

Registered number: 01737985

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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**



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<b>UNIT4 BUSINESS SOFTWARE LIMITED</b>
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**COMPANY INFORMATION**

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**Directors**                      Derren Nisbet  
   Jeroen Bruins Slot  
   Paul Cross  
   Stephan Sieber

**Registered number**              01737985

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

**Independent auditors**           Ernst & Young LLP  
   The Paragon  
   Counterslip  
   Bristol  
   BS1 6BX

**Bankers**                            ING Bank  
   60 London Wall  
   London  
   EC2M 5TQ

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<b>UNIT4 BUSINESS SOFTWARE LIMITED</b>
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## UNIT4 BUSINESS SOFTWARE LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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#### Strategic Report

The Directors present their strategic report for the year ended 31 December 2016.

#### 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 elected to change the method of accounting for investments in subsidiaries. The Company had previously measured its investments using the cost model. On 1 January 2016, the Company elected to change the method of accounting for investments to the equity method, applied retrospectively. This is explained further in the notes.

Based on this new policy, the Company made a loss of £(13,447,000) during the year, including a loss in a subsidiary entity which was driven by a disposal of investment of £(21,893,000). In 2015 the Company made a profit of £15,171,000.

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

	2016	2015	Change %
	£000	Restated £000	
Turnover	68,733	68,980	-0.35%
Gross profit	37,335	42,723	-13
Operating Profit	7,590	8,097	-6
Shareholder's funds	34,440	46,215	-25
Average number of employees	376	417	-10

In 2016, the Company has seen a rise in revenue for Licenses from £6.9m to £9.5m and for Software-As-A-Service (SAAS) and Subscription from £6.7m to £7.9m, and a slight increase in Contract/Maintenance from £33.4m to £34.0m. These increases have been offset by a decrease in revenue for Services from £22.0m to £17.3m, so overall revenue is flat.

Cost of Sales increased from £26.3m to £31.4m with the implementation of a new intercompany transfer pricing policy; combined with stable revenue this has produced a reduction in Gross Profit from £42.7m to £37.3m.

The fall in employee numbers from 417 to 376 represents the remaining activities under the Value Creation Program. Included in Operating Profit were exceptional items relating to this re-organisation amounting to £0.7m (2015 : £1.4m).

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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Principal risks**

The Company is a wholly owned subsidiary and part of the Al 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.

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

  
.....  
**Paul Cross**  
**Director**

Date: 7 November 2017

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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their report and the financial statements for the year ended 31 December 2016.

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

**Directors**

The directors who served during the year were:

Claire Bishop (resigned 27 June 2016)  
Goncalo Leitao (resigned 2 March 2017)  
Rey Leclercq (resigned 5 September 2016)  
Derren Nisbet (appointed 4 January 2016)  
Jeroen Bruins Slot (appointed 2 March 2017)  
Paul Cross (appointed 29 July 2016)  
Stephan Sieber

**Results and dividends**

The loss for the year, after taxation, amounted to £(12.8)m (2015 - £15.2m).

No dividends were proposed during either year.

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<b>UNIT4 BUSINESS SOFTWARE LIMITED</b>
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**DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Future developments**

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

**Events since the balance sheet date**

There were no events since the balance sheet date.

**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 utilises a variety of methods to achieve this.

**Political and charitable donations**

There were no political donations during the year (2015: £nil).

Donations of £25,700 were made to charitable projects in the year (2015: £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 assets of £6.9 m as at 31 December 2016 (2015: £3.4m net current liabilities). Included within this figure is a liability of £21.7m (2015: £21.6m) 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 incurred for these services. The directors do not expect the deferred income to result in a cash outflow 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 2016.

Furthermore, after reviewing the results of the Company and 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.

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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



Paul Cross  
Director  
Date:

7<sup>th</sup> November 2017



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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**INDEPENDANT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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## **Report on the financial statements**

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### **Our opinion**

In our opinion, Unit4 Business Software Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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### **What we have audited**

Unit4 Business Software Limited's financial statements comprise:

- the balance sheet as at 31 December 2016;
- the Statement of comprehensive income for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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## **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**Entitlement to exemptions****INDEPENDANT AUDITOR'S REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies' exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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**Responsibilities for the financial statements and the audit****Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements 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 implications for our report.

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

Date:

**UNIT4 BUSINESS SOFTWARE LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 Restated £000
Turnover	4	68,733	68,980
Cost of sales		(31,398)	(26,257)
<b>Gross profit</b>		<b>37,335</b>	<b>42,723</b>
Administrative expenses		(29,120)	(34,416)
Other operating expenses		(752)	(210)
<b>Operating profit</b>	5	<b>7,463</b>	<b>8,097</b>
Share of Gain / (Loss) on subsidiaries	13	(21,893)	10,438
Gain / (Loss) on disposal of intangible assets	12	(95)	-
Net financial income/(expenses)	9	486	(614)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(14,039)</b>	<b>17,921</b>
Tax on (loss)/profit	10	592	(2,750)
<b>(Loss)/profit for the financial year</b>		<b>(13,447)</b>	<b>15,171</b>

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 Restated £000
(Loss)/profit for the financial year		(13,447)	15,171
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (expense)/income for the year</b>		<b>(13,447)</b>	<b>15,171</b>

# UNIT4 BUSINESS SOFTWARE LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 Restated £000
<b>Fixed assets</b>			
Tangible assets	11	5,102	5,485
Intangible Assets	12	8,664	10,269
Investments	13	13,913	34,134
		<u>27,679</u>	<u>49,888</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	43,651	31,820
Cash at bank and in hand		29	89
		<u>43,680</u>	<u>31,909</u>
Creditors: amounts falling due within one year	15	(36,801)	(35,283)
<b>Net current assets/(liabilities)</b>		<u>6,879</u>	<u>(3,374)</u>
Creditors: amounts falling due after more than one year	15	(118)	(299)
<b>Net assets</b>		<u><u>34,440</u></u>	<u><u>46,215</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	51,565	51,565
Share premium account		20,072	20,072
Currency Translation Reserve		(1,805)	(3,477)
Other Reserves		15,718	37,611
Profit and loss account		(51,110)	(59,556)
<b>Shareholders' funds</b>		<u><u>34,440</u></u>	<u><u>46,215</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**Paul Cross**  
Director

Date:

*7th November 2017*  
The notes on pages 11 to 26 form part of these financial statements.

**UNIT4 BUSINESS SOFTWARE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Share premium account £000	Currency Translation Reserve £000	Other Reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2016	51,565	20,072	(3,477)	37,611	(59,556)	46,215
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(13,447)	(13,447)
Foreign currency translation differences	-	-	1,672	-	-	1,672
Allocation of result from subsidiaries to other reserve	-	-	-	(21,893)	21,893	-
<b>At 31 December 2015</b>	<b>51,565</b>	<b>20,072</b>	<b>(1,805)</b>	<b>15,718</b>	<b>(51,110)</b>	<b>34,440</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £000	Share premium account £000	Currency Translatio n Reserve £000	Other Reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2015	51,565	20,072	(3,418)	27,173	(64,289)	31,103
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	15,171	15,171
Foreign currency translation differences	-	-	(59)	-	-	(59)
Allocation of result from subsidiaries to other reserve	-	-	-	10,438	(10,438)	-
<b>At 31 December 2015</b>	<b>51,565</b>	<b>20,072</b>	<b>(3,477)</b>	<b>37,611</b>	<b>(59,556)</b>	<b>46,215</b>

The notes on pages 11 to 26 form part of these financial statements.

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## UNIT4 BUSINESS SOFTWARE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. General information

The financial statements of UNIT4 Business Software Limited (the "Company") for the year ended 31 December 2016 were authorised for issue on 7<sup>th</sup> November 2017 and the balance sheet was signed on the Board's behalf by Paul Cross. UNIT4 Business Software Limited is a private company, limited by shares 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 Software Holdings Limited are included in the consolidated financial statements of Al Avocado Holding B.V., a company incorporated in the Netherlands. The financial statements are available from Stationspark 200, 3364 Slidrecht, The Netherlands.

The principal accounting policies adopted by the Company are set out in Note 3.

#### 2. New standards, amendments and IFRIC interpretations

##### Change of accounting policy

The Company elected to change the method of accounting for investments in subsidiaries. The Company had previously measured its investments using the cost model whereby, after initial recognition, the asset was carried at cost less any accumulated impairment losses.

On 1 January 2016, the Company elected to change the method of accounting for investments to the equity method as the Company believes that this method provides more relevant information to the users of its financial statements and is more aligned to practices adopted by its competitors.

The Company applied the equity method retrospectively.

The impact of the aforementioned change on the comparative periods presented in the financial statements has been summarized in the table below.

	Amount in 2015 financial statements £000	Impact due to change in accounting policy £000	Comparative period in 2016 financial statements £000
<u>Balance sheet</u>			
Investments	142,649	(108,515)	34,134
Currency Translation Reserve	-	(3,477)	(3,477)
Other reserves	-	37,611	37,611
Profit and loss account	83,093	(142,649)	(59,556)
<u>Statement of comprehensive income</u>			
Result of subsidiaries	-	10,438	10,438

No other new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2016, have had a material impact on the Company.

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<b>UNIT4 BUSINESS SOFTWARE LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**3. Accounting policies**

**3.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

**3.2 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.

**3.3 Financial reporting standard 101 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- 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 a party to the transaction is wholly owned by such a member

**3.4 Revenue**

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 probable.

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, software-as-a-service (SAAS) and subscriptions is credited to the income statement over the period to which those contracts relate.

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<b>UNIT4 BUSINESS SOFTWARE LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**3.5 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.

**3.6 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.

**3.7 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.



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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**3.8 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

**3.9 Intangible assets**

There are three 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 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.

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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**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.

**3.10 Investments**

Investments in subsidiaries are measured under the equity method.

**3.11 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.

**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2016 £000</b>	<b>2015 £000</b>
Contract	<b>34,046</b>	33,395
Services and others	<b>20,943</b>	21,982
Licences and products	<b>9,463</b>	6,930
SAAS and Subscription	<b>4,281</b>	6,673
	<b><u>68,733</u></b>	<b><u>68,980</u></b>

Analysis of turnover by geographical area:

	<b>2016 £000</b>	<b>2015 £000</b>
United Kingdom	<b>66,497</b>	66,698
Rest of Europe	<b>1,619</b>	1,102
Rest of the world	<b>617</b>	1,180
	<b><u>68,733</u></b>	<b><u>68,980</u></b>

# UNIT4 BUSINESS SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of property, plant and equipment	421	690
Amortisation of intangible fixed assets	1,533	1,670
Impairment of intangible fixed assets	-	5,308
Operating lease costs — land and buildings	284	394
Operating lease costs — plant and machinery	<u>1</u>	<u>21</u>
Net foreign currency exchange differences	<u>(82)</u>	<u>(34)</u>

### 6. Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2016 £000	2015 £000
Audit of financial statements	<u>75</u>	<u>84</u>

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

### 7. Staff Costs and Directors' remuneration

#### 7.1 Staff Costs and Numbers

##### a. Staff Costs

	2016 £000	2015 £000
Wages and salaries	23,509	24,168
Social security costs	2,939	2,822
Other pension costs	1,519	1,553
	<u>27,967</u>	<u>28,543</u>

# UNIT4 BUSINESS SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 7. Staff Costs and Directors' remuneration (continued)

Comparative figures relate to continuing operations only.

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

Termination costs of £1,047,769 (2015: £902,469) are included under Wages and salaries.

#### *b. Staff numbers*

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Sales and marketing	83	79
Technical	279	317
Finance and administration	14	21
	<u>376</u>	<u>417</u>

### 7.2 Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	548	565
Company contributions to defined contribution pension schemes	34	24
	<u>582</u>	<u>589</u>

The highest paid director received remuneration of £370,000 (2015 - £292,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,000 (2015 - £14,000).

The number of directors who are accruing benefits under the Company's pension is 3 (2015:3)

Remuneration for Goncalo Leitao, Paul Vogel, Ray Leclercq and Stephan Sieber was paid through other companies within the Group. A Holding Services charge of £ 1,996,641 (2015:£1,996,643) has been made by UNIT4 Business Software Holdings B.V. in respect of administration and other costs. including this remuneration. It is possible to identify the amount relating to their separately.

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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**8. Exceptional items**

Recognised in arriving at operating profit from continuing operations:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Reorganisation costs	<b>(681)</b>	<b>(1,414)</b>
<b>Net Exceptional costs</b>	<b><u>(681)</u></b>	<b><u>(1,414)</u></b>

***Reorganisation costs***

During the year the Company incurred costs of £681,000 (2015:£1,414,000) 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.

**9. Net Financial Expenses**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Interest (received)/payable	<b>(486)</b>	<b>614</b>
	<b><u>(486)</u></b>	<b><u>614</u></b>

# UNIT4 BUSINESS SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 10. Taxation

	2016 £000	2015 <i>Restated</i> £000
<b>10.1 Corporation tax:</b>		
Current tax charge on results for the year	428	2,919
Adjustment in respect of previous periods	(769)	(2)
<b>Total current tax</b>	<u>(341)</u>	<u>2,917</u>
<b>Deferred tax:</b>		
Current year	42	(167)
Adjustment in respect of previous periods	(293)	-
<b>Total deferred tax</b>	<u>(251)</u>	<u>(167)</u>
<b>Tax expense in the income statement</b>	<u>(592)</u>	<u>2,750</u>

### 10.2 Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 – lower than) the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	<u>2016</u> <u>£000</u>	<u>2015</u> <i>Restated</i> <u>£000</u>
(Loss) / Profit on ordinary activities before tax	(13,912)	7,483
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	(2,782)	1,515
Effects of:		
Expenses not deductible	4,440	1,242
Effects of group relief/other reliefs	(1,209)	-
Adjustments from previous periods	(1,062)	(2)
Tax rate changes	21	(5)
<b>Total tax (credit)/charge for the year</b>	<u>(592)</u>	<u>2,750</u>

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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Taxation (continued)****10.3 Deferred Tax**

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

	<b>2016 £000</b>	<i>2015 Restated £000</i>
<b>Deferred tax asset/(liability)</b>		
Accelerated capital allowances	<b>82</b>	<i>81</i>
Other short term timing differences	<b>110</b>	<i>(140)</i>
<b>Deferred tax liability</b>	<b><u>192</u></b>	<i><u>(59)</u></i>

**UNIT4 BUSINESS SOFTWARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**11. Tangible fixed assets**

	Land & buildings £000	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2016	5,967	251	1,316	1,819	9,353
Additions	-	-	-	38	38
At 31 December 2016	<u>5,967</u>	<u>251</u>	<u>1,316</u>	<u>1,857</u>	<u>9,391</u>
<b>Depreciation</b>					
At 1 January 2016	939	182	1,108	1,639	3,868
Charge for the year on owned assets	130	50	95	146	421
Charge for the year on financed assets	-	-	-	-	-
At 31 December 2016	<u>1,069</u>	<u>232</u>	<u>1,203</u>	<u>1,785</u>	<u>4,289</u>
<b>Net book value</b>					
At 31 December 2016	<u>4,898</u>	<u>19</u>	<u>113</u>	<u>72</u>	<u>5,102</u>
At 31 December 2015	<u>5,028</u>	<u>69</u>	<u>208</u>	<u>180</u>	<u>5,485</u>



**UNIT4 BUSINESS SOFTWARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. Intangible assets**

	Acquired Software Development £000	Research & Development £000	Acquired Customer Contracts £000	Total £000
<b>Cost</b>				
At 1 January 2016	1,250	3,998	14,179	19,427
Disposals	-	(418)	-	(418)
At 31 December 2016	<u>1,250</u>	<u>3,580</u>	<u>14,179</u>	<u>19,009</u>
<b>Amortisation</b>				
At 1 January 2016	659	2,588	5,911	9,158
Charge for the year	112	648	773	1,533
On disposals	-	(346)	-	(346)
At 31 December 2016	<u>771</u>	<u>2,890</u>	<u>6,684</u>	<u>10,345</u>
<b>Net book value</b>				
At 31 December 2016	<u>479</u>	<u>690</u>	<u>7,495</u>	<u>8,664</u>
At 31 December 2015	<u>591</u>	<u>1,410</u>	<u>8,268</u>	<u>10,269</u>

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**UNIT4 BUSINESS SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**13. Fixed asset investments**

	<b>2016</b> <b>£000</b>	<i>2015</i> <i>Restated</i> <i>£000</i>
Balance at 1 January	<b>34,134</b>	23,755
Result from group companies	<b>(21,893)</b>	10,438
Foreign currency translation differences	<b>1,672</b>	(59)
<b>Total</b>	<b>13,913</b>	<b>34,134</b>

As at 31 December 2016, the Company owns 100% of the 25p ordinary shares in CODA Limited, a holding company registered and operating in England and whose registered office is Eden House, Eden Office Park, 82 Macrae Road, Pill, Bristol, BS20 0DD.

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 and whose registered office is Eden House, Eden Office Park, 82 Macrae Road, Pill, Bristol, BS20 0DD.

CODA Group International Limited owns 100% of the following company:

<b>Name</b>	<b>Class of shares</b>	<b>Principal activity</b>
UNIT4 Asia Pacific Pte Ltd 1 HarbourFront Place #09-05/06 HarbourFront Tower Singapore 098633	SG1 ords	Singapore

This subsidiary is wholly owned, principally operates in the country in which it is registered and has a main activity of the development and distribution of computer software and related services.

The subsidiary is not listed.

**UNIT4 BUSINESS SOFTWARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**14. Debtors**

	<b>2016 £000</b>	<b>2015 £000</b>
Trade debtors	<b>18,048</b>	<b>17,118</b>
Amounts owed by group undertakings	<b>21,260</b>	<b>11,026</b>
Corporation tax	<b>452</b>	<b>-</b>
Deferred tax asset	<b>192</b>	<b>-</b>
Other debtors	<b>1,037</b>	<b>5</b>
Prepayments and accrued income	<b>2,662</b>	<b>3,671</b>
	<b><u>43,651</u></b>	<b><u>31,820</u></b>

Amounts falling due after more than one year are £20,787 (2015: £45,124) and are included under Prepayments and accrued income

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

	<b>2016 £000</b>	<b>2015 £000</b>
Trade creditors	<b>613</b>	<b>506</b>
Amounts owed to group undertakings	<b>6,932</b>	<b>3,004</b>
Corporation tax	<b>-</b>	<b>1,664</b>
Deferred tax liability	<b>-</b>	<b>59</b>
Other taxation and social security	<b>2,680</b>	<b>2,992</b>
Other creditors	<b>519</b>	<b>122</b>
Accruals and deferred income	<b>26,057</b>	<b>26,936</b>
	<b><u>36,801</u></b>	<b><u>35,283</u></b>

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

	<b>2016 £000</b>	<b>2015 £000</b>
Accruals and deferred income	<b>118</b>	<b>299</b>
	<b><u>118</u></b>	<b><u>299</u></b>

# UNIT4 BUSINESS SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 16. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Not later than 1 year	251	319
Later than 1 year and not later than 5 years	533	192
Later than 5 years	474	425
	<u>1,258</u>	<u>936</u>

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.

### 17. Share capital

	2016 £000	2015 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
51,565,229- Ordinary shares shares of £1 each	<u>51,565</u>	<u>51,565</u>

The Currency Translation Reserve represents the changes in valuation of the investments held in foreign currencies related to the movements in the underlying currency rates for the period.

The Other Reserves represent the valuation of the investments, excluding the currency translation reserve.

### 18. 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 June 2016 the €165m facility was replaced with a facility for €230m.

At 31 December 2016 the assets of the Company are secured against the loan facility.

### 19. Related party transactions

The Company is a wholly Owned subsidiary undertaking of Al 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.

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<b>UNIT4 BUSINESS SOFTWARE LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**20. Post balance sheet events**

There were no post Balance sheet events.

**21. Ultimate holding Company**

AS at 31 December 2016 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 2W, 3364 Slidrecht, The Netherlands.