Registered Number: 01737985

UNIT4 Business Software Limited

Directors' Report and Accounts

31 December 2015

Directors

Derren Nisbet
Gonçalo Leitão
Paul Cross
Stephan Seiber

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers

ING Bank
60 London Wall
London
EC2M 5TQ

Registered office

Eden House,
Eden Office Park
82 Macrae Road
Pill, Bristol
BS20 0DD

Strategic Report

The Directors present their strategic report for the year ended 31 December 2015.

Principal activities and business review

The principal activity of the Company continues to be the provision of business information software and solutions.

During the year the Company transitioned from United Kingdom generally accepted accounting practice (UK GAAP) to FRS 101 – *Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard.

The Company's key financial and other performance indicators during the year were as follows:

	2015	Continuing 2014	Change
	£m	£m	%
Turnover	69.0	71.2	- 3.1%
Gross Profit	42.7	46.2	- 7.6%
Operating profit	8.1	13.8	- 41.3%
EBITDA	10.5	18.1	- 42.0%
Shareholder's funds	154.7	129.9	+ 19.1
Average number of employees	417	519	- 19.7%

In November 2014, the Company discontinued sales of the product Business Collaborator. The staff, assets and liabilities were transferred to Business Collaborator Limited in a management buyout scheme. In the review of key financial and other performance indicators the 2014 figures reflect the continuing aspects of the business only so the results of this sector of the business are ignored.

In 2015, the Company has seen a fall in revenue for Licences from £11.2m to £6.9m (38.3%) and in Services from £23.2m to £22.0m (5.4%). This has been offset slightly by increases in revenue for Contract/Maintenance from £32.2m to £33.4m (3.8%) and in SaaS and subscription from £4.6m to £6.7m (45.2%). Overall revenue has fallen.

Cost of Sales increased slightly from £25m to £26.3m and, combined with the fall in revenue, the Gross Profit has fallen from £46.2m to £42.7m being 65% to 62% as a percentage of revenue.

The fall in employee numbers from 519 to 417 reflects the "Value Creation Program" started in 2014 which is a Group initiated program aiming to transform the business for the future. Included in Operating profit were exceptional items relating to this reorganisation amounting to £1.4m (2014:£1.7m)

During the year, one extra £1 share was issued and fully paid up for the sum of £20m which is reflected in the increase in the Shareholder's funds.

Strategic Report (continued)

Principal risks

The Company is a wholly owned subsidiary and part of the AI Avocado Group. The Directors of the Group manage the operations and review the risks at a Group level. For this reason, the Company's Directors believe that analysis using key performance indicators and the review of risks for the Company is not necessary or appropriate for an understanding of the development, performance and position of the business of the Company.

By order of the Board

Eden House,
Eden Office Park
82 Macrae Road
Pill, Bristol
BS20 0DD

Paul Cross
Director
Date 30 SEPT 2016

Directors' Report

Registered Number: 01737985

The directors present their annual report and audited accounts for the year ended 31 December 2015.

Directors

The current directors are shown on page 1.

The directors who held office during the year ended 31 December 2015 and to the date of this report were:

Anwen Robinson	(resigned 1 January 2015)
Claire Bishop	(resigned 27 June 2016)
David Harwood	(resigned 16 October 2015)
Derren Nisbet	(appointed 4 January 2016)
Gonçalo Leitão	
Helen Sutton	(appointed 1 January 2015; resigned 16 October 2015)
Paul Cross	(appointed 29 July 2016)
Paul Vogel	(resigned 16 July 2015)
Ray Leclercq	(appointed 1 August 2015,resigned 5 September 2016)
Stephan Seiber	(appointed 1 August 2015)

Dividends

No dividends were proposed during either year.

Future developments

It is the directors' intention that the Company will continue providing business information software and solutions.

Events since the balance sheet date

In January 2016, the majority of the finance function of the Company was outsourced to a shared service centre.

Research and Development

The Company is engaged in research and development for the ongoing technological advancement of its local products for business management.

Equal Opportunity for Members of staff

The directors are fully committed to promoting and implementing equal opportunities for all staff. Policies have been established which will ensure that no member of staff or job applicant receives less favourable treatment on the grounds of sex, sexual orientation, race, colour, nationality, ethnic or national origin, religion or philosophical belief, disability, gender identity / reassignment, marital status, family circumstance or age, or be disadvantaged by conditions or requirements that cannot be shown to be justifiable.

Employee Involvement

The directors are committed to two-way communication between staff and the Board, and utilities a variety of methods to achieve this.

Director's Report (continued)

Political and charitable donations

There were no political donations during the year (2014: £nil).

Donations of £25,550 were made to charitable projects in the year (2014: £25,550).

Directors' qualifying third party indemnity

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Going Concern

The Company had net current liabilities of £3.4m as at 31 December 2015 (2014: £35.8m). Included within this figure is a liability of £21.6 m (2014:£19.3m) in respect of deferred income for Support and maintenance services. The Company has the expectation that these services will be provided in the new financial year and then matched with costs then incurred for these services. The directors do not expect the deferred income to result in a cash outflow (refunds etc.) and therefore the directors consider that the Company has sufficient current assets to cover the cash outflow required for its current liabilities (excluding the deferred income) as at 31 December 2015.

Furthermore, after reviewing the results of the Company and considering the forecast of the Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts.

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditors will be put to the forthcoming annual general meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, that there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditors are unaware; and

- each director has 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 Company's auditors are aware of that information

By order of the Board

Eden House,
Eden Office Park
82 Macrae Road
Pill, Bristol
BS20 0DD

Paul Cross
Director
Date 30 SEPT 2016

Statement of directors' responsibilities in respect of the financial statements

Registered Number: 01737985

The directors are responsible for preparing the Strategic report, the Directors' report, and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of UNIT4 Business Software Limited

We have audited the financial statements of UNIT4 Business Software Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of comprehensive income, the Statement of changes in equity, the Balance Sheet, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework"

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditors' report (continued)

to the members of UNIT4 Business Software Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Ernst & Young LLP

Jane Barwell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date: 30 September 2016

Income Statement

for the year ended 31 December 2015

	Notes	2015	Continuing operations	Discontinued operations	Total 2014
		£'000	£'000	£'000	£'000
Turnover	3	68,980	71,238	2,170	73,408
Cost of Sales		(26,257)	(25,040)	(256)	(25,296)
Gross Profit		42,723	46,198	1,914	48,112
Administrative expenses	6,7	(34,416)	(34,077)	(2,154)	(36,231)
Other operating expenses	7	(210)	(316)	-	(316)
Other operating income	7,10	-	1,990	-	1,990
Operating profit	4	8,097	13,795	(240)	13,555
Net financial expenses	8	(614)	(965)	-	(965)
Profit on ordinary activities before taxation		7,483	12,830	(240)	12,590
Taxation	9	(2,750)	(3,143)	-	(3,143)
Profit/(Loss) for the year		4,733	9,687	(240)	9,447

Statement of Comprehensive Income

for the year ended 31 December 2015

	2015	2014
	£'000	£'000
Profit for the year	4,733	9,447
Other comprehensive income:	-	-
Total comprehensive income for the period after taxes	4,733	9,447

Statement of changes in equity

for the year ended 31 December 2015

	Called up share capital	Share Premium	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000
At 1 January 2014	51,565	-	68,913	120,478
Total comprehensive income	-	-	9,447	9,447
At 31 December 2014	**51,565**	**-**	**78,360**	**129,925**
Issue of 1 £1 share	-	20,072	-	20,072
Total comprehensive income	-	-	4,733	4,733
At 31 December 2015	**51,565**	**20,072**	**83,093**	**154,730**

Balance Sheet

as at 31 December 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Tangible fixed assets	11	5,485		5,969	
Intangible fixed assets	12	10,269		17,256	
Investments	13	142,649		142,649	
			158,403		165,874
Current assets					
Debtors: amounts falling due within one year	14	31,820		23,453	
Cash at bank and in hand		89		1,892	
		31,909		25,345	
Creditors: *amounts falling due within one year*	15	(35,283)		(61,104)	
Net current liabilities			(3,374)		(35,759)
Creditors: amounts falling due within one year	15		(299)		(190)
Net assets			154,730		129,925
Capital and reserves					
Called-up share capital	17		51,565		51,565
Share Premium	17		20,072		-
Profit and loss account	18		83,093		78,360
Shareholders' funds			154,730		129,925

The accounts were approved by the board of directors on 30 September 2016 and were signed on its behalf by:

Paul Cross
Director

Notes to the financial statements
Year ended 31 December 2015

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of UNIT4 Business Software Limited (the "Company") for the year ended 31 December 2015 were authorised for issue by the board of directors on 30 September 2016 and the balance sheet was signed on the board's behalf by Paul Cross. UNIT4 Business Software Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements are prepared under the historical cost convention and presented in Sterling, rounded to the nearest thousand pounds.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of UNIT4 UK Software Holdings Limited. The results of the Company and UNIT4 UK Software Holdings Limited are included in the consolidated financial statements of AI Avocado Holding B.V., a company incorporated in the Netherlands. The financial statements are available from Stationspark 200, 3364 Sliedrecht, The Netherlands.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 *Basis of Preparation*

The Company transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice (UK GAAP) for all periods presented. Transition statements showing all material adjustments are disclosed in note 23.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015

The Company has taken advantage of the following disclosure exemptions under FRS 101:
- the requirements of IAS 7 Statement of Cash Flows; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member

2.2 *Critical accounting judgements and key sources of estimation uncertainty*

The preparation of the 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 revenue and expenses during the year. However the nature of estimation means the actual outcomes could differ from those involving estimates.

The directors believe that the main area of judgement relates to the critical estimates in the forecasted results and discount assumptions used in the annual impairment review of goodwill

Notes to the financial statements
Year ended 31 December 2015

2.3 *Significant accounting policies*

a. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is stated net of value added tax.

Revenue arising from sales of licences and products is recognised when an order or contract is in place, delivery (or customer acceptance) has occurred, and collectability is probably.

Where consulting services are provided due to software requiring significant modification or customisation, revenue represents the sales value of work done in the period, including estimates in respect of amounts not invoiced. The profit included is calculated to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Revenue arising from maintenance contracts and SAAS and subscriptions is credited to the income statement over the period to which those contracts relate.

b. Foreign currency translation

The Company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are recorded at an average rate for the month preceding the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Differences are taken to the income statement.

c. Pensions

The Company operates three defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions are charged in the income statement as they become payable in accordance with the rules of the scheme.

d. Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is recognised in the Income Statement.

Notes to the financial statements
Year ended 31 December 2015

2.3 Significant accounting policies (continued)

e. Tangible fixed assets

Tangible fixed assets are recognised at cost less depreciation and impairment. 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 assets. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned as follows:-

Freehold premises	over 50 years
Leasehold premises	over term of lease
Leasehold improvements	over term of lease
Computer Systems	2 to 5 years
Fixtures and fittings	2 to 10 years

f. Intangible fixed assets

There are four categories of Intangible fixed assets.

Research and Development
Research costs are expenses as incurred.

Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible assets 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 the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit being between 3 and 5 years. During the period of development, the asset is tested for impairment when the directors identify events that would indicate the assets will be impaired.

Acquired Customer Contracts
Customer contracts acquired on the acquisition of pFACT, MicroComputer Associates Limited and CODA GB Limited are shown at cost less amortisation. The assets are amortised so as to write off the cost, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. Acquired customer contracts relating to pFACT have been fully amortised. Acquired customer contracts relating to MicroComputer Associates Limited and CODA GB Limited were being amortised over a period of 20 years from the date of acquisition. On review of the assets as at 1 January 2015 this period was reduced to 15 years on the contracts relating to MicroComputer Associates Limited. Amortisation for the remaining period is calculated on the net book value as at that date.

Acquired Software development
Acquired Software development costs relate to assets acquired on the acquisition of MicroComputer Associates Limited are shown at cost less amortisation. The assets are amortised so as to write off the cost, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned, which was considered to be a period of 20 years. On review of the assets as at 1 January 2015 this period was reduced to 15 years and amortisation for the remaining period is calculated on the net book value as at that date.

Notes to the financial statements
Year ended 31 December 2015

2.3 *Significant accounting policies (continued)*

f. *Intangible fixed assets (continued)*

Goodwill
As at 1 January 2014, Goodwill related to the purchase of CODA related businesses from CODA IT Services Limited in 2000 and the purchase of businesses (excluding Intellectual Property Rights) from CODA Group Holdings Limited in 2004. Goodwill represented the excess of the consideration given over the fair value of the net identifiable net assets acquired less any accumulated impairment losses.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation of a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a "true and fair view override" to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability nor can the pattern in which goodwill diminishes be known.

During 2015 the goodwill was fully impaired.

g. *Investments*

Investments in subsidiaries are stated at cost and reviewed annually for impairment.

h. *Leases*

All leases are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

3. Turnover

Turnover recognised in the income statement is analysed as follows:

	2015	2014
	£'000	£'000
Contract	33,395	32,169
Services and others	21,982	23,244
Licences and products	6,930	11,229
SAAS and Subscription	6,673	4,596
	68,980	71,238
Discontinued operations	-	2,170
	68,980	73,408

No revenue was derived from exchanges of goods or services (2014: nil)

Notes to the financial statements

Year ended 31 December 2015

3. Turnover (continued)

Turnover by geographical area:

	2015	2014
	£'000	£'000
United Kingdom	66,698	68,279
Rest of Europe	1,102	1,594
Rest of World	1,180	1,365
	68,980	71,238
Discontinued operations	-	2,170
	68,980	73,408

Turnover by origin and destination are not materially different.

Deferred revenue

	2015	2014
	£'000	£'000
At 1 January	20,258	16,563
Deferred during year	22,181	20,125
Released to income statement	(20,114)	(16,430)
At 31 December	22,325	20,258
Current	22,026	20,068
Non current	299	190

Deferred revenue in 2015 relates to £21,612,699 (2014: £17,365,750) re Contracts and SaaS and subscriptions and £712,000 (2014: £856,861) re Services. In 2014 it also included £35,306 relating to licences and products.

4. Operating Profit

This is stated after charging /(crediting):

	2015	2014
	£'000	£'000
Depreciation of property, plant and equipment	690	969
Amortisation of intangible fixed assets	1,670	3,009
Impairment of tangible fixed assets	-	316
Impairment of intangible fixed assets	5,308	241
Loss on sale of tangible fixed assets	-	1
Operating lease costs – land and buildings	394	472
Operating lease costs – plant and machinery	21	62
Net foreign currency exchange differences	(34)	1

Notes to the financial statements

Year ended 31 December 2015

5. Auditor's Remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements provided to the Company.

	2015	2014
	£'000	£'000
Audit of the financial statements	84	62

No fees were paid to the auditors in either year for other services.

6. Staff Costs and Directors' remuneration

6.1 *Staff Costs and Numbers*

a. *Staff Costs*

	2015	2014
	£'000	£'000
Wages and salaries	24,168	25,917
Social security costs	2,822	3,085
Other pension costs	1,553	1,612
	28,543	30,614

Comparative figures relate to continuing operations only.

All pension costs shown relate to contributions under Defined contribution schemes.

Termination costs of £902,469 (2014: £543,971) are included under Wages and salaries.

b. Staff numbers

The average monthly number of employees (including directors) during the year was made up as follows:

	2015	2014
	No.	No.
Sales and marketing	79	88
Technical	317	403
Finance and administration	21	28
	417	519

Notes to the financial statements

Year ended 31 December 2015

6. Staff Costs and Directors' remuneration

6.2 *Remuneration of directors*

	2015	2014
	£'000	£'000
Directors' remuneration	565	782
Company pension contributions to money purchase schemes	24	39
	589	821

The number of directors who are accruing benefits under the Company's pension schemes is 3 (2014: 4)

Remuneration for Gonçalo Leitão, Paul Vogel, Ray Leclercq and Stephan Seiber was paid through other companies within the Group. A Holding Services charge of £1,996,643 (2014:£2,082,104) has been made by UNIT4 Business Software Holdings B.V, in respect of administration and other costs, including this remuneration. It is not possible to identify the amount relating to their remuneration separately.

In respect of the highest paid director:

	2015	2014
	£'000	£'000
Remuneration	283	286
Company pension contributions to money purchase schemes	9	14
	292	300

7. Exceptional items

Recognised in arriving at operating profit from continuing operations:

		2015	2014
		£'000	£'000
Reorganisation costs		(1,414)	(1,766)
Impairment of land and buildings		-	(316)
Profit on disposal of discontinued operations	(Note 10)	-	1,990
Net exceptional costs		(1,414)	(92)

Reorganisation costs

During the year the Company incurred costs of £1,414,000 (2014: £1,766,000) in respect of reorganisation costs under the "Value Creation Program". Since the project relates to transforming the business for the future these costs are not directly related to current operations and are therefore disclosed as exceptional.

Impairment of land and buildings

Impairment of land and buildings is classified as an exceptional cost on the basis that it arises as a result of a periodic review of the value of the land and buildings and, as such, is not indicative of a trend in financial performance

Profit on disposal of discontinued operations

Profit on disposal of discontinued operations is classifies as an exceptional item on the basis that it is not indicative of a trend in financial performance.

Notes to the financial statements

Year ended 31 December 2015

8. Net financial expenses

	2015	2014
	£'000	£'000
Bank interest payable	(643)	(218)
Interest payable to group companies	-	(774)
Interest payable and similar costs	(643)	(992)
Bank interest receivable	29	27
	(614)	(965)

9. Taxation

9.1 *Tax charged in the income statement*

	2015	2014
	£'000	£'000
Current UK corporation Tax:		
Current income tax charge on results for the year	2,919	3,431
Amounts overprovided in previous years	(2)	(29)
Total current income tax	2,917	3,402
Deferred tax:		
Current year	(167)	(261)
Prior year adjustment	-	2
Total deferred tax	(167)	(259)
Tax expense in the income statement (Note 9.2)	2,750	3,143

9.2 *Reconciliation of the total tax charge*

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20.25% (2014: 21.5%). The actual effective tax rate for the current year is higher (2014: higher) than this standard rate. The differences are reconciled below:

	2015	2014
	£'000	£'000
Profit from continuing operations before taxation	7,483	12,830
Loss from discontinued operations before taxation	-	(240)
Accounting profit before income tax	7,483	12,590
Tax calculated at UK standard rate of corporation tax of 20.25% (2014: 21.5%)	1,515	2,707
Expenses not deductible for tax purposes	1,242	473
Adjustment to tax in respect of previous periods	(2)	(29)
Change in tax laws and rates	(5)	(8)
Total tax expense reported in the income statement (Note 9.1)	2,750	3,143

Notes to the financial statements
Year ended 31 December 2015

9. **Taxation** (continued)

9.3 *Deferred tax*

The deferred tax included in the Company balance sheet is as follows:

	2015	2014
	£'000	£'000
Deferred tax asset/(liability)		
Accelerated capital allowances	81	96
Other short term timing differences	(140)	(322)
Deferred tax liability	(59)	(226)
Deferred tax in the income statement		
Accelerated capital allowances	(15)	(52)
Other short term timing differences	177	303
Change in tax laws and rates	5	8
Deferred tax expense/(credit)	167	259

10. **Discontinued operations**

In November 2014, the part of the business relating to trading in the Business Collaboration product was sold.

	2014
	£'000
Tangible fixed assets	36
Intangible fixed assets	1,204
Net current liabilities	(606)
	634
Proceeds	2,624
Gain on sale of discontinued operations	1,990

Sale proceeds included £2,583,979 cash received and £40,222 receivable as at 31 December 2014 and shown under Other debtors (note 14)

Notes to the financial statements
Year ended 31 December 2015

11. Tangible fixed assets

	Land and buildings £'000	Leasehold improvements £'000	Computer systems £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 January 2015	5,967	261	4,185	1,567	11,980
Additions	-	66	133	9	208
Disposals	-	(76)	(2,499)	(260)	(2,835)
At 31 December 2015	5,967	251	1,819	1,316	9,353
Depreciation and impairment					
At 1 January 2015	809	232	3,751	1,219	6,011
Depreciation during the year	130	26	387	147	690
Disposals	-	(76)	(2,499)	(258)	(2,833)
At 31 December 2015	939	182	1,639	1,108	3,868
Carrying amount					
At 31 December 2015	5,028	69	180	208	5,485
At 31 December 2014	5,158	29	434	348	5,969

Land and buildings relates to freehold properties in Harrogate and Swansea.

Notes to the financial statements
Year ended 31 December 2015

12. Intangible fixed assets

	Research & Development	Acquired Customer Contracts	Acquired Software Development	Goodwill	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2015	3,963	14,179	1,250	19,054	38,446
Additions	35	-	-	-	35
At 31 December 2015	3,998	14,179	1,250	19,054	38,481
Amortisation and impairment					
At 1 January 2015	1,759	5,138	547	13,746	26,498
Amortisation during the year	805	773	112	-	1,690
Impairment	24	-	-	5,308	5,332
At 31 December 2015	2,588	5,911	659	19,054	28,212
Carrying amount					
At 31 December 2015	1,410	8,268	591	-	10,269
At 31 December 2014	2,204	9,041	703	5,308	17,256

Goodwill impairment
During 2015 a fresh review of the assets held and product sales expectations, partially triggered also by the introduction of FRS 101, has resulted in management concluding that the useful economic life of the goodwill held is no longer supportable to be a full 20 years as previously assumed under previous GAAP. It is believed that the useful economic life of the goodwill has been surpassed on 1 January 2015 and therefore the goodwill has been impaired.

Notes to the financial statements
Year ended 31 December 2015

13. Investments

	2015	2014
	£'000	£'000
As at 1 January and 31 December	142,649	142,649

As at 31 December 2015, the Company owns 100% of the 25p ordinary shares in CODA Limited, a holding company registered and operating in England.

CODA Limited is the owner of 100% of the £1 ordinary shares in CODA Group International Limited, a holding company, registered and operating in England.

CODA Group International Limited has investments in the following companies:

Company	Class of Share	Country of Registration
UNIT4 Asia Pacific Pte Ltd	SG$1 ords	Singapore
UNIT4 CODA B.V.	€1 ords	The Netherlands

These subsidiaries are wholly owned, principally operate in the country in which they are registered and have a main activity of the development and distribution of computer software and related services.

All investments are in non listed entities.

14. Debtors

	2015	2014
	£'000	£'000
Trade Debtors	17,118	16,779
Amounts owed by group undertakings	11,026	1,279
Other debtors	5	44
Prepayments and accrued income	3,671	5,351
	31,820	23,453

Amounts falling due after more than one year are £45,124 (2014: £9,396) and are included under Prepayments and accrued income

Notes to the financial statements
Year ended 31 December 2015

15. **Creditors:** amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	506	351
Amounts owed to parent undertakings	-	28,497
Amounts owed to group undertakings	3,004	2,517
Corporation tax	1,664	1,981
Deferred tax liability	59	226
Other taxation and social security	2,992	3,185
Other creditors	122	197
Accruals and deferred income	29,936	24,150
	35,283	61,104

Creditors: *amounts falling due after more than one year*

	2015	2014
	£'000	£'000
Accruals and deferred income	299	190
	299	190

16. **Obligations under leases**

At 31 December 2015 the Company had total minimum future commitments under non-cancellable operating leases as follows:

	Land and Buildings		Others	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Within one year	319	391	-	35
Within two to five years	192	487	-	-
After five years	425	429	-	-
	936	1,307	-	35

The company holds various operating leases for land and buildings. Three of the more significant leases expire within 2 years of the year end which leaves the company with long term leases until 2120 of land only

Notes to the financial statements
Year ended 31 December 2015

17. Authorised, issued and called up share capital

	2015	2014
	£'000	£'000
51,565,227 Ordinary Share of £1 each	51,565	51,565

During 2015, 1 ordinary share of £1 was issued for £20m resulting in a share premium of £20,072,050 (note 18).

18. Reserves

	Called up share capital	Share Premium	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000
At 1 January 2014	51,565	-	68,913	120,478
Total comprehensive income	-	-	9,447	9,447
At 31 December 2014	**51,565**	**-**	**78,360**	**129,925**
Issue of 1 £1 share	-	20,072	-	20,072
Total comprehensive income	-	-	4,733	4,733
At 31 December 2015	**51,565**	**20,072**	**83,093**	**154,730**

19. Other financial commitments

In connection with the financing of the acquisition by Advent International Corporation in 2014, the company became joint participant and guarantor to the group loan facility with ING Bank N.V. and other secured parties to the value of €440m and €165m. In July 2015 this was increased by US$30m.

At 31 December 2015 the assets of the company are secured against the loan facility.

20. Related party transactions

The Company is a wholly owned subsidiary undertaking of AI Avocado Holding B.V. It has, therefore, taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. There are no other related party transactions requiring disclosure.

21. Post balance sheet events

In January 2016, the majority of the finance function of the Company was outsourced to a shared service centre.

22. Ultimate holding Company

As at 31 December 2015 the Company's immediate parent undertaking is UNIT4 UK Software Holdings Limited and its ultimate parent Company and controlling party is Advent International Corporation, a US based private equity Company in Boston.

The smallest Company undertaking to consolidate these financial statements is AI Avocado Holding B.V., a Company established and domiciled in the Netherlands. Copies of the consolidated financial statements can be obtained from the Company Secretary at Stationspark 200, 3364 Sliedrecht, The Netherlands.

Notes to the financial statements
Year ended 31 December 2015

23. Transition to FRS 101

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Notes to the financial statements
Year ended 31 December 2015

23. **Transition to FRS 101** (continued)

23.1 ***Reconciliation of equity as at 1 January 2014***

	Notes	UK GAAP	FRS 101 Reclassifications /re-measurements	FRS 101
		£'000	£'000	£'000
Fixed assets				
Tangible fixed assets		7,031	-	7,031
Intangible fixed assets	a	17,320	3,708	21,028
Investments		142,649	-	142,649
		167,000	3,708	170,708
Current assets				
Debtors	d	40,022	(187)	39,835
Cash at bank and in hand		51	-	51
		40,073	(187)	39,886
Creditors: amounts falling due within one year	b, d	(29,364)	(580)	(29,944)
Net current assets		10,709	(767)	9,942
Total assets less current liabilities		177,709	2,941	180,650
Creditors: amounts falling due in more than one year		(60,000)	(172)	(60,172)
Net assets		117,709	2,769	120,478
Capital and reserves				
Called up shared capital		51,565	-	51,565
Profit and loss account	e	66,144	2,769	68,913
Shareholders' funds		117,709	2,769	120,478

Notes to the financial statements
Year ended 31 December 2015

23. Transition to FRS 101 (continued)

23.2 *Reconciliation of equity as at 31 December 2014*

	Notes	UK GAAP	FRS 101 Reclassifications /re-measurements	FRS 101
		£'000	£'000	£'000
Fixed assets				
Tangible fixed assets		5,969	-	5,969
Intangible fixed assets	a	15,052	2,204	17,256
Investments		142,649	-	142,649
		163,670	2,204	165,874
Current assets				
Debtors	d	23,603	(150)	23,453
Cash at bank and in hand		1,892	-	1,892
		25,495	(150)	25,345
Creditors: amounts falling due within one year	b, d	(60,813)	(291)	(61,104)
Net current liabilities		(35,318)	(441)	(35,759)
Total assets less current liabilities		128,352	1,763	130,115
Creditors: amounts falling due in more than one year		-	(190)	(190)
Net assets		128,352	1,573	129,925
Capital and reserves				
Called up shared capital		51,565	-	51,565
Profit and loss account	e	76,787	1,573	78,360
Shareholders' funds		128,352	1,573	129,925

Notes to the financial statements
Year ended 31 December 2015

23. **Transition to FRS 101** (continued)

23.3 ***Restatement of equity from UK GAAP to FRS 101***

a. ***Intangible fixed assets***

Research and Development
Under UK GAAP, research and development was written off to the profit and loss account as incurred.

On transition to FRS 101, research costs continue to be expensed as incurred.

Development expenditure on individual projects is recognised as an intangible asset and is amortised, once the asset is available for use, over the period of expected future benefit. Adjustments have been made to the balance sheet as at 1 January 2014 and 31 December 2014 to reflect the projects that would have been held on the balance sheet under this policy if the policy had been in place when the projects began. The values adjusted are net of the amortisation that would have been released to the balance sheet dates.

During 2014 the projects capitalised previously were reviewed and written off or impaired where it was considered that the carrying value was no longer justifiable.

Related deferred taxation was also accounted for amounting to £742,000 as at 1 January 2014 and £441,000 as at 31 December 2014.

	Costs	Amortisation
	£'000	£'000
As at 1 January 2014	7,971	(4,263)
Movement in 2014		
Capitalised development expenditure	682	-
Amortisation for the year	-	(1,084)
Write offs and impairments	(2,257)	2,015
Disposal in respect of discontinued operations	(2,433)	1,573
As at 31 December 2014	3,963	(1,759)

Notes to the financial statements

Year ended 31 December 2015

23. **Transition to FRS 101** (continued)

23.3 ***Restatement of equity from UK GAAP to FRS 101*** *(continued)*

b.. ***Employee Benefits***

Holiday pay

On transition to FRS 101, a holiday pay accrual has been accounted for to reflect days due to employees but not taken as at the balance sheet dates. This amounted to £267,000 as at 1 January 2014 and £186,000 as at 31 December 2014. Related deferred taxation amounted to £70,000 as at 1 January 2014 and £51,000 as at 31 December 2014.

Termination Benefits

On transition to FRS 101, termination benefits are recognised immediately when the company is committed to them. As a result an accrual has been account for of £69,000 as at 31 December 2014 with related deferred taxation of £14,000. No such accrual was required as at 1 January 2014.

c. ***Discontinued Operations***

In November 2014, part of the business relating to trading in the Business Collaboration product was sold.

Included in the assets sold were capitalised internally generated software development and Holiday pay accruals that were not included in calculations under UK GAAP.

The impact on the disposal of discontinued operations during 2014 is as follows

	As previously stated	Restatement	Revised
	£'000	£'000	£'000
Tangible fixed assets	36	-	36
Intangible fixed assets	344	860	1,204
Net current liabilities	(575)	(31)	(606)
	(195)	829	634
Proceeds	2,624	-	2,624
Gain on sale of discontinued operations	2,819	(829)	1,990

Notes to the financial statements
Year ended 31 December 2015

23. **Transition to FRS 101** (continued)

23.3 ***Restatement of equity from UK GAAP to FRS 101*** *(continued)*

d. ***Deferred Taxation***

On transition to FRS 101, deferred taxation was accounted for in respect of elements of the transition that are expected to have a tax impact at a future time. Under UK GAAP an asset was reported as at 31 December 2014 but with the transition adjustments this is now reported as a liability.

	As at 1 Jan 2014 £'000	For year ended 31 Dec 2014 £'000	As at 31 Dec 2014 £'000
Accelerated capital allowances	150	(54)	96
Other short term differences	37	17	54
As previously stated under UK GAAP	187	(37)	150
Adjustments for transition			
R&D Capitalisation	(742)	301	(441)
Holiday Pay accrual	70	(19)	51
Termination benefits	-	14	14
Deferred taxation (liability)/ asset	(485)	259	(226)

e. ***Results for the year ended 31 December 2014***

The effect of the restatement of equity from UK GAAP to FRS 101 is as follows

	Note	£'000
Profit for the year ended 31 December 2014 under UK GAAP		10,643
Capitalisation of development expenditure	a	682
Amortisation of internally generated software development	a	(1,084)
Write off internally generated software development	a	(242)
Holiday pay accrual	b	50
Termination benefits accrual	b	(69)
Discontinued operations: reduction in gain	c	(829)
Reduction in reported profit for the year		(1,492)
Deferred Taxation adjustments	d	296
Comprehensive Income for the year ended 31 December 2014 under FRS 101		9,447