lessee accounting will have an impact as follows:

- There is expected to be an increase in assets, specifically right-of-use assets will be recorded for assets that are leased by the Group; currently no lease assets are included on the Group's consolidated statement of financial position for operating leases.
- There is expected to be an increase in debt as liabilities will be recorded for future lease payments in the Group's consolidated statement of financial position for the 'reasonably certain' period of the lease, which may include future lease periods for which the Group has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not equal the lease commitments that will be reported in the operating lease commitments note in the 2019 Annual Report, but may not be dissimilar.
- Operating lease expenditure will be reclassified and split between depreciation and finance costs, resulting in an increase in EBITDA. Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease rentals are expensed on a straight-line basis over the lease term within operating expenses.
- Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period. Depending on the adoption method that is utilised, certain practical expedients may be applied on adoption. The Group currently expect to adopt the full retrospective method to provide consistency when looking at comparative results.

Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy on page 88. Determining whether goodwill is impaired requires an estimation of the value in use and/or the estimated recoverable amount of the asset derived from the business, or part of the business, CGU, to which the goodwill has been allocated. The value in use calculation requires an estimate of the present value of future cash flows expected to arise from the CGU, by applying an appropriate discount rate to the timing and amount of future cash flows.

Management are required to make judgements regarding the timing and amount of future cash flows applicable to the CGU, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. Management estimate the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business or the individual CGU.

An analysis of the Group's goodwill and the assumptions used to test for impairment are set out in note 16.

NOTES TO THE ACCOUNTS

2. Accounting Policies CONTINUED

Deferred Tax Assets

The amount of the deferred tax asset included in the balance sheet of the Group is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves management judgement regarding the prudent forecasting of future taxable profits of the business including considering appropriate levels of risk. At the balance sheet date, management has forecast that the Group would generate future taxable profits against which certain decelerated tax losses, tax losses and other temporary differences could be relieved. Within that forecast, management considered the total amount of tax losses available across the Group and the relative restrictions in place for loss streaming and made a judgement not to recognise deferred tax assets on losses of £16,367,000 (2018: £16,367,000). The total amount of deferred tax assets that management had forecast as available at the year-end based on these forecasts and estimates was higher than the previous year and as a result the Group has increased the total value of the deferred tax asset being recognised. The carrying value of the recognised deferred tax asset at 31 March 2019 was £8,222,000 (2018: £4,212,000) and the unrecognised deferred tax asset at 31 March 2019 was £3,166,000 (2018: £3,356,000). Further details are contained in note 11.

Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and models used are disclosed in note 27.

Long Service Award

An actuarial model is used to value long service awards in accordance with IAS 19. Management are required to use judgement in determining the most appropriate inputs to the valuation model. The assumptions and models used are disclosed in note 24.

Revenue Recognition

Under IFRS 15 revenue is recognised when control passes to the customer. Control is defined as "the ability to direct the use of and obtain substantially all of the remaining benefits from the asset". In respect of software licences delivered either through a local installation or on a data disk there is a judgement as to when the customer is in control of obtaining substantially all the remaining benefits of the asset. It was considered by management that in certain agreements the relative importance of the data updates provided during the software licence period are a key factor in assessing when control passes. In the Fraud, Risk & Compliance division, certain updates are considered a critical part of the licence and therefore revenue is recognised when each software update is delivered. In the Customer & Location Intelligence segment there are less frequent changes in the data being used and it is considered less critical to the use of the software by the customer. Therefore, the revenue for these software licences is recognised on initial installation.

Valuation and Asset Lives of Separately Identifiable Intangible Assets

In determining the fair value of intangible assets arising on acquisition, management are required to make judgements regarding the timing and amount of future cash flows applicable to the businesses being acquired, discounted using an appropriate discount rate.

Such judgements are based on current budgets and forecasts, extrapolated for an appropriate period taking into account growth rates and expected changes to selling prices and operating costs. During the year, the Company acquired VIX Verify and IDology and in valuing the separately identifiable intangible assets made specific judgements as to the life of those assets. The most significant of those were the estimated useful lives of the customer relationship and technology IP assets of 10 and 5 years, respectively. Judgements were made on these lives with reference to both historical indicators within the acquired business such as customer or technology lifecycles along with estimates of the impact on such lives that convergence of technology and relationships would have over time.

3. Revenue

Revenue disclosed in the Consolidated Statement of Comprehensive Income is analysed as follows:

	2019 £'000	2018 £'000
Licence	**75,322**	64,143
Transactional	**56,191**	42,577
Services	**11,991**	12,982
Revenue	**143,504**	119,702
Finance revenue	**31**	37
Total revenue	**143,535**	119,739

4. Segmental Information

The Group's operating segments are internally reported to the Group's Chief Executive Officer as two operating segments: Fraud, Risk & Compliance – which provides ID Verification, ID Compliance & Fraud Solutions, ID Trace & Investigate and ID Employ & Comply; and Customer & Location Intelligence – which provides ID Location Intelligence and ID Engage Solutions. The measure of performance of those segments that is reported to the Group's Chief Executive Officer is adjusted operating profit, being profits before amortisation of acquired intangibles, share-based payment charges, exceptional items, net finance costs and tax, as shown below.

Information on segment assets and liabilities is not regularly provided to the Group's Chief Executive Officer and is therefore not disclosed below.

Year ended 31 March 2019	Fraud, Risk & Compliance £'000	Customer & Location Intelligence £'000	Unallocated £'000	2019 £'000
Licence	39,781	35,541	–	75,322
Transactional	45,459	10,732	–	56,191
Services	2,373	9,618	–	11,991
Total revenue	87,613	55,891	–	143,504
Adjusted operating profit	20,417	12,633	(1,019)	32,031
Amortisation of acquired intangibles	(5,163)	(5,153)	–	(10,316)
Share-based payments charge	–	–	(2,287)	(2,287)
Exceptional items	–	–	(4,003)	(4,003)
Operating profit	15,254	7,480	(7,309)	15,425
Finance revenue	–	–	31	31
Finance costs	–	–	(720)	(720)
Income tax charge	–	–	(2,583)	(2,583)
Profit for the year				12,153

VIX Verify Global Pty Ltd ('VIX Verify') and IDology, Inc. ('IDology'), which were acquired during the year, are reported within the Fraud, Risk & Compliance segment.

Year ended 31 March 2018	Fraud, Risk & Compliance £'000	Customer & Location Intelligence £'000	Unallocated £'000	2019 £'000
Licence	34,884	29,259	–	64,143
Transactional	32,388	10,189	–	42,577
Services	2,495	10,487	–	12,982
Total revenue	69,767	49,935	–	119,702
Adjusted operating profit	16,049	11,458	(1,196)	26,311
Amortisation of acquired intangibles	(2,940)	(4,945)	–	(7,885)
Share-based payments charge	–	–	(2,375)	(2,375)
Exceptional items	–	–	(2,143)	(2,143)
Operating profit	13,109	6,513	(5,714)	13,908
Finance revenue	–	–	37	37
Finance costs	–	–	(545)	(545)
Income tax charge	–	–	(2,746)	(2,746)
Profit for the year				10,654

Postcode Anywhere (Holdings) Limited ('PCA'), which was acquired in 2017/18, is reported within the Customer & Location Intelligence division.

Geographical Information

	Revenues from external customers			Non-current assets	
	2019 £'000	2018 £'000	Underlying 2018* £'000	2019 £'000	2018 £'000
United Kingdom	79,368	78,471	76,138	133,059	147,778
United States of America	20,525	11,836	11,836	252,461	163
Australia	10,241	2,559	2,559	39,789	17,797
Others	33,370	26,836	26,836	54	334
Total	143,504	119,702	117,369	425,363	166,072

* As highlighted in the October 2017 trading update, organic revenue growth in the year to 31 Match 2018 included £3.5 million from the sale of a material perpetual licence to a leading European bank in September 2017, paid upfront. Had this particular transaction been a fully delivered, three-year agreement, payable in annual instalments (as is normal), then our revenue recognition policies at the time would have only recognised one third of this value. This revenue was within the United Kingdom classification in the above table.

The geographical revenue information above is based on the location of the customer.

Non-current assets for this purpose consist of plant and equipment and intangible assets and excludes the deferred tax asset.

5. Operating Profit

This is stated after charging/(crediting):	2019 £'000	2018 £'000
Research and development costs recognised as an expense[1]	**10,370**	9,516
Depreciation of property, plant and equipment	**1,544**	1,430
Amortisation/impairment of intangible assets	**10,821**	8,832
Foreign exchange (gain)/loss	**(35)**	177
Operating lease payments - land and buildings	**2,235**	1,596
- other	**19**	18

[1] The prior year cost has been restated to reflect the correct retranslation of international costs.

6. Auditor's Remuneration

	2019 £'000	2018 £'000
Audit of the financial statements[1]	**266**	166
Other fees to auditor - other assurance services	**25**	24
- tax compliance services	**2**	25
- tax advisory services	**21**	13
	314	228

[1] £136,000 (2018: £133,000) of this relates to the Company.

7. Exceptional Items

	2019 £'000	2018 £'000
Acquisition related costs (note 31)	**3,747**	750
Costs associated with staff reorganisations	**256**	508
Fair value adjustments to contingent consideration (note 32)	**–**	885
	4,003	2,143

Transaction costs of £3,747,000 include those related to the acquisition of VIX Verify (£449,000) and IDology (£2,391,000) (note 31). In prior periods, transaction costs primarily related to the acquisition of PCA (£735,000) (note 31). Such costs include those directly attributable to the transaction including legal and professional advisors and exclude operating or integration costs relating to an acquired business. The balance of costs relate to potential acquisitions that were either aborted or are not complete at the date of these financial statements. Due to the size and nature of these costs, management consider that they would distort the Group's underlying business performance.

As part of the Group's strategy to grow through acquisition it is essential that acquired businesses are restructured to integrate them fully into the Group's operations and deliver anticipated returns. Costs associated with staff reorganisations in both years relate primarily to exit costs of personnel leaving the business on an involuntary basis during the integration and restructuring period in order to implement more suitable post completion staff structures. In order to give a suitable representation of underlying earnings it is appropriate to show these costs as exceptional along with any other items which are exceptional in nature.

Fair value adjustments to contingent consideration in the year to 31 March 2018 relate to the acquisition of IDscan and include £421,000 relating to a contingent purchase price adjustment along with a £457,000 charge relating to the partial unwinding of the discounting relating to the contingent consideration (note 32). This charge arises because contingent consideration due to be paid at a future date is discounted for the time value of money at the point of initial recognition and over the passage of time, this discount unwinds within the Consolidated Statement of Comprehensive Income. These are non-cash items.

The tax impact of the exceptional costs was £77,000 (2018: £116,000).

8. Staff Costs and Directors' Emoluments

a) Staff Costs	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Wages and salaries	**45,935**	41,162	**31,392**	27,033
Social security costs	**5,318**	4,904	**4,352**	3,504
Other pension costs	**2,007**	1,668	**1,486**	1,080
	53,260	47,734	**37,230**	31,617

Included in wages and salaries is a total charge of share-based payments of £2,287,000 (2018: £2,375,000) which arises from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees during the year within each category was as follows:

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Research and development	**367**	241	**227**	117
Production	**42**	117	**42**	44
Selling and administration	**475**	416	**388**	311
	884	774	**657**	472

b) Directors' Emoluments	2019 £'000	2018 £'000
Wages and salaries	**1,438**	1,369
Pension	**72**	66
Bonuses	**1,318**	1,231
	2,828	2,666
Aggregate gains made by Directors on the exercise of options	**2,467**	954

The remuneration for the highest paid Director was as follows:

	2019 £'000	2018 £'000
Wages and salaries	**589**	492
Bonus	**608**	527
	1,197	1,019

The highest paid Director has reached the maximum level permitted for a personal pension plan and receives a direct payment in lieu of his pension entitlement, which was £84,000 (2018: £84,000). The number of share options granted during the year for the highest paid Director was 128,853 (2018: 1,400,000) and the number of share options exercised during the year was 200,000 (2018: nil). Details of the remuneration, pension entitlements and share options of each Director are included in the Report on Directors' Remuneration on pages 54 to 64.

Some figures in the note above have been updated from those issued with the Annual Results Announcement on 5 June 2019. This change has had no impact on the primary financial statements or the results for the year.

9. Finance Revenue

	2019 £'000	2018 £'000
Bank interest receivable	**31**	37
	31	37

10. Finance Costs

	2019 £'000	2018 £'000
Bank loan fees and interest	**720**	545
	720	545

11. Taxation

a) Tax on Profit

The tax charge in the Consolidated Statement of Comprehensive Income for the year is as follows:

	2019 £'000	2018 £'000
Current income tax		
UK corporation tax on profit for the year	**2,765**	2,926
Amounts underprovided/(overprovided) in previous years	**(292)**	67
Foreign tax	**2,158**	1,403
	4,631	4,396
Deferred tax		
Origination and reversal of temporary differences	**(1,868)**	(1,540)
Amounts underprovided/(overprovided) in previous years	**26**	–
Impact of change in tax rates	**(206)**	(110)
	(2,048)	(1,650)
Tax charge in the Statement of Comprehensive Income	**2,583**	2,746

b) Reconciliation of the Total Tax Charge

The profit before tax multiplied by the standard rate of corporation tax in the UK would result in a tax charge as explained below:

	2019 £'000	2018 £'000
Consolidated profit before tax	**14,736**	13,400
Consolidated profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	**2,800**	2,546
Effect of:		
Permanent differences	**1,094**	560
Non-taxable income	**(11)**	–
Rate changes	**(120)**	(179)
Utilisation of losses	**–**	(59)
Prior year items	**(266)**	63
Research and development tax relief	**(492)**	(353)
Patent Box relief	**(460)**	(382)
Share option relief	**(67)**	–
Recognition of unrecognised deferred tax assets	**(698)**	(104)
Effect of higher taxes on overseas earnings	**803**	654
Total tax charge reported in the Statement of Comprehensive Income	**2,583**	2,746

The Group is entitled to current year tax relief of £1,023,000 (2018: £954,000), calculated at a tax rate of 19% (2018: 19%), in relation to the statutory deduction available on share options exercised in the year.

c) Tax Losses

The Group has carried forward trading losses at 31 March 2019 of £30,561,000 (2018: £17,329,000). To the extent that these losses are available for offset against future trading profits of the Group, it is expected that the future effective tax rate would be below the standard rate. There were also capital losses carried forward at 31 March 2019 of £2,257,000 (2018: £2,257,000), which should be available for offset against future capital gains of the Group to the extent that they arise.

11. Taxation CONTINUED

d) Deferred Tax – Group

Deferred Tax Asset

The recognised and unrecognised potential deferred tax asset of the Group is as follows:

	Recognised		Unrecognised	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Decelerated capital allowances	**1,283**	1,633	**–**	–
Share options	**1,627**	1,479	**–**	–
Other temporary differences	**1,664**	831	**–**	–
Capital losses	**–**	–	**384**	573
Trading losses	**3,648**	269	**2,782**	2,783
	8,222	4,212	**3,166**	3,356

The movement on the deferred tax asset of the Group is as follows:

	2019 £'000	2018 £'000
Opening balance – as reported	**4,212**	4,044
IFRS 15 transition adjustment	**241**	–
Opening balance – restated	**4,453**	4,044
Acquired on acquisition	**3,955**	440
Foreign currency adjustments	**(73)**	11
Origination and reversal of temporary differences	**24**	(415)
Impact of change in tax rates	**(137)**	132
	8,222	4,212

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate.

The Group has unrecognised deductible temporary differences of £16,367,000 (2018: £16,367,000) and unrecognised capital losses of £2,257,000 (2018: £3,372,000).

Deferred Tax Liability

The deferred tax liability of the Group is as follows:

	2019 £'000	2018 £'000
Intangible assets	**29,378**	8,148
Land and buildings	**108**	112
Accelerated capital allowances	**62**	–
	29,548	8,260

The movement on the deferred tax liability of the Group is as follows:

	2019 £'000	2018 £'000
Opening balance	**8,260**	4,441
Acquisition of intangibles in subsidiaries	**23,913**	5,676
Foreign currency adjustments	**(359)**	(67)
Origination and reversal of temporary differences	**(1,923)**	(1,548)
Impact of change in tax rates	**(343)**	(242)
	29,548	8,260

e) Change in Corporation Tax Rate

A reduction in the UK corporation tax rate to 17% with effect from 1 April 2020 was enacted in the Finance Act 2016. The reduction in future rates to 17% have been used in the calculation of the UK's deferred tax assets and liabilities as at 31 March 2019.

12. Dividends Paid and Proposed

	2019 £'000	2018 £'000
Declared and paid during the year		
Final dividend for 2018: 2.65p (2017: 2.35p)	**4,049**	3,582
Proposed for approval at AGM (not recognised as a liability at 31 March)		
Final dividend for 2019: 2.99p (2018: 2.65p)	**5,766**	4,047

13. Earnings Per Ordinary Share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the basic weighted average number of ordinary shares in issue during the year.

	2019 pence per share	2019 £'000	2018 pence per share	2018 £'000
Profit attributable to equity holders of the Company	**7.7**	**12,153**	7.1	10,654

Diluted

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2019 No.	2018 No.
Basic weighted average number of shares in issue	**158,051,687**	150,552,605
Dilutive effect of share options	**2,754,605**	2,704,644
Diluted weighted average number of shares in issue	**160,806,292**	153,257,249

	2019 pence per share	2019 £'000	2018 pence per share	2018 £'000
Profit attributable to equity holders of the Company	**7.6**	**12,153**	7.0	10,654

Adjusted

Adjusted earnings per share is defined as adjusted operating profit less net finance costs and tax divided by the basic weighted average number of ordinary shares of the Company.

	Basic 2019 pence per share	Diluted 2019 pence per share	2019 £'000	Basic 2018 pence per share	Diluted 2018 pence per share	2018 £'000
Adjusted operating profit	**20.3**	**19.9**	**32,031**	17.5	17.2	26,311
Less net finance costs	**(0.4)**	**(0.4)**	**(689)**	(0.3)	(0.3)	(508)
Less tax	**(1.7)**	**(1.6)**	**(2,583)**	(1.9)	(1.9)	(2,746)
Adjusted earnings	**18.2**	**17.9**	**28,759**	15.3	15.0	23,057

14. Property, Plant and Equipment

Group

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2017	–	5,041	5,041
Acquired on acquisition	1,251	341	1,592
Additions	–	1,902	1,902
Disposals	–	(189)	(189)
Foreign currency adjustment	–	(152)	(152)
At 31 March 2018	1,251	6,943	8,194
Acquired on acquisition	–	231	231
Additions	–	1,453	1,453
Disposals	–	(51)	(51)
Foreign currency adjustment	–	(35)	(35)
At 31 March 2019	**1,251**	**8,541**	**9,792**
Depreciation and impairment			
At 1 April 2017	–	2,185	2,185
Provided during the year	20	1,410	1,430
Disposals	–	(55)	(55)
Foreign currency adjustment	–	(66)	(66)
At 31 March 2018	20	3,474	3,494
Provided during the year	22	1,522	1,544
Disposals	–	(46)	(46)
Foreign currency adjustment	–	(15)	(15)
At 31 March 2019	**42**	**4,935**	**4,977**
Net book value			
At 31 March 2019	**1,209**	**3,606**	**4,815**
At 31 March 2018	1,231	3,469	4,700
At 1 April 2017	–	2,856	2,856

The net book value in respect of assets held under finance leases and hire purchase agreements is £nil (2018: £nil).

14. Property, Plant and Equipment CONTINUED

Company

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2017	–	3,565	3,565
Acquired on acquisition[1, 2]	1,233	777	2,010
Additions	–	585	585
At 31 March 2018	1,233	4,927	6,160
Additions	–	1,214	1,214
Disposals	–	(2)	(2)
At 31 March 2019	**1,233**	**6,139**	**7,372**
Depreciation and impairment			
At 1 April 2017	–	1,590	1,590
Provided during the year	2	854	856
At 31 March 2018	2	2,444	2,446
Provided during the year	22	1,103	1,125
Disposals	–	(2)	(2)
At 31 March 2019	**24**	**3,545**	**3,569**
Net book value			
At 31 March 2019	**1,209**	**2,594**	**3,803**
At 31 March 2018	1,231	2,483	3,714
At 1 April 2017	–	1,975	1,975

1 On 28 February 2018, the trade, assets and liabilities of Postcode Anywhere (Holdings) Limited and Postcode Anywhere (Europe) Limited were transferred to the Company.

2 On 31 March 2018, the trade assets and liabilities of ID Scan Biometrics Limited were transferred to the Company.

The net book value in respect of assets held under finance leases and hire purchase agreements is £nil (2018: £nil).

15. Intangible Assets

Group

	Customer relationships £'000	Other acquired intangibles £'000	Total acquired intangibles £'000	Goodwill £'000	Purchased software £'000	Internally developed software £'000	Total £'000
Cost							
At 1 April 2017	21,776	10,928	**32,704**	75,598	1,908	1,771	**111,981**
Foreign currency adjustment	(715)	(291)	**(1,006)**	(2,230)	(2)	–	**(3,238)**
Additions – business combinations	24,865	6,102	**30,967**	43,097	–	–	**74,064**
Additions – purchased software	–	–	**–**	–	212	–	**212**
At 31 March 2018	45,926	16,739	**62,665**	116,465	2,118	1,771	**183,019**
Foreign currency adjustment	(1,078)	(328)	**(1,406)**	(2,625)	30	–	**(4,001)**
Additions – business combinations	73,212	21,615	**94,827**	178,651	–	–	**273,478**
Additions – purchased software	–	–	**–**	–	172	–	**172**
Disposals	–	–	**–**	–	(67)	–	**(67)**
At 31 March 2019	**118,060**	**38,026**	**156,086**	**292,523**	**2,253**	**1,771**	**452,633**
Amortisation and impairment							
At 1 April 2017	6,668	4,598	**11,266**	–	755	1,207	**13,228**
Foreign currency adjustment	(218)	(193)	**(411)**	–	(2)	–	**(413)**
Amortisation during the year	4,419	3,466	**7,885**	–	442	505	**8,832**
At 31 March 2018	10,869	7,871	18,740	–	1,195	1,712	21,647
Foreign currency adjustment	22	31	**53**	–	(5)	–	**48**
Amortisation during the year	5,779	4,537	**10,316**	–	468	37	**10,821**
Disposals	–	–	**–**	–	(20)	–	**(20)**
At 31 March 2019	**16,670**	**12,439**	**29,109**	**–**	**1,638**	**1,749**	**32,496**
Net book value							
At 31 March 2019	**101,390**	**25,587**	**126,977**	**292,523**	**615**	**22**	**420,137**
At 31 March 2018	35,057	8,868	43,925	116,465	923	59	**161,372**
At 1 April 2017	15,108	6,330	21,438	75,598	1,153	564	**98,753**

- The customer relationships intangible asset acquired through the acquisition of Capscan Parent Limited has a carrying value of £1,218,000 and a remaining amortisation period of 2.6 years.
- The customer relationships intangible asset acquired through the acquisition of TMG.tv Limited has a carrying value of £383,000 and a remaining amortisation period of 3.6 years.
- The customer relationships intangible asset acquired through the acquisition of CRD (UK) Limited has a carrying value of £374,000 and a remaining amortisation period of 4.25 years.
- The customer relationships intangible asset acquired through the acquisition of DecTech Solutions Pty Ltd has a carrying value of £2,148,000 and a remaining amortisation period of 5.1 years.
- The customer relationships intangible asset acquired through the acquisition of CDMS Limited has a carrying value of £2,017,000 and a remaining amortisation period of 5.6 years.
- The customer relationships intangible asset acquired through the acquisition of Loqate Inc. has a carrying value of £1,331,000 and a remaining amortisation period of 6.1 years.
- The customer relationships intangible asset acquired through the acquisition of ID Scan Biometrics Limited has a carrying value of £2,839,000 and a remaining amortisation period of 7.25 years.
- The customer relationships intangible asset acquired through the acquisition of Postcode Anywhere (Holdings) Limited has a carrying value of £20,099,000 and a remaining amortisation period of 8.1 years.
- The customer relationships intangible asset acquired through the acquisition of VIX Verify Global Pty Limited has a carrying value of £4,013,000 and a remaining amortisation period of 9.5 years.
- The customer relationships intangible asset acquired through the acquisition of IDology, Inc. has a carrying value of £63,639,000 and a remaining amortisation period of 9.9 years.

Intangible assets categorised as 'other acquisition intangibles' include assets such as non-compete clauses and software technology.

Goodwill arose on the acquisition of GB Mailing Systems Limited, e-Ware Interactive Limited, Data Discoveries Holdings Limited, Advanced Checking Services Limited ('ACS'), Capscan Parent Limited, TMG.tv Limited, CRD (UK) Limited, DecTech Solutions Pty Ltd, CDMS Limited, Loqate Inc., ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited, VIX Verify Global Pty Limited and IDology Inc. Under IFRS, goodwill is not amortised and is tested annually for impairment (note 16).

15. Intangible Assets CONTINUED

Company

	Customer relationships £'000	Other acquired intangibles £'000	Total acquired intangibles £'000	Goodwill £'000	Purchased software £'000	Internally developed software £'000	Total £'000
Cost							
At 1 April 2017	–	–	–	–	1,901	1,737	**3,638**
Acquired on acquisition[1, 2]	26,078	8,279	**34,357**	78,154	52	616	**113,179**
Additions – purchased software	–	–	**–**	–	145	–	**145**
At 31 March 2018	26,078	8,279	**34,357**	78,154	2,098	2,353	**116,962**
Acquired on acquisition	–	–	**–**	–	–	–	**–**
Additions – purchased software	–	–	**–**	–	167	–	**167**
Transfer from investments[3]	–	–	**–**	31,961	–	–	**31,961**
Disposals	–	–	**–**	–	(67)	–	**(67)**
At 31 March 2019	**26,078**	**8,279**	**34,357**	**110,115**	**2,198**	**2,353**	**149,023**
Amortisation and impairment							
At 1 April 2017	–	–	**–**	–	752	1,185	**1,937**
Amortisation during the year	207	106	**313**	–	418	1,120	**1,851**
At 31 March 2018	207	105	**313**	–	1,170	2,305	**3,788**
Amortisation during the year	2,776	2,878	**5,654**	–	425	37	**6,116**
Disposals	–	–	**–**	–	(20)	–	**(20)**
At 31 March 2019	**2,984**	**2,984**	**5,968**	**–**	**1,575**	**2,342**	**9,884**
Net book value							
At 31 March 2019	**23,095**	**5,295**	**28,390**	**110,115**	**623**	**11**	**139,139**
At 31 March 2018	25,871	8,173	34,044	78,154	928	48	**113,174**
At 1 April 2017	–	–	–	–	1,149	552	**1,701**

1 On 28 February 2018, the trade, assets and liabilities of Postcode Anywhere (Holdings) Limited and Postcode Anywhere (Europe) Limited were transferred to the Company.

2 On 31 March 2018, the trade assets and liabilities of ID Scan Biometrics Limited were transferred to the Company. This included internally generated software assets, valued within IDscan's financial statements at £616,000, that were immediately written down to £nil within the Company, the assets having previously been valued at £nil within the Group accounts.

3 A transfer between investments and goodwill has been made as the directors consider that this better reflects the nature of the non-current assets following hive-ups that occurred in previous years.

- The customer relationships intangible asset acquired through the acquisition of ID Scan Biometrics Limited has a carrying value of £2,839,000 and a remaining amortisation period of 7.25 years.
- The customer relationships intangible asset acquired through the acquisition of Postcode Anywhere (Holdings) Limited has a carrying value of £20,099,000 and a remaining amortisation period of 8.1 years.

Intangible assets categorised as 'other acquisition intangibles' include assets such as non-compete clauses and software technology.

Goodwill arose on the acquisition of ID Scan Biometrics Limited and Postcode Anywhere (Holdings) Limited. Under IFRS, goodwill is not amortised and is tested annually for impairment (note 16).

16. Impairment Testing of Goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to five CGUs as follows:

- Customer & Location Intelligence Unit (represented by the Customer & Location Intelligence operating segment excluding e-Ware and Loqate)
- Fraud, Risk & Compliance Unit (represented by the Fraud, Risk & Compliance operating segment excluding CAFs)
- e-Ware Interactive Unit (part of the Customer & Location Intelligence operating segment)
- CAFs Unit (part of the Fraud, Risk & Intelligence operating segment)
- Loqate Unit (part of the Customer & Location Intelligence operating segment)

This represents the lowest level within the Group at which goodwill is monitored for internal management purposes. In previous years other entities were identified as separate CGU's but following the transfer of the trade, assets and liabilities to the Company and the consequential integration of revenue streams these are now included within the appropriate group of CGUs.

Where there are no indicators of impairment on the goodwill arising through business combinations made during the year they are tested for impairment no later than at the end of the year.

Carrying Amount of Goodwill Allocated to CGUs

	2019 £'000	2018 £'000
Customer & Location Intelligence Unit	**54,494**	54,494
Fraud, Risk & Compliance Unit	**216,296**	40,626
e-Ware Interactive Unit	**79**	79
CAFs Unit	**14,261**	14,367
Loqate Unit	**7,393**	6,899
	292,523	116,465

Key Assumptions Used in Value in Use Calculations

The Group prepares cash flow forecasts using budgets and forecasts approved by the Directors covering a three year period and an appropriate extrapolation of cash flows beyond this using a long-term average growth rate not greater than the average long-term retail growth rate in the territory where the CGU is based.

The key assumptions for value in use calculations are those regarding the forecast cash flows, discount rates and growth rates. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the individual CGU. Growth rates reflect long-term growth rate prospects for the economy in which the CGU operates.

	2019		2018	
	Pre-tax WACC %	Growth rate (in perpetuity) %	Pre-tax WACC %	Growth rate (in perpetuity) %
Customer & Location Intelligence Unit	**10.4%**	**1.8%**	9.0%	1.8%
Fraud, Risk & Compliance Unit	**10.4%**	**1.8%**	9.0%	1.8%
e-Ware Interactive Unit	**10.4%**	**–**	9.0%	–
CAFs Unit	**15.1%**	**2.8%**	16.2%	2.8%
Loqate Unit	**11.3%**	**1.8%**	12.5%	2.0%

In the case of the Customer & Location Intelligence CGU, the annual impairment review as at 31 March 2019 indicated that the recoverable amount exceeded the carrying value of the CGU by £97,321,000 (2018: £71,037,000) and that any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 10% in the pre-tax weighted average cost of capital from 10% to 20%; or
- a reduction of 50% in the forecast profit margins.

In the case of the Fraud, Risk & Compliance CGU, the annual impairment review as at 31 March 2019 indicated that the recoverable amount exceeded the carrying value of the CGU by £259,452,000 (2018: £163,331,000) and that any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 44% in the pre-tax weighted average cost of capital from 10% to 54%; or
- a reduction of 80% in the forecast profit margins.

In the case of the e-Ware Interactive CGU, the annual impairment review as at 31 March 2019 indicated that the recoverable amount exceeded the carrying value by £165,000 (2018: £137,000). In assessing the future recoverable amounts, forecast cash flows are assumed for a three year period only on the basis that the recoverable amount is associated with only single remaining customer attributable to that acquisition. Any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. Since the value in use of the e-Ware Interactive CGU is based on a single client, its loss or a significant reduction in its cash flow would cause the carrying value of the unit to exceed its recoverable amount.

16. Impairment Testing of Goodwill CONTINUED

In the case of the CAFs CGU, the annual impairment review as at 31 March 2019 indicated that the recoverable amount exceeded the carrying value of by £15,637,000 (2018: £16,743,000) and that any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

– an absolute increase of 15% in the pre-tax weighted average cost of capital from 15% to 30%; or

– a reduction of 40% in the forecast profit margins.

In the case of the Loqate CGU, the annual impairment review as at 31 March 2019 indicated that the recoverable amount exceeded the carrying value of by £26,775,000 (2018: £28,217,000) and that any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

– an absolute increase of 25% in the pre-tax weighted average cost of capital from 13% to 38%; or

– a reduction of 75% in the forecast profit margins.

Based on the impairment reviews performed no impairment has been identified.

17. Investments

Group	**2019 £'000**	**2018 £'000**
Cost and net book value		
At 1 April	**–**	–
Acquired through acquisition of subsidiary undertakings	**419**	–
Foreign currency adjustment	**(8)**	–
At 31 March	**411**	

Company	**2019 £'000**	**2018 £'000**
Cost		
At 1 April	**76,310**	104,096
Acquisition of subsidiary undertakings	**235,744**	73,877
Capital investment in subsidiary undertaking	**20,639**	–
Transfer to goodwill and intangibles[1]	**(31,961)**	(101,663)
At 31 March	**300,732**	76,310
Provision for impairment		
At 1 April	**–**	–
Charge for the year[2]	**2,464**	–
At 31 March	**2,464**	–
Net book value		
At 31 March	**298,268**	76,310

1 A transfer between investments and goodwill has been made as the directors consider that this better reflects the nature of the non-current assets following hive-ups that occurred in previous years.

2 The impairment charge for the year of £2,464,000 was following a dividend from Loqate Inc. out of its pre-acquisition reserves, which was recognised in the Company income statement.

The Company accounts for its investments in subsidiaries using the cost model. The Company holds 100% of the ordinary share capital of all investments as follows:

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Capscan Parent Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Capscan Limited[1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Data Discoveries Holdings Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Data Discoveries Limited[1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Managed Analytics Limited[1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Fastrac Limited[1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
e-Ware Interactive Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Information Management Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Datacare Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Mailing Systems Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Citizensafe Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
TelMe.com Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Farebase Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
TMG.tv Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB

17. Investments CONTINUED

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
CRD (UK) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Holdings) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Europe) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (North America) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
PCA Predict Inc.	100%	United States	National Registered Agents Inc., 106 Greentree Drive, Suite 101, Dover DE 19904
GBG (Australia) Holding Pty Ltd	100%	Australia	Co Sec Consulting Pty Ltd, 59 Gipps Street, Collingwood, VIC 3066
GBG (Australia) Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 59 Gipps Street, Collingwood, VIC 3066
VIX Verify Global Pty Ltd[1]	100%	Australia	Level 3, 20 Bond Street, Sydney NSW 2000
GBG (Malaysia) Sdn Bhd[1]	100%	Malaysia	Level 7 Menara Millenium, Jalan Damanlela Pusat Bandar, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan
GBG DecTech Solutions S.L[1]	100%	Spain	08002-Barcelona, Edifici The Triangle, 4th Floor, Placa de Catalunya, Barcelona, Spain
迪安科1	100%	China	Room 1714, Building 4, China Investment Center, No.9 Guangan Road, Fengtai District, Beijing, China
Loqate Inc.	100%	United States	805 Veterans Blvd Ste 305, Redwood City CA 94063
Loqate Limited[1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDology Inc.	100%	United States	2018 Powers Ferry Rd, Atlanta, GA 30339, USA
ID Scan Biometrics Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDscan Research Bilisim Teknolojileri Sanayi Ve Ticaret Limited Sirketi	100%	Turkey	Mersin Universitesi Çiftlikköy Kampüsü, Teknopark İdari Bina No: 106 Yenişehir – Mersin
IDScan Research (Pty) Ltd	100%	South Africa	145, 5th Avenue, Franklin Roosevelt Park, Johannesburg, Gauteng, 2195 South Africa
UAB IDscan Biometrics R&D	100%	Lithuania	Kauno m. Kauno m. I. Kanto g. 18-4B Lithuania
Safer Clubbing At Night Network (Scan Net) Ltd	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Transactis Limited[1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Inkfish Limited[1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
VIX Verify Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066, Australia
GreenID Limited[1]	100%	New Zealand	Moore Stephens Markhams Wellington Limited, Level 11 Sovereign House, 34-42 Manners Street, Wellington 6011, New Zealand
Mastersoft Group Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066, Australia
Mastersoft (New Zealand) Ltd[1]	100%	New Zealand	Moore Stephens Markhams Wellington Limited, Level 11 Sovereign House, 34-42 Manners Street, Wellington 6011, New Zealand
DataSan Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066, Australia
VIX Verify International Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066, Australia
VIX Verify Singapore Pte Ltd[1]	100%	Singapore	C/O S.S. Corporate Management Pte. Ltd, 138 Cecil Street, #12-01A Cecil Court, 069538 Singapore
VIX Verify SA (Pty) Ltd[1]	100%	South Africa	C/O Eversheds Sutherland, 3rd Floor, 54, Melrose Boulevard, Melrose Arch, Melrose North, 2196, Johannesburg, South Africa

The Company accounts for its non listed equity investments as financial assets designated at fair value through OCI. The Company holds the following non listed equity investment:

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Payfone Inc.[1]	0.32%	United States	215 Park Avenue South New York, NY 10003 United States

1 held indirectly.

18. Trade and Other Receivables

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade receivables	**45,996**	33,503	**31,586**	27,965
Amounts owed from subsidiary undertakings	**–**	–	**–**	7
Prepayments and accrued income	**8,878**	4,466	**4,313**	3,379
	54,874	37,969	**35,899**	31,351

19. Cash

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash at bank and in hand	**21,189**	22,753	**7,791**	14,778
	21,189	22,753	**7,791**	14,778

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

20. Equity Share Capital

	2019 £'000	2018 £'000
Issued		
Allotted, called up and fully paid	**4,821**	3,817
Share premium	**261,149**	104,814
	265,970	108,631

	2019 No.	2018 No.
Number of shares in issue at 1 April	**152,668,698**	134,702,937
Issued on placing	**39,024,390**	17,058,824
Issued on exercise of share options	**1,157,029**	906,937
Number of shares in issue at 31 March	**192,850,117**	152,668,698

During the year 39,024,390 (2018: 17,965,761) ordinary shares with a nominal value of 2.5p were issued for an aggregate cash consideration of £160,613,000 (2018: £58,408,000). The cost associated with the issue of shares in the year was £3,274,000 (2018: £1,740,000).

21. Loans

In April 2014, the Group secured an Australian Dollar three-year term loan of AUS$10,000,000. The debt bears an interest rate of +1.90% above the Australian Dollar bank bill interest swap rate ('BBSW'). This term loan was extended during the year from its original maturity of April 2017 to November 2019. Security on the debt is provided by way of an all asset debenture.

In October 2018, the Group drew down £10,000,000 from its existing revolving credit facility agreement in order to part fund the acquisition of VIX Verify. This drawdown took the borrowing on that facility to £17,000,000 at that date.

In February 2019, the Group refinanced its existing revolving facility and the total facility was increased to £110,000,000, with a further £30,000,000 accordion option. The facility now expires in February 2022. The existing liability of £17,000,000 was repaid at the point of the refinancing with a simultaneous drawdown of £101,000,000 (net increase of £84,000,000), which was used to part fund the IDology acquisition. A further repayment of £15,000,000 was made in March 2019.

The debt bears an initial interest rate of LIBOR + 1.50%. This interest rate is subject to an increase of 0.25% should the business exceed certain leverage conditions.

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Opening bank loan	**9,248**	12,385	**7,000**	9,000
New borrowings (net of arrangement fee)	**110,447**	10,000	**110,447**	10,000
Repayment of borrowings	**(32,804)**	(12,839)	**(32,000)**	(12,000)
Foreign currency translation adjustment	**(3)**	(298)	**–**	–
Closing bank loan	**86,888**	9,248	**85,447**	7,000
Analysed as:				
Amounts falling due within 12 months	**1,441**	797	**–**	–
Amounts falling due after one year	**85,447**	8,451	**85,447**	7,000
	86,888	9,248	**85,447**	7,000

Included within the closing bank loan balance above is £553,000 of unamortised loan arrangement fees (2018: £nil).

22. Trade and Other Payables

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade payables	**8,687**	4,307	**3,842**	3,363
Amounts owed to subsidiary undertakings	**–**	–	**23,952**	23,361
Other taxes and social security costs	**3,375**	4,236	**2,888**	4,202
Accruals	**21,446**	19,007	**15,782**	14,829
Deferred income	**36,637**	28,347	**28,056**	23,786
	70,145	55,897	**74,520**	69,541
Analysed as:				
Amounts falling due within 12 months	**68,961**	55,897	**73,657**	69,541
Amounts falling due after one year	**1,184**	–	**863**	–
	70,145	55,897	**74,520**	69,541

Some figures in the note above have been updated from those issued with the Annual Results Announcement on 5 June 2019. This change has had no impact on the primary financial statements or the results for the year.

23. Provisions

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Opening balance	**25**	35	**25**	35
Utilised	**(25)**	(10)	**(25)**	(10)
Closing balance	**–**	25	**–**	25

Provisions relate to the costs of dilapidation obligations on certain leasehold properties within the Group.

24. Long Service Award

The Group provides long service awards, providing employees with a benefit after they attain a set period of service with the Group, for example 10 or 20 years. For these benefits, IAS 19 requires a liability to be held on the Group's balance sheet. These benefits were introduced in the year to 31 March 2019, and the service requirements have been applied retrospectively, therefore a liability has been recognised for a past service cost in income statement for the year to 31 March 2019.

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
At 1 April	**–**	–	**–**	–
Service cost	**102**	–	**76**	–
Net interest charge	**9**	–	**7**	–
Past service cost	**349**	–	**261**	–
Actuarial loss during the year	**68**	–	**51**	–
At 31 March	**528**	–	**395**	–

The following table lists the inputs to the valuation of the long service award for the years ended 31 March 2019 and 31 March 2018.

	2019	2018
Discount rate (%)	**2.4**	–
Salary increases (%)	**3.5**	–
Employee turnover (% probability of leaving depending on age)	**2% – 20%**	–

25. Financial Instruments and Risk Management

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk, liquidity risk and capital management. The Group's overall risk management programme considers the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance. The Group does not currently use derivative financial instruments to hedge foreign exchange exposures.

Credit Risk

Credit risk is managed on a Group basis except for credit risk relating to accounts receivable balances which each entity is responsible for managing. Credit risk arises from cash and cash equivalents, as well as credit exposures from outstanding customer receivables. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For those sales considered higher risk, the Group operates a policy of cash in advance of delivery. The Group regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk from cash and cash equivalents is managed via banking with well established banks with a strong credit rating.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of financial assets as disclosed below:

Year ended 31 March 2019

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade receivables	48,241	34,847	33,319	29,130
Allowance for unrecoverable amounts	(2,245)	(1,344)	(1,733)	(1,165)
	45,996	33,503	31,586	27,965

Expected credit loss allowance for trade receivables

The group applies the IFRS 9 simplified approach to measuring expected credit loses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been groups based on shared credit risk characteristics and days past due. The provision rates are based on days past due, historical information relating to counterparty default rates and external credit ratings where available. The following table provides an analysis of the Group's credit risk exposure on trade receivables using a provision matrix to measure expected credit losses.

31 March 2019

	Trade receivables					
		Days past due				
	Current £'000	< 30 days £'000	30 - 60 days £'000	61 - 90 days £'000	> 90 days £'000	Total £'000
Expected credit loss rate	2.3%	1.2%	6.6%	0.8%	27%	4.7%
Gross carrying amount	28,724	9,336	4,171	1,597	4,413	48,241
Expected credit loss	658	115	277	13	1,182	2,245

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Group 2019 £'000	Company 2018 £'000
Balance at 1 April	1,344	1,165
Acquired on acquisition	196	–
Additional provisions	852	704
Write-offs	(151)	(136)
Foreign exchange	4	–
Balance at 31 March	**2,245**	**1,733**

Comparative information

In the prior year, the impairment of trade receivables was based on the incurred loss model. The information disclosed in the following tables relates the Group's credit risk exposure as disclosed under IFRS 7, per recognition and measurement under IAS 39 prior to the transition of IFRS by the Group on 1 April 2018.

31 March 2018

	Trade receivables				
		Days past due			
	Neither past due nor impaired £'000	< 30 days £'000	30 - 60 days £'000	> 60 days £'000	Total £'000
Trade receivables	22,325	7,816	1,235	2,127	33,503

The credit quality of trade receivables that are neither past due nor impaired are assessed using a combination of historical information relating to counterparty's payment history, default rates and external credit ratings where available.

25. Financial Instruments and Risk Management CONTINUED

Impairment allowance for trade receivables

	Group 2018 £'000	Company 2018 £'000
Balance at 1 April	681	367
Acquired on acquisition	–	604
Additional provisions	951	380
Write-offs	(244)	(186)
Foreign exchange	(44)	–
Balance at 31 March	1,344	1,165

Foreign Currency Risk

The Group's foreign currency exposure arises from:

- Transactions (sales/purchases) denominated in foreign currencies;
- Monetary items (mainly cash receivables and borrowings) denominated in foreign currencies; and
- Investments in foreign operations, whose net assets are exposed to foreign currency translation.

The Group has currency exposure on its investment in a foreign operation in Australia and partially offsets its exposure to fluctuations on the translation into Sterling by holding net borrowings in Australian Dollars. In terms of sensitivities, the effect on equity of a 10% increase in the Australian Dollar and Sterling exchange rate would be an increase of £3,555,000 (2018: £318,000 increase). The effect on equity of a 10% decrease in the Australian Dollar and Sterling exchange rate net of the effect of the net commercial investment hedge in the foreign operation would be a decrease of £2,908,000 (2018: £260,000 decrease).

The Group has currency exposure on its investment in a foreign operations in the United States of America. In terms of sensitivities, the effect on equity of a 10% increase in the US Dollar and Sterling exchange rate would be an increase of £1,109,000 (2018: £247,000 increase). The effect on equity of a 10% decrease in the US Dollar and Sterling exchange rate would be a decrease of £907,000 (2018: £202,000 decrease).

The exposure to transactional foreign exchange risk within each company is monitored and managed at both an entity and a Group level. The following table demonstrates the sensitivity of the Group's foreign currency exposure on the net monetary position at 31 March 2019:

Foreign Currency Exposure	USD Rate	EUR Rate	AUD Rate
Change in rate	+10%	+10%	+10%
Effect on profit before tax (£000s)	£(27)	£(91)	£(39)
Change in rate	-10%	-10%	-10%
Effect on profit before tax (£000s)	£33	£111	£47

The Group's exposure to foreign currency changes for all other currencies is not material.

Cash Flow Interest Rate Risk

The Group has financial assets and liabilities, which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits and loans by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. In terms of sensitivities, the effect on profit before taxation of an increase/decrease in the basis points on floating rate borrowings of 25 basis points would be £110,000 (2018: £82,000).

Liquidity Risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs and surplus funds are placed on deposit and available at very short notice. The maturity date of the Group's loans are disclosed in note 21.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and includes contractual interest payments:

Year ended 31 March 2019	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Loans (note 21)	–	1,441	85,447	86,888
Contingent consideration (note 32)	–	79	–	79
Trade and other payables	8,687	24,503	–	33,190
	8,687	26,023	85,447	120,157

25. Financial Instruments and Risk Management CONTINUED

Year ended 31 March 2018	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Loans (note 21)	–	1,148	8,661	9,809
Contingent consideration (note 32)	–	45	–	45
Trade and other payables	4,307	23,243	–	27,550
	4,307	24,436	8,661	37,404

Capital Management

The Group manages its capital structure in order to safeguard the going concern of the Group and maximise shareholder value. The capital structure of the Group consists of debt, which includes loans disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group may maintain or adjust its capital structure by adjusting the amount of dividend paid to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debt.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 2018.

Financial instruments: Classification and Measurement

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group at 31 March:

	2019			2018		
	Loans and receivables £'000	Fair value through OCI £'000	Fair value profit or loss £'000	Loans and receivables £'000	Fair value through OCI £'000	Fair value profit or loss £'000
Financial assets:						
Non-listed equity investment	–	411	–	–	–	–
Trade and other receivables	45,996	–	–	33,503	–	–
Total current	45,996	411	–	33,503	–	–
Total	45,996	411	–	33,503	–	–
Financial liabilities:						
Loans	85,447	–	–	8,451	–	–
Total non-current	85,447	–	–	8,451	–	–
Trade and other payables	33,508	–	–	27,550	–	–
Loans	1,441	–	–	797	–	–
Contingent consideration (note 32)	–	–	79	–	–	45
Total current	34,949	–	–	28,347	–	45
Total	120,396	–	79	36,798	–	45

Financial Assets

Trade and other receivables exclude the value of any prepayments or accrued income. Trade and other payables exclude the value of deferred income. All financial assets and liabilities have a carrying value that approximates to fair value. The Group does not have any derivative financial instruments.

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Trade receivables are non-interest bearing and are generally on 14 to 60-day terms.

Financial Liabilities

The Group has an Australian Dollar three-year-term loan of AUS$10,000,000 maturing in November 2019. The debt bears an interest rate of +1.90% above the Australian Dollar bank bill interest swap rate ('BBSW').

The Group has a three-year revolving credit facility agreement expiring in February 2022 which is subject to a limit of £110,000,000. The facility bears an initial interest rate of LIBOR +1.50%.

The facilities are secured by way of an all asset debenture.

The Group is subject to a number of covenants in relation to its borrowings which, if breached, would result in loan balances becoming immediately repayable. These covenants specify certain maximum limits in terms of the following:

- Leverage
- Interest cover

At 31 March 2019 and 31 March 2018, the Group was not in breach of any bank covenants.

25. Financial Instruments and Risk Management CONTINUED

Financial liabilities: interest bearing loans and borrowings

	Interest rate %	Maturity	2019 £'000	2018 £'000
Financial liabilities				
Current interest bearing loans and borrowings				
AUD$10,000,000 secured bank loan	**BBSW+1.9**	**Nov 2019**	**1,441**	797
Total current interest-bearing loans and borrowings			**1,441**	797
Non-current interest bearing loans and borrowings				
AUD$10,000,000 secured bank loan	**BBSW+1.9**	**Nov 2019**	**–**	1,451
£50,000,000 revolving credit facility	**LIBOR + 1.5**	**Feb 2019**	**–**	7,000
£110,000,000 revolving credit facility	**LIBOR + 1.5**	**Feb 2022**	**85,447**	–
Total non-current interest bearing loans and borrowings			**85,447**	8,451
Total interest bearing loans and borrowing			**86,888**	9,248

Fair values of financial assets and liabilities

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. 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); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are recognised at the fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At 31 March 2019	Valuation Technique	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity instrument designated at fair value through OCI					
Non-listed equity investment	**Present value of expected future cash flow**	**–**	**–**	**411**	**411**
Financial liability at fair value through profit and loss					
Contingent consideration (note 32)	**Present value of expected future cash flow**	**–**	**–**	**79**	**79**

At 31 March 2018	Valuation Technique	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial liability at fair value through profit and loss					
Contingent consideration (note 32)	Present value of expected future cash flow	–	–	45	45

Reconciliation of fair value measurement of non-listed equity investment classified as equity instrument designated at fair value through OCI:	£000
1 April 2018	–
Acquired	419
Foreign exchange adjustment	(8)
Remeasurement recognised in OCI	–
31 March 2019	**411**

26. Obligations Under Leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the expected term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Not later than one year	**2,129**	1,339	**902**	720
After one year but not more than five years	**3,178**	1,342	**1,548**	373
After five years	**–**	–	**–**	–
	5,307	2,681	**2,450**	1,093

The Group leases various administrative offices and equipment under lease agreements which have varying terms and renewal rights.

27. Share-based Payments

Group and Company

The Group operates Executive Share Option Schemes under which Executive Directors, managers and staff of the Company are granted options over shares.

Executive Share Option Scheme

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The options vest on the third anniversary of the grant subject to the Company's earnings per share ('EPS') growth being greater than the growth of the Retail Prices Index ('RPI') over a three-year period prior to the vesting date. There are no cash settlement alternatives.

Executive Share Option Scheme (Section C Scheme)

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The percentage of an option that will vest and be capable of exercise will depend on the performance of the Company. A minimum of 50% of the options will vest when the Total Shareholder Return ('TSR') performance of the Company, as compared to the TSR of the FTSE Computer Services Sub-Sector over a three-year period, matches or exceeds the median company. The percentage of shares subject to an option in respect of which that option becomes capable of exercise will then increase on a sliding scale so that the option will become exercisable in full if top quartile performance is achieved.

Executive Share Option Scheme (Section D Scheme)

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The vesting of awards under the Section D Scheme is subject to the achievement of a normalised EPS growth at an annual compound rate of 20% over the performance period. The base year for the purposes of the EPS target will be the financial year of the Company ended immediately prior to the grant of the award. The performance period will be the three financial years following the base year. Section D Scheme options will only become exercisable to the extent they have vested in accordance with the EPS target.

Share Matching Plan

In the year ended 31 March 2012, the Remuneration Committee introduced the Share Matching Plan. Participants who invest a proportion of their annual cash bonus in GBG shares can receive up to a multiple of their original investment in GBG shares, calculated on a pre-tax basis. Any matching is conditional upon achieving pre-determined Adjusted EPS growth targets set by the Remuneration Committee for the following three years. Share Matching Plan options will only become exercisable to the extent they have vested in accordance with the Adjusted EPS target.

Compensatory Options

In the year ended 31 March 2018, the Remuneration Committee granted Compensatory Options to the Chief Executive of the Company, as compensation for lost earnings and shares from his previous employer. The Compensatory Options vest in equal tranches over a period of 12 and 24 months, on each anniversary of the date of grant, provided he still holds the position of CEO of GBG on the respective dates. The Compensatory Options are valid for a period of 12 months from the vesting date.

GBG Sharesave Scheme

The Group has a savings-related share option plan, under which employees save on a monthly basis, over a three or five year period, towards the purchase of shares at a fixed price determined when the option is granted. This price is usually set at a 20% discount to the market price at the time of grant. The option must be exercised within six months of maturity of the savings contract, otherwise it lapses.

Performance Share Plan (PSP)

The Group operates a PSP for all employees, but it is intended that awards are made to senior management staff below the executive director level. The plan was approved at the 2018 AGM. Awards are subject to a three-year EPS performance condition. Employees can be granted awards of nil cost options with an aggregate value on date of grant of up to 100% of base salary. The awards are subject to malus and clawback.

The charge recognised from equity-settled share-based payments in respect of employee services received during the year is £2,287,000 (2018: £2,375,000).

27. Share-based Payments CONTINUED

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year.

	2019 No.	2019 WAEP	2018 No.	2018 WAEP
Outstanding as at 1 April	**4,997,800**	**148.39p**	3,341,470	54.93p
Granted during the year	**1,069,965**	**227.43p**	2,616,007	233.04p
Forfeited during the year	**(270,320)**	**201.84p**	(37,435)	200.35p
Cancelled during the year	**(11,461)**	**272.00p**	(15,275)	217.01p
Exercised during the year	**(1,157,029)**	**52.94p**[1]	(906,967)	44.94p[2]
Expired during the year	**(2,555)**	**163.00p**	–	–
Outstanding at 31 March	**4,626,400**	**147.84p**	4,997,800	148.39p
Exercisable at 31 March	**2,601,043**	**76.15p**	2,675,668	23.69p

1 The weighted average share price at the date of exercise for the options exercised is 518.97p

2 The weighted average share price at the date of exercise for the options exercised is 373.74p

For the shares outstanding as at 31 March 2019, the weighted average remaining contractual life is 4.7 years (2018: 4.0 years).

The weighted average fair value of options granted during the year was 440.40p (2018: 160.73p). The range of exercise prices for options outstanding at the end of the year was 2.8p – 481p (2018: 2.50p – 426p).

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model for the years ended 31 March 2019 and 31 March 2018.

	2019	2018
Dividend yield (%)	**0.5 – 0.6**	0.7 – 0.8
Expected share price volatility (%)	**35**	30
Risk-free interest rate (%)	**0.7 – 1.1**	0.2 – 0.8
Lapse rate (%)	**5.0**	5.0 – 10.0
Expected exercise behaviour	**See below**	See below
Market-based condition adjustment (%)	**48.00**	48.00
Expected life of option (years)	**2.3 – 6.5**	2.3 – 4.8
Exercise price (p)	**2.50 – 462.0**	2.50 – 426.0
Weighted average share price (p)	**518.97**	373.74

Other than the Matching Scheme, LTIP and SAYE options, it is assumed that 50% of options will be exercised by participants as soon as they are 20% or more "in-the-money" (i.e. 120% of the exercise price) and the remaining 50% of options will be exercised gradually at the rate of 10% per annum each year they remain at or above the 20% "in-the-money".

For the Matching Scheme, LTIP and SAYE options, it is assumes these are exercised at the earliest opportunity in full (i.e. Vesting Date) since the exercise price is a nominal amount and is therefore not expected to influence the timing of a participant's decision to exercise the options.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The market-based condition adjustment takes into account the likelihood of achieving market conditions, and allows for the fact that, if a Section C option vests, it does not always vest at 100%.

28. Profit Attributable to Members of the Parent Company

The parent company's profit for the financial year ended 31 March 2019 was £7,275,000 (2018: £5,153,000). As permitted by Section 408 of CA 2006, the profit and loss account of the parent company is not presented.

29. Description of Reserves

Equity Share Capital

The balance classified as share capital includes the nominal value on issue of the Company's equity share capital, comprising 2.5p ordinary shares.

Share Premium

The balance classified as share premium includes the excess proceeds over the nominal amount received on the issue of the Company's equity share capital. Costs associated with the issue of new share capital have been offset against this balance.

Merger Reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in the acquisition of GB Mailing Systems by the issue of shares.

Capital Redemption Reserve

The balance classified as capital redemption reserve includes the nominal value of own shares purchased back by the Company and subsequently cancelled.

Other Reserve

The balance represents the profit from the date of acquisition to the date of hive-up into the Company of ID Scan Biometrics Limited and Postcode Anywhere (Holdings) Limited, offset by amortisation of the identified intangibles and unwinding of the associated deferred tax liabilities.

30. Related Party Transactions

During the year, the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and trading balances outstanding at 31 March are as follows:

Group	Sales to related parties £'000	Purchases from related parties £'000	Net amounts owed to/(by) related parties £'000
Directors (see below):			
2019	**–**	**–**	**–**
2018	–	–	–
Other related parties (see below):			
2019	**–**	**–**	**–**
2018	6	–	–

Company	Sales to related parties £'000	Purchases from related parties £'000	Net amounts owed to/(by) related parties £'000
Subsidiaries:			
2019	**2,360**	**3,130**	**21,983**
2018	3,535	2,049	23,354
Directors (see below):			
2019	**–**	**–**	**–**
2018	–	–	–
Other related parties (see below):			
2019	**–**	**–**	**–**
2018	6	–	–

During the year ending 31 March 2018, the Chairman of the Company incurred some expenses via his consultancy business Rasche Consulting Limited.

Terms and Conditions of Transactions with Related Parties

Sales and balances between related parties are made at normal market prices. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 30 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. During the year ended 31 March 2019, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2018: £nil).

	Group	
Compensation of Key Management Personnel (including Directors)	**2019 £'000**	**2018 £'000**
Short-term employee benefits	**3,290**	2,944
Post-employment benefits	**72**	66
Fair value of share options awarded	**1,826**	2,983
	5,188	5,993

31. Business Combinations

Acquisitions in the Year Ended 31 March 2019

Group

Acquisition of VIX Verify Pty Limited

On 23 October 2018, the Group acquired 100% of the voting shares of VIX Verify Pty Limited ('VIX Verify'), an Australian provider of identity verification and location intelligence software, for a total consideration of £20,639,000. The acquisition of VIX Verify brings additional scale to the Group's identity verification and location intelligence solutions in Australia and New Zealand, two markets where the Group currently provides fraud detection solutions to customers. The Consolidated Statement of Comprehensive Income includes the results of VIX Verify for the six month period from the acquisition date.

The provisional fair value of the identifiable assets and liabilities of VIX Verify as at the date of acquisition was:

	Provisional fair value recognised on acquisition £'000
Assets	
Technology intellectual property	1,148
Customer relationships	7,236
Non-compete agreements	31
Plant and equipment	79
Trade and other receivables	2,565
Cash	208
Trade and other payables	(3,956)
Deferred tax liabilities	(2,180)
Total identifiable net assets at fair value	**5,131**
Goodwill arising on acquisition	15,508
Total purchase consideration transferred	**20,639**
Purchase consideration:	
Cash	20,639
Total purchase consideration	**20,639**

Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(449)
Net cash acquired with the subsidiary	208
Cash paid	(20,639)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(20,431)
Net cash outflow	**(20,880)**

The fair value of the acquired trade receivables amounts to £965,000. The gross amount of trade receivables is £1,004,000 with a provision of £39,000.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from VIX Verify due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

The transaction costs of £449,000 associated with this acquisition have been expensed and are included in exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement.

From the date of acquisition, VIX Verify has contributed £7,672,000 of revenue and operating profits of £1,333,000 to the Group. If the combination had taken place at the beginning of the period, the Group revenue and operating profits would have been £153,555,000 and £17,171,000, respectively.

31. Business Combinations CONTINUED

Acquisition of IDology Inc.

On 13 February 2019, the Group acquired 100% of the voting shares of IDology Inc. ('IDology'), a US-based provider of identity verification and fraud prevention services, for a total consideration of £235,743,000. The acquisition of IDology provides a strong foothold for Identity Verification and Fraud Prevention in North America, a key growth region for the Group. The Consolidated Statement of Comprehensive Income includes the results of IDology for the two month period from the acquisition date.

The provisional fair value of the identifiable assets and liabilities of IDology as at the date of acquisition was:

	Provisional fair value recognised on acquisition £'000
Assets	
Technology intellectual property	16,076
Customer relationships	65,976
Non-compete agreements	4,360
Investments	419
Plant and equipment	152
Deferred tax asset	3,955
Trade and other receivables	4,436
Cash	1,033
Trade and other payables	(1,993)
Corporation tax liability	(81)
Deferred tax liabilities	(21,733)
Total identifiable net assets at fair value	**72,600**
Goodwill arising on acquisition	163,143
Total purchase consideration transferred	**235,743**

Purchase consideration:	
Cash	235,664
Deferred consideration (note 32)	79
Total purchase consideration	**235,743**

Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(2,391)
Net cash acquired with the subsidiary	1,033
Cash paid	(235,664)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(234,631)
Net cash outflow	**(237,022)**

The fair value of the acquired trade receivables amounts to £2,772,000. The gross amount of trade receivables is £2,928,000 with a provision of £156,000.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from IDology due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

The transaction costs of £2,391,000 associated with this acquisition have been expensed and are included in exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement.

From the date of acquisition, IDology has contributed £4,284,000 of revenue and operating profits of £1,890,000 to the Group. If the combination had taken place at the beginning of the period, the Group revenue and operating profits would have been £173,212,000 and £28,529,000, respectively.

31. Business Combinations CONTINUED

Acquisitions in the Year Ended 31 March 2018

Group

Acquisition of Postcode Anywhere (Holdings) Limited

On 11 May 2017, the Company acquired 100% of the voting shares of Postcode Anywhere (Holdings) Limited ('PCA'), a provider of UK and International address validation and data quality services, for a total consideration of £73,852,423. The combination of the two businesses represents a highly complementary capability alongside GBG's existing ID registration solutions. The Consolidated Statement of Comprehensive Income includes the results of PCA for the eleven month period from the acquisition date.

The fair value of the identifiable assets and liabilities of PCA as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	5,733
Customer relationships	24,865
Non-compete agreements	369
Land and buildings	1,251
Plant and equipment	341
Deferred tax assets	440
Trade and other receivables	1,763
Cash	10,949
Trade and other payables	(9,280)
Deferred tax liabilities	(5,676)
Total identifiable net assets at fair value	**30,755**
Goodwill arising on acquisition	43,097
Total purchase consideration transferred	**73,852**
Purchase consideration:	
Cash	73,852
Total purchase consideration	**73,852**

Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(735)
Net cash acquired with the subsidiary	10,949
Cash paid	(73,852)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(62,903)
Net cash outflow	**(63,638)**

The fair value of the acquired trade receivables amounts to £1,763,000. The gross amount of trade receivables is £1,763,000. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from PCA due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

The transaction costs of £735,000 associated with this acquisition have been expensed and are included in exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement.

From the date of acquisition, PCA has contributed £15,193,000 of revenue and operating profits of £5,325,000 to the Group. If the combination had taken place at the beginning of the period, the Group revenue and operating profits would have been £121,141,000 and £14,754,000, respectively.

Contingent Consideration – IDscan

As part of the share sale and purchase agreement, a contingent consideration amount of up to £8,000,000 was agreed. This payment was subject to certain future revenue and EBITDA targets between 12 and 18 months from completion date. The obligation has been classed as a liability in accordance with the provisions of IAS 32. During the year, settlement of £7,460,000 was made resulting in a reduction in the contingent consideration liability on the balance sheet. At 31 March 2018, the value of the contingent consideration after partial unwinding of the discounting of £878,000 and a fair value adjustment to the contingent consideration of £495,000, was £45,000.

31. Business Combinations CONTINUED

Company

Acquisition of Postcode Anywhere (Holdings) Limited

On 28 February 2018, the Company acquired the trade, assets and liabilities of Postcode Anywhere (Holdings) Limited, and its subsidiary company Postcode Anywhere (Europe) Limited, for consideration set at book value for recognised assets and liabilities. Details of the assets and liabilities that were transferred to the Company were as follows:

	Fair value £'000
Assets	
Property, plant and equipment	1,740
Trade and other receivables	18,676
Cash	1,404
Trade and other payables	(12,002)
Deferred tax liability	(74)
Corporation tax liabilities	(194)
Total purchase consideration transferred	**9,550**

The Directors believe that the fair values of the recognised assets and liabilities were equal to the book values. Consideration for the transfer was equal to the book value of total net assets and was settled through intercompany accounts. In addition to the recognised assets and liabilities in Postcode Anywhere (Holdings) and its subsidiary, on which the consideration for the acquisition was based, the Company has recognised goodwill of £43,097,000 and intangible assets of £27,837,000 reflecting the carrying values recognised in GB Group plc consolidated accounts. This results in a credit to the cost of investment of £64,302,000, intercompany payable of £9,550,000 and other reserves of £1,501,000.

The fair value of the acquired trade receivables amounts to £1,669,000. The gross amount of trade receivables is £1,669,000. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

Acquisition of ID Scan Biometrics Limited

On 31 March 2018, the Company acquired the trade, assets and liabilities of ID Scan Biometrics Limited for consideration set at book value for recognised assets and liabilities. Details of the assets and liabilities that were transferred to the Company were as follows:

	Fair value £'000
Assets	
Plant and equipment	271
Internally developed intangible assets	616
Purchased intangible assets	52
Investments	25
Inventory	399
Deferred tax assets	6
Trade and other receivables	8,352
Cash	1,096
Trade and other payables	(4,394)
Deferred tax liabilities	(117)
Total purchase consideration transferred	**6,306**

The Directors believe that the fair values of the recognised assets and liabilities were equal to the book values. Consideration for the transfer was equal to the book value of total net assets and was settled through intercompany accounts. In addition to the recognised assets and liabilities in ID Scan Biometrics Limited, on which the consideration for the acquisition was based, the Company has recognised goodwill of £35,057,000 and intangible assets of £6,520,000 reflecting the carrying values recognised in GB Group plc consolidated accounts. This results in a credit to the cost of investment of £37,361,000, intercompany payable of £6,306,000 and other reserves of £3,042,000.

The fair value of the acquired trade receivables amounts to £3,534,000. The gross amount of trade receivables is £4,138,000. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

32. Contingent Consideration

Liabilities

Group	2019 £'000	2018 £'000
At 1 April	**45**	7,122
Recognition on the acquisition of subsidiary undertakings	**79**	–
Fair value adjustment to contingent consideration	**–**	421
Amount forfeited by seller	**–**	(495)
Settlement of consideration	**(45)**	(7,460)
Unwinding of discount	**–**	457
At 31 March	**79**	45
Analysed as:		
Amounts falling due within 12 months	**79**	45
Amounts falling due after one year	**–**	–
At 31 March	**79**	45

The opening balance at 1 April 2018 represented contingent consideration amounts relating to the acquisition of IDscan. This amount was paid during the year.

The amount recognised on acquisition of subsidiary undertakings is in respect of IDology.

Company	2019 £'000	2018 £'000
At 1 April	**45**	7,122
Recognition on the acquisition of subsidiary undertakings	**79**	–
Fair value adjustment to contingent consideration	**–**	421
Amount forfeited by seller	**–**	(495)
Settlement of consideration	**(45)**	(7,460)
Unwinding of discount	**–**	457
At 31 March	**79**	45
Analysed as:		
Amounts falling due within 12 months	**79**	45
Amounts falling due after one year	**–**	–
At 31 March	**79**	45

The fair value of contingent consideration is estimated having been determined from management's estimates of the range of outcomes to certain future revenue and EBITDA forecasts for periods between 12 and 18 months from completion date and their estimated respective likelihoods. The contractual cash flows are therefore based on future trading activity, which is estimated based on latest forecasts (Level 3 as defined by IFRS 13).

NOTES TO THE ACCOUNTS

33. Alternative Performance Measures

Management assess the performance of the Group using a variety of alternative performance measures. In the discussion of the Group's reported operating results, alternative performance measures are presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures are not defined under IFRS and are therefore termed 'non-GAAP' measures and should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

The Group's income statement and segmental analysis separately identify trading results before certain items. The directors believe that presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance, as such items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a meaningful analysis of the trading results of the Group. In determining whether an event or transaction is presented separately, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Examples of charges or credits meeting the above definition and which have been presented separately in the current and/or prior years include amortisation of acquired intangibles, share-based payments charges, acquisition related costs and business restructuring programmes. In the event that other items meet the criteria, which are applied consistently from year to year, they are also presented separately.

The following are the key non-GAAP measures used by the Group:

Organic Growth

Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions which are included only after the the first anniversary following their purchase.

Underlying Organic Growth

As highlighted in the October 2017 trading update, organic revenue growth in the year to 31 Match 2018 included £3.5 million from the sale of a material perpetual licence to a leading European bank in September 2017, paid upfront. Had this particular transaction been a fully delivered, three-year agreement, payable in annual instalments (as is normal), then our revenue recognition policies at the time would have only recognised one third of this value.
This means revenues for 2018 would have been £117.4 million (the basis for underlying growth) rather than the reported £119.7 million.

Adjusted Operating Profit

Adjusted operating profit means profits before amortisation of acquired intangibles, share-based payment charges, exceptional items, net finance costs and tax.

Adjusted EBITDA

Adjusted EBITDA means operating profit before depreciation, amortisation, share-based payment charges, exceptional items, net finance costs and tax.

Adjusted Earnings

Adjusted earnings represents adjusted operating profit less net finance costs and tax.

Adjusted Earnings Per Share ('Adjusted EPS')

Adjusted EPS represents adjusted earnings divided by a weighted average number of shares in issue, and is disclosed to indicate the underlying profitability of the Group.

Net cash generated by operating activities before working capital movements

Net cash generated by operating activities before working capital movements means net cash generated from operations in the Consolidated Cash Flow Statement before the movement in provisions, inventories, trade and other receivables and trade and other payables.

USEFUL INFORMATION

Shareholder Information

The Investors section of the Company's website, www.gbgplc.com/investors contains detailed information on news, press release, key financial information, annual and interim reports, share price information, dividends and key contact details. The following is a summary and readers are encouraged to view the website for more detailed information.

Dividend Reinvestment Plan

The Company offers a Dividend Reinvestment Plan that enables shareholders to reinvest cash dividends into additional shares in the Company. Application forms can be obtained from Equiniti. You must arrange for your Dividend Reinvestment Plan application form to be received by Equiniti no later than 2 August 2019 to join the plan for the final dividend for the year ended 31 March 2019.

Share Price Information

The closing middle market price of a share of GB Group plc on 31 March 2019 was 489.50p. During the year, the share price fluctuated between 396.50p and 626.00p. The Company's share price is available on the website, www.gbgplc.com/investors with a 15 minute delay, and from the London Stock Exchange website.

Share Scams

Shareholders should be aware that fraudsters may try and use high pressure tactics to lure investors into share scams. Information on share scams can be found on the Financial Conduct Authority's website, www.fca.org.uk/scams

Financial Calendar

Ex-dividend date for 2019 final dividend	18 July 2019
Record date for 2019 final dividend	19 July 2019
Annual General Meeting	25 July 2019
2019 final dividend payment date	23 August 2019
Announcement of 2019 half year results	November 2019

Shareholder Enquiries

GBG is aware that there may be times when shareholders may wish to contact the Company when there are changes in their circumstances (such as when they have moved house or have got married and have changed their name). There may also be occasions when a share certificate has been misplaced or lost and a duplicate copy is required. In such instances, GBG's registrar, Equiniti, is able to deal with these enquiries and take the necessary action. Contact details are below:

Website: https://equiniti.com/contact/

Address:
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Phone from UK: 0371 384 2030
Phone from overseas: +44 121 415 7047

(Lines are open Monday to Friday 8.30am to 5.30pm; excluding UK Bank Holidays)

Website

In addition to accessing the latest information about the Company and its products and services, the following is also available from the GBG website:

- copies of announcements, press releases and case studies;
- copies of past and present annual and interim reports which can be viewed and downloaded.

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Manchester
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Nominated Advisor and Broker

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Solicitors

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