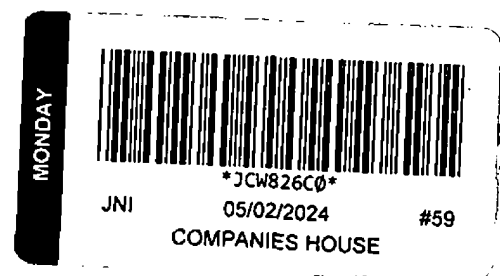
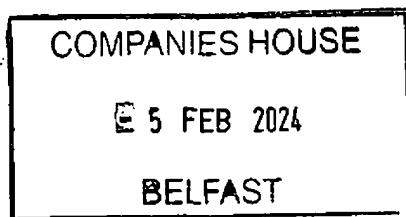


BMC Software Limited

Report and Financial Statements
for the Year Ended 31 March 2023



Company Information

Company registration number

01927903

Directors

Arno Jan ter Avest (the Netherlands)

Ted Cory Bleuer (USA)

Stephen Nicholas McEvoy (United Kingdom)

Registered office

1020 Eskdale Road

Winnersh Triangle

Wokingham

Berkshire

RG41 5TS

Auditors

Ernst & Young LLP

Bedford House

16 - 22 Bedford Street

Belfast

BT2 7DT

Bankers

Deutsche Bank

6 Bishopsgate

London

EC2P 2AT

Strategic report

For the year ended 31 March 2023

The Directors herewith present their Strategic Report for the year ended 31 March 2023.

Review of the business

BMC Software Limited (the "Company") is a member of the group of companies headed by Banff Parent Inc. ("Banff"), doing business under the name BMC Software (the "Group"). The Group, through its global subsidiaries, including the Company, provides a comprehensive portfolio of software and cloud-based solutions for enterprise orchestration, digital infrastructure management and mainframe modernisation and optimisation, built to address the needs of large, complex, heterogeneous IT environments that span hybrid-cloud, multi-cloud and on-premise, including distributed and mainframe. The Group also provides customers with maintenance and support services for its solutions, and professional services ("PS") to assist customers with product implementation, consulting, as well as customer education and training.

The principal activity of the Company during the year continued to be to provide sales and marketing services to BMC Software Distribution B.V. ("BV"), another member of the Group; providing professional services, consisting of product implementation, consulting, education and training; as well as providing research and development ("R&D") services to the Company's immediate parent undertaking, BMC Software, Inc. ("INC"). There are no plans for the Company to amend its trade in the foreseeable future. The financial statements of the Company also include the assets, liabilities and results for the year of the Company's branches in Russia, South Africa, Dubai and Saudi Arabia.

In April 2022, the Company entered into a new lease agreement for a new office facility in Winnersh with a lease term of 5 years. The Company benefits from a 12-month free rent period and a contribution from the landlord to build out the leased premises.

In November 2022, the Company decided to liquidate the Russian branch and this liquidation was officially completed on 18 April 2023.

In March 2023, the Company received an interim dividend from its subsidiary, BMC Software GmbH, in the amount of 2,375,000 euros, and the Company declared and paid a dividend to its immediate parent undertaking, INC, of the equivalent in British pounds sterling of £2,087,980.

The income statement for the year ended 31 March 2023 and the statement of financial position at that date are set out on pages 17 and 19, respectively. The profit on ordinary activities before tax for the year amounted to £5,904,614 (2022: profit of £4,116,744). After a taxation charge of £841,442 (2022: £1,924,883), a profit of £5,063,172 (2022: profit of £2,191,861) has been added to (2022: added to) the reserves.

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

	2023 £	2022 £	Change %
Turnover	87,811,158	82,752,001	+6%
Operating profit	4,105,763	3,907,991	+5%
Profit after tax	5,063,172	2,191,861	+131%
Equity shareholder's funds	26,222,339	23,083,897	+14%
Current assets (excluding amounts falling due after one year) as % of current liabilities ('quick ratio')	98%	82%	+20%
Net current liabilities	(82,201)	(4,508,279)	-98%
Average number of employees	373	372	+0%

Strategic report

For the year ended 31 March 2023

Review of the business – (continued)

Total turnover increased by 6%, mainly due to higher commission agency fees including reimbursement for rechargeable expenses as a result of higher personnel expenses in the current year, and an increase in PS turnover due to an increase in customer projects.

Operating profit increased 5% mainly due to an increase in the overall net PS result, specifically due to an increase in the number of hours spent by consultants on PS projects on behalf of other Group companies, and an increase in administrative expenses due to an increase in headcount in managerial functions having roles covering the region of Europe, Middle East and Africa ("EMEA") (which costs are remunerated on a cost plus basis) rather than roles covering only the Company.

Profit after tax increased by 131% mainly due to the dividend received during the year from the Company's subsidiary, BMC Software GmbH, and an increase during the current year in the overall PS result year-over-year.

Equity shareholder's funds increased by 14% primarily due to the increase in the profit after tax for the year, partially offset by the dividend paid to the Company's immediate parent undertaking, INC, in the current year amounting to £2,087,980.

The quick ratio increased by 20% and net current liabilities decreased by 98% as a result of a significant increase in current assets primarily due to increases in cash at bank and in hand and amounts due from Group undertakings.

The average number of employees during the year increased by 1 compared to the prior year, due to new employees in the sales organisation.

The Company faces a challenging macroeconomic environment and continued its focus on its customers' needs to reduce costs, increase business impact, improve service quality, manage risk and provide greater transparency.

The Company derives the majority of its income from a commission agency fee payable by BV as remuneration for sales support services provided by the Company to BV plus reimbursement of sales support and related expenses from BV. The Company also derives its income from R&D services to its immediate parent undertaking, INC. In addition, the Company earns turnover from providing professional services to customers, which is recorded net of value-added tax.

The Company pays particular adherence to minimise the impact of its activities on the environment, whilst continuing to address health, safety and economic issues.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company and the Group are broadly grouped as competitive, legislative, tax, financial instruments and economic risk.

Competitive risk

The industry in which the Company operates remains highly competitive and is dominated by a small number of large multi-national companies, the size of which could make future consolidation of the industry a possibility.

Legislative risk

In the EMEA region, the software installed and professional services delivered to customers are not required to meet any specific European Union ("EU") standards. However, the products are sold subject to our reliance on certain copyrights, patents, trademarks, trade secrets, confidentiality procedures and contractual procedures being in place to protect the Group's intellectual property rights.

Strategic report

For the year ended 31 March 2023

Principal risks and uncertainties – (continued)

Legislative risk – (continued)

It may be possible for unauthorised third parties to misappropriate, copy or pirate certain portions of the Group's products or to reverse engineer or obtain and use technology or other information regarded as proprietary by the Group. The Group's intellectual property rights may not survive a legal challenge regarding their validity nor provide sufficient protection to the Group in case of any legal action. Failure to maintain the Group's intellectual property rights in any jurisdiction (whether in a legal challenge or otherwise) could have a material impact on the Group's and the Company's business and financial results, and any such legal challenges or actions could become costly.

In addition, the laws or practices of certain countries do not protect the Group's proprietary rights to the same extent as do the laws of the United States. Changes in laws protecting intellectual property rights in any jurisdiction could have material consequences for the Group's business and financial results. Similarly, the Group's success and ability to compete are also dependent upon the ability to operate without infringing upon the proprietary rights of others. Third parties may claim that current or future products or services infringe upon their intellectual property rights. Any such claim, with or without merit, could be costly to defend and may have a significant effect on the Group's and the Company's business and financial results.

The Company is subject to the requirements of the General Data Protection Regulation (the "GDPR") which mandates that Data Controllers (all the entities that control or process personal data) must have organisational processes in place and implement the proper technical measures in order to protect EU citizens' personal data and applies to businesses that collect and use personal information from citizens of the EU, regardless of where the business itself is located.

The legal bases for collecting personal data are mainly consent, to fulfil the legitimate interests of someone without intruding upon individual rights and freedoms and fulfilment of a contract.

The GDPR requirements are complex, in part due to multinational companies, including the Group, using multiple systems in which data is processed. The risk of non-compliance with the GDPR could lead to legal actions against the Group and the Company.

Tax risk

The Company operates under a tax framework which is subject to changing tax legislation.

The Company utilises a Group tax function which regularly monitors transfer pricing requirements and developments to ensure that appropriate actions are being taken and appropriate documentation is being maintained to meet local reporting and compliance requirements.

The Group tax function is advised by renowned companies providing tax services as required, with regards to changes in legislation that affect the Company's business, including the local tax compliance requirements.

Financial instruments risk

The Directors have considered and reviewed the provisions relating to the financial risk management objectives and policies of the Company, including any associated use of financial instruments. As part of this review, the Directors have also considered the exposure of the Company to price risk, credit risk, liquidity risk and cash flow risk, in order that an overall assessment can be made of the Company's assets, liabilities, results for the year and its financial position at the end of the year.

Strategic report

For the year ended 31 March 2023

Principal risks and uncertainties – (continued)

Financial instruments risk – (continued)

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board of Directors. The policies set by the Group, headed by Banff, are implemented by the Group's EMEA headquarters. The Group has a policy and procedures manual that sets out specific guidelines to manage price, credit, liquidity and cash flow risk and circumstances where it would be appropriate to use financial instruments to manage these risks.

Price risk arises on financial instruments because of changes in, for example, interest rates or foreign currency exchange rates. The Company is also exposed to price risk as a result of the activities of competitors. High levels of competition can reduce the margins of the Company.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for another party by failing to discharge an obligation. The Group to which the Company belongs has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is continuously reassessed by the credit control department.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Directors continuously review the amounts owed to and from subsidiaries and related Group undertakings and take action as required to repatriate or make good any intercompany accounts as necessary in order to meet the Company's obligations.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The Company has a policy of maintaining both interest-bearing and non-interest-bearing intercompany debt, periodically settled, to finance the Company's short-term operations. The Directors, under the direction of the Group, will revisit the appropriateness of this policy should the Company's operations change in size or nature.

The Company does not use derivative contracts.

Economic risk

The ongoing conflicts in Ukraine and Israel also introduced new challenges to the economic environment, such as increased interest rates, inflation and supply chain issues; however, the Directors have determined that these are not expected to have a significant impact on the Company's future activities.

The Directors are closely monitoring the potential impact of the ongoing conflicts in Ukraine and Israel on the Company's results and cash flows for the financial year ending 31 March 2024.

The Company's indirect parent undertaking, Banff, has indicated its willingness to provide financial support, as necessary, for a period to 31 March 2025.

Directors' duties

The Directors of the Company must act in accordance with a set of general duties applicable to all UK companies. These duties are detailed in section 172 of the UK Companies Act 2006 and are summarised below.

A Director of the Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have regard to:

Strategic report

For the year ended 31 March 2023

Directors' duties – (continued)

- The likely consequences of any decisions in the long-term;
- The interests of the Company's employees;
- The need to foster the Company's business relationship with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly with the shareholders of the Company.

As part of their induction, each Director is briefed on their duties and can access professional advice on these, either from a Company Secretary or if they judge necessary, from an independent advisor.

The following paragraphs summarise how the Directors demonstrate that they have successfully fulfilled their duties:

Long-term consequences - risk management

The Company provides critical services to its customers, often in highly regulated environments. As the Company grows, the business and the risk environments also become more complex. It is therefore vital that the Company effectively identifies, evaluates, manages and mitigates the risks it is facing.

Further details of the Company's principal risks and uncertainties are set out on pages 3, 4 and 5.

Employees

The Company is committed to being a responsible business. The Company's behaviour is aligned with the expectations of its employees, customers, investors, communities and society as a whole. Employees are the heart of the Company's success. For the Company's business to succeed, the Company needs to manage its employees' performance and development and bring forward talent while ensuring the Company is operating as efficiently as possible. The Company has invested in training opportunities for its employees and has asked for employees' feedback on the Company's operations via surveys.

More details regarding the Company's employees are set out on page 27.

Business relationships

The Company's strategy is to grow, both through new customers as well as expanded sales to existing customers, and to maintain excellent relationships with suppliers. To do this, the Company invests in the development and maintenance of strong customer relationships as well as in supplier relationships, including strategic partnerships, via the Group's procurement function.

The Company also values all of its suppliers and has multi-year contracts with key suppliers.

Community and environment

The Company's approach is to use its position of strength to create positive change for its employees and communities with which it interacts. The Company wants to leverage its expertise and enable employees to support the community around it. The Company encourages its employees to give back to the community with measures such as providing employees with paid time off for volunteer activities.

Reputation

The Company is a member of the Group that values high standards of business conduct. All employees of the Group, including those of the Company, complete mandatory annual trainings on ethics and business standards. The Company and the Group recognise that reputational damage is costly and have active policies in place to prevent such any harm to their reputations.

Strategic report

For the year ended 31 March 2023

Directors' duties – (continued)

Shareholders

The Board of Directors is committed to openly engaging with Banff, the Company's indirect parent undertaking, as the Directors recognise the importance of a continuing effective dialogue. It is important that the Company understands the ultimate shareholder's strategy and objectives as the Company is part of the Group operationally headed by Banff, the indirect parent undertaking, so these must be explained clearly, feedback must be heard and any issues or questions raised must be properly considered. Strategy and objectives are shared and discussed periodically during the year by the Executive Leadership Team of the Group with all employees and also separately to senior staff.

Streamlined Energy and Carbon Report ("SECR")

Responsibly managing the environmental impact of our office space

The Company recognises that its office facilities contribute to the generation of greenhouse gas ("GHG") emissions, in addition to other key environmental impacts.

The Directors are committed to ensuring that the office space the Company occupies is operated in a sustainable manner. The approach to this is guided by environmental stewardship aligned with the sustainable development goals. The Company complies with local laws as a minimum standard and the Directors continually review the approach to managing the impact of the Company's office space, considering emerging risks and opportunities associated with, for example, its carbon footprint.

Disclosing our energy use and carbon emissions

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 introduced the obligation for quoted companies to report on their GHG emissions. These requirements have been extended to certain unquoted companies, including the Company, by The Companies and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The purpose of these requirements is to report on the UK energy usage of the Company and related GHG emissions.

Organisational boundary and our methodology for reporting

The Company consolidates the energy and emissions reporting boundary according to the operational control approach for the Company's registered office. The energy and GHG gas emissions data presented relate to the operations of the Company and its employees from 1 April 2022 to 31 March 2023, which is aligned with the Company's financial reporting year, and the prior year data is also presented.

The methodology to quantify the energy and GHG emissions is aligned with the "Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance" (March 2019) issued by the Department for Business, Energy & Industrial Strategy (the "BEIS"), as well as the WBCSD/WRI Greenhouse Gas Protocol Corporate Standard.

In cases where actual metered information was not available to calculate all the energy usage and GHG emissions, a tiered estimation approach has been adopted, using the same data for the corresponding month of the previous reporting period or benchmark estimations.

Performance

The Company continues to make a concerted effort to manage its carbon footprint associated with the use of its office facilities to service customers.

Strategic report

For the year ended 31 March 2023

Streamlined Energy and Carbon Report ("SECR") – (continued)


Energy consumption (kWh)	Year ended 31 March 2023	Year ended 31 March 2022
Combustion of gas and other fuels	143,402	144,664
Consumption of electricity for own use	303,818	799,576

Initiatives in this reporting year to reduce the Company's energy consumption of its office facilities were mainly related to the relocation to more energy-efficient office premises in April 2022.

Greenhouse gas emissions	Year ended 31 March 2023	Year ended 31 March 2022
Scope 1 Combustion of gas and other fuels (tCO ₂ e)	26.18	26.50
Scope 2 Electricity purchased for own use (tCO ₂ e)	58.75	169.77
Scope 3 Business travel employee-owned vehicles (tCO ₂ e)	-	-
Total Gross (tCO ₂ e)	84.93	196.27
Intensity metric (tCO ₂ e/m ²)	0.00347	0.008011

The Directors continually review and refine the approach and reporting related to the environmental impacts of the business, considering emerging risks and opportunities that support the achievement of the Company's core corporate philosophy.

Approved on behalf of the Board

DocuSigned by:

 ...F85C747D8C714871...
 Arno Jan ter Avest
 Director

Date: 01 February 2024

Directors' report

For the year ended 31 March 2023

The Directors herewith present their report and the audited financial statements for the year ended 31 March 2023.

Directors of the Company

The names of the persons who were Directors at any time during the year ended 31 March 2023 and up to the date of approval of the financial statements are set out below. Unless indicated otherwise, they served as Directors for the entire period.

Directors: Stephen Nicholas McEvoy, Arno Jan ter Avest and Ted Cory Bleuer.

Dividends

During the year, the Company distributed a dividend to its immediate parent undertaking, INC, amounting to £2,087,980 (2022: £20,000,000).

The Directors do not recommend any further distribution of a dividend for the current year (2022: nil).

Future developments

It is the intention of the Directors to continue to develop the current activities of the Company and to contribute to the global policy of being able to innovate and aggressively drive efficiencies throughout the Group, in order to operate in a rapidly changing industry. The Directors intend to continue to develop the current activities of the Company with a view to increasing future profitability and consider that they are well placed within the market to meet these challenges and continue to do so in the subsequent financial year.

Events since the Statement of Financial Position date

In November 2022, the Company decided to liquidate the Russian branch and this liquidation was officially completed on 18 April 2023. There have been no other events subsequent to 31 March 2023 which would require additional disclosure in the financial statements.

Financial instruments

Details of the risks associated with financial instruments are provided in the Strategic Report on pages 4 to 5.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 4 to 5. The response to the impact of the ongoing Ukraine and Israel conflicts is also set out in the "Principal risks and uncertainties" section in the Strategic Report. To the best of the Directors' current knowledge, the Ukraine and Israel conflicts are not expected to have a material adverse impact on the Company's ability to continue as a going concern.

The Directors have prepared the financial statements on a going concern basis as they expect that the Company will continue in operational existence for the foreseeable future. Banff, the Company's indirect parent undertaking, has given irrevocable guarantees to provide financing to the Company for a period to 31 March 2025, which will allow the Company to meet its obligations as they fall due and further the Company's development. The Directors deem it appropriate to prepare the financial statements on a going concern basis after the analyses performed by the Group regarding the ability of the Group to continue providing support, in which the impact of the ongoing conflicts in Ukraine and Israel has created and continues to create significant uncertainty in macroeconomic conditions, which may adversely impact the Company's results of operations. In light of these events, the Group has performed additional assessments of certain accounting-related matters that generally require consideration of current and forecasted information. The Directors have considered information available to the Company as of the date of issuance

Directors' report – (continued)

For the year ended 31 March 2023

Going concern – (continued)

of these financial statements, including the ongoing conflicts in Ukraine and Israel, and the Directors are not aware of any other specific events or circumstances that would require an update to the estimates or judgments, or any adjustments to the financial statements, as of 31 March 2023. Additionally, given that the Group's performance metrics were largely in line with expectations, including the free cash flow generation, it was concluded there was no substantial doubt as to the Group's ability to support the Company.

Directors' liabilities

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.

Political donations

The Company has not made political donations during the financial year ended 31 March 2023 (2022: nil).

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

When existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

The Company communicates on business and performance on a quarterly basis and specifically engages with its employees via regular 'Voice of our People' surveys, and on various topics such as employee benefits; pension; diversity, equity and inclusion; corporate social responsibility training and volunteering opportunities, amongst other matters.

The employee bonus scheme has been running successfully since its inception. Certain employees receive a bonus related to both Group performance and their individual contribution.

Fostering the business relationships with customers, suppliers and others

The Company values its customers and is continuously engaging with them to evaluate the Group's solutions and services. The Group to which the Company belongs participates in regular surveys of customers via independent companies, and takes appropriate actions based on the results of such surveys. The Group also regularly solicits feedback from customers in order to best meet the needs of its customers.

The Company is also actively engaging with suppliers, including in areas such as social responsibility. The Streamlined Energy and Carbon Report included in the Strategic Report includes examples of such efforts.

Directors' report – (continued)

For the year ended 31 March 2023

Modern Slavery Act Statement

The Company is required under section 54 of the Modern Slavery Act 2015 (the "MSA") to issue and approve a Modern Slavery Statement (the "MSS"). The MSS is publicly available on the Company's website (<https://www.bmc.com/content/dam/bmc/corporate/FY23-modern-slavery-act.pdf>). The MSS covers the steps taken for the financial year 1 April 2022 to 31 March 2023 to ensure the Company is compliant with section 54 of the MSA.


Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Ernst & Young LLP is deemed to be reappointed as the auditor of the Company in accordance with the provisions of Section 487(2) of the Companies Act 2006.

Approved on behalf of the Board

DocuSigned by:

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Arno Jan ter Avest

Director

Date: 01 February 2024

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and 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 accounting standards issued by the Financial Reporting Council, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (Generally Accepted Accounting Practice in the UK) ("FRS 102"). 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 the 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and reasons for any material departure from those standards; and
- 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 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 taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the directors are also responsible for preparing a Strategic report and Directors' report that comply with that law and those regulations.

Independent auditor's report

to the member of BMC Software Limited

Opinion

We have audited the financial statements of BMC Software Limited (the "Company") for the year ended 31 March 2023 which comprise the Income statement, the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as of 31 March 2023 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.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 31 March 2025.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independent auditor's report

to the member of BMC Software Limited – (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

to the member of BMC Software Limited – (continued)

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Bribery Act 2010, Companies (Miscellaneous Reporting) Regulation 2018, those laws and regulations relating to health and safety and employee matters and relevant tax compliance regulations in the jurisdictions in which the Company operates, including the United Kingdom).
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation: all minutes of board meetings held during the year; the Company's code of conduct setting out the key principles and requirements for all staff in relation to compliance with laws and regulations; and any relevant correspondence with local tax authorities.
- We assessed that revenue was a judgemental area of the audit which might be more susceptible to fraud. We obtained an understanding of the controls over the process for the recognition of revenue and tested in particular the existence of the revenue recorded in the financial statements and any manual adjustments to the revenue.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company established to address risks identified by the Company or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the Company applies.
- Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of management and the Directors and review of legal correspondence.

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

Independent auditor's report

to the member of BMC Software Limited – (continued)

Use of our report

This report is made solely to the Company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP
22734344dF87428...

Neil Warnock (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 02 February 2024

INCOME STATEMENT

For the year ended 31 March 2023

	<i>Note</i>	2023 £	2022 £
TURNOVER	2	87,811,158	82,752,001
COST OF SALES		(73,382,154)	(69,082,478)
GROSS PROFIT		14,429,004	13,669,523
Administrative expenses		(10,323,241)	(9,761,532)
OPERATING PROFIT	3	4,105,763	3,907,991
Income from shares in subsidiary undertakings	17	2,196,593	-
Interest income	5	1,285	-
Interest expense and similar charges	6	(18,467)	(27,820)
Amortisation of goodwill	8	(380,560)	(380,560)
Reversal of impairment on investments in subsidiaries	10	-	617,133
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		5,904,614	4,116,744
Tax on profit on ordinary activities	7	(841,442)	(1,924,883)
PROFIT FOR THE FINANCIAL YEAR		5,063,172	2,191,861

All profits and losses are derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 £	2022 £
Profit for the financial year	5,063,172	2,191,861
Translation of retained earnings in foreign branches	163,250	(123,646)
Total other comprehensive income / (loss)	163,250	(123,646)
Total comprehensive income for the year	5,226,422	2,068,215

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	<i>Called up share capital</i> £	<i>Share premium account</i> £	<i>Profit and loss account</i> £	<i>Total equity</i> £
At 1 April 2021	213	39,166,480	1,848,989	41,015,682
Profit for the financial year	-	-	2,191,861	2,191,861
Other comprehensive loss	-	-	(123,646)	(123,646)
Total comprehensive income for the year	-	-	2,068,215	2,068,215
Capital reduction (note 17)		(20,000,000)	20,000,000	-
Dividend distribution (note 17)	-	-	(20,000,000)	(20,000,000)
At 31 March 2022	213	19,166,480	3,917,204	23,083,897
Profit for the financial year	-	-	5,063,172	5,063,172
Other comprehensive income	-	-	163,250	163,250
Total comprehensive income for the year	-	-	5,226,422	5,226,422
Dividend distribution (note 17)	-	-	(2,087,980)	(2,087,980)
At 31 March 2023	213	19,166,480	7,055,646	26,222,339

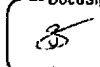
STATEMENT OF FINANCIAL POSITION

Company registration number: 01927903

As at 31 March 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Intangible assets	8	380,560	761,120
Tangible assets	9	1,554,462	1,755,017
Investments in subsidiaries	10	26,846,628	26,846,628
		<u>28,781,650</u>	<u>29,362,765</u>
CURRENT ASSETS			
Debtors:			
- amounts falling due within one year	11	23,822,978	21,346,758
- amounts falling due after one year	11	408,056	572,704
		<u>24,231,034</u>	<u>21,919,462</u>
Cash at bank and in hand		4,551,026	1,793,061
		<u>28,782,060</u>	<u>23,712,523</u>
CREDITORS: amounts falling due within one year	12	(28,864,261)	(28,220,802)
NET CURRENT LIABILITIES		<u>(82,201)</u>	<u>(4,508,279)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,699,449</u>	<u>24,854,486</u>
CREDITORS: amounts falling due after one year	13	(1,059,060)	(431,383)
PROVISIONS FOR LIABILITIES	15	(1,418,050)	(1,339,206)
NET ASSETS		<u>26,222,339</u>	<u>23,083,897</u>
CAPITAL AND RESERVES			
Called up share capital	16	213	213
Share premium account	17	19,166,480	19,166,480
Profit and loss account	17	7,055,646	3,917,204
EQUITY SHAREHOLDER'S FUNDS		<u>26,222,339</u>	<u>23,083,897</u>

Approved on behalf of the Board on 01 February 2024

DocuSigned by:

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Arno Jan ter Avest

Director

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

1. ACCOUNTING POLICIES

a) *Statement of compliance*

BMC Software Limited (the "Company") is a private limited by shares company incorporated and domiciled in England. The Registered Office is 1020 Eskdale Road, Winnersh Triangle, Wokingham, Berkshire RG41 5TS.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

b) *Basis of preparation*

The financial statements of the Company were authorised for issuance by the Board of Directors on 01 February 2024.

The accounting policies which follow set out those policies which apply in preparing the financial statements.

The financial statements have been presented in accordance with applicable accounting standards. The financial standards are prepared in British pounds sterling (£) which is the functional currency of the Company.

Under FRS 102, the Company has taken advantage of the following exemptions:

Share-based payment transactions

The Company has availed of the exemption provided under Section 1.12(d) not to apply the disclosure requirements under Section 26, Share-based Payment.

Related parties

Section 1.12(e) and Section 33.1A of FRS 102 exempt 'qualifying entities' from the requirement to prepare 'Related party disclosures' provided for by Section 33. The Company has availed of this exemption.

Financial instruments

The Company has elected to use the exemption from the requirements of International Financial Reporting Standards 7, Financial Instruments: Disclosures.

Key management compensation

The Company has elected to use the exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.

c) *Going concern*

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 4 to 5. The response to the impact of the ongoing Ukraine and Israel conflicts is also set out in the "Principal risks and uncertainties" section in the Strategic Report. To the best of the Directors' current knowledge, the Ukraine and Israel conflicts are not expected to have a material adverse impact on the Company's ability to continue as a going concern.

The Directors have prepared the financial statements on a going concern basis as they expect that the Company will continue in operational existence for the foreseeable future. Banff, the Company's indirect parent undertaking, has given irrevocable guarantees to provide financing to the Company for a period to 31 March 2025, which will allow the Company to meet its obligations as they fall due and further the

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

1. ACCOUNTING POLICIES

c) *Going concern – (continued)*

Company's development. The Directors deem it appropriate to prepare the financial statements on a going concern basis after the analyses performed by the Group regarding the ability of the Group to continue providing support, in which the impact of the ongoing conflicts in Ukraine and Israel has created and continues to create significant uncertainty in macroeconomic conditions, which may adversely impact the Company's results of operations. In light of these events, the Group has performed additional assessments of certain accounting-related matters that generally require consideration of current and forecasted information. The Directors have considered information available to the Company as of the date of issuance of these financial statements, including the ongoing conflicts in Ukraine and Israel, and the Directors are not aware of any other specific events or circumstances that would require an update to the estimates or judgments, or any adjustments to the financial statements, as of 31 March 2023. Additionally, given that the Group's performance metrics were largely in line with expectations, including the free cash flow generation, it was concluded there was no substantial doubt as to the Group's ability to support the Company.

d) *Cash flow statement*

Section 1.12(b) of FRS 102 exempts 'qualifying entities' from the requirement to prepare a cash flow statement under Section 3.17(d). A qualifying entity is a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation. The Company has availed itself of this exemption.

e) *Non-preparation of Group financial statements*

These financial statements present information about the Company as an individual undertaking and not about its Group. The Company has availed itself of the exemption under Section 401 of the Companies Act 2006 from preparing and delivering consolidated financial statements. The results of the Company and its subsidiaries are included in the consolidated financial statements of the Group company, Banff, which have been prepared in accordance with U.S. generally accepted accounting principles. The consolidated financial statements of Banff are available from 2103 CityWest Boulevard, Houston, Texas, 77042, USA.

f) *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 statement of financial position date and the amounts reported for turnover and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

As of 31 March 2023, the ongoing conflicts in Ukraine and Israel continue to create significant uncertainty in macroeconomic conditions, which may adversely impact the Company's results of operations. In light of these events, the Company has performed additional assessments of certain accounting-related matters that generally require consideration of current and forecasted information. The Directors have considered information available to the Company as of the date of issuance of these financial statements, including the ongoing conflicts in Ukraine and Israel, and the Directors are not aware of any other specific events or circumstances that would require an update to the estimates or judgments, or any adjustments to the financial statements, as of 31 March 2023.

Lease commitments

The Company has entered into commercial leases and as a lessee, it obtains the use of property, plant and equipment. The classification of such leases as operating or finance leases requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position. Further details can be found in note 14.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

1. ACCOUNTING POLICIES – (continued)

f) Judgements and key sources of estimation uncertainty – (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of the asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss. An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

If, in a subsequent financial year, the amount of an impairment decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed for the amount of the decrease. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in the income statement.

Taxation

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the jurisdictions in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

g) Significant accounting policies

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight-line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The estimated useful life of the Company's intangible assets, consisting of goodwill, is 3 years.

Investments in subsidiaries

Investments in subsidiaries are stated at cost, less where necessary, a provision for impairment. Impairments are determined by comparison of the carrying value of the investment in subsidiary against the recoverable amount of such investment. Investments in subsidiaries that have been contributed to the Company by its parent undertaking for nil consideration are initially recognised at zero value. Changes in fair values are recognised in the income statement.

Property, plant and equipment

Property, plant and equipment, for which the acquisition value exceeds the £ equivalent of US\$ 2,500, are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold improvements	over the shorter of the lease term and 40 years
Computer equipment	over 3 years
Office equipment	over 5 years
Furniture and fixtures	over 5 years

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

1. ACCOUNTING POLICIES – (continued)

g) *Significant accounting policies – (continued)*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover – revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value-added tax ("VAT") and other sales taxes or duty. Turnover includes commission agency fees, reimbursement for rechargeable expenses received from BV, as well as remuneration for R&D services provided to the Company's immediate parent undertaking, INC (consisting of reimbursement for rechargeable expenses received from INC plus a 10% mark-up), which are recognised as earned, when services are delivered, under the terms of various intercompany agreements. The Company also provides additional services to BV, and receives income based on costs incurred plus an 10% mark-up on the relevant costs. Professional services turnover is recognised as earned when services are delivered to customers.

Professional services turnover, which relates to product implementation, consulting, education and training associated with the Group's solutions, is derived under both time-and-material and fixed fee arrangements and in most instances is recognised on a proportional performance basis based on actual and estimated remaining project costs. If no discernible customer deliverable exists until the completion of the professional services, the completed performance method is applied and the recognition of professional services turnover is deferred until completion of the services, which is typically evidenced by a signed completion letter from the customer.

Research and development

Expenditures for research and development are expensed in the year in which they are incurred.

Provision for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. When the time value of money is material, the amount of a provision shall be the present value of the amount expected to be required to settle the obligation. When a provision is measured at its present value, the unwinding of the discount shall be recognised as a finance cost in the income statement in the period in which it arises.

Current tax

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

Deferred tax

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax returns in periods different from those in which they are recognised in the financial statements except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the Directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

1. ACCOUNTING POLICIES – (continued)

g) *Significant accounting policies – (continued)*

Foreign currencies

Transactions in foreign currencies are converted to the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are converted to the Company's functional currency at the rate of exchange ruling at the statement of financial position date. Differences related to changes in foreign currency exchange rates are taken to the income statement. Non-monetary assets and liabilities denominated in foreign currencies are converted to the Company's functional currency at the rate of exchange ruling on the date on which the transaction giving rise to the non-monetary asset or liability occurred.

The income and expenses for the year for the Company's foreign branches are translated to British Pound sterling at the average exchange rate for the full year. Assets and liabilities of these branches are translated to British pounds sterling at the rate of exchange ruling at the statement of financial position date. The effect of translation of the retained earnings of the foreign branches is recognised directly in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the income statement as cost of sales.

The fair value of long-term debtors and creditors that carry no interest is estimated as the present value of all future cash flows discounted using the prevailing market rates of interest for a similar instrument with a similar credit rating.

Leasing commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, are initially capitalised in the balance sheet at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments and are depreciated over the shorter of the lease term and the asset's useful life. A corresponding liability is recognised in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement, to achieve a constant rate of interest on the remaining balance of the liability. Rentals payable under operating leases are expensed on a straight-line basis over the lease term. Lease incentives are recognised in the income statement over the lease term on a straight-line basis.

Subleases are accounted for as operating leases and a provision is accrued to reflect the present value of the future losses, if applicable, arising from the difference between the rental payments due to the lessor according to the relevant lease agreement and the rental payments due from the sub-lessor according to the relevant sublease agreement.

Rental income under operating subleases is credited in the income statement on a straight-line basis over the lease term.

Pensions and other post-retirement benefits

Pension benefits are funded over the employees' years of service by way of contributions to a defined contribution scheme. Contributions are recognised in the income statement in the period in which they become payable.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

1. ACCOUNTING POLICIES – (continued)

g) Significant accounting policies – (continued)

Share-based payments

Banff has granted phantom units, representing a hypothetical Class B limited partnership interest in Banff Holdings L.P., the parent of Banff (the “Phantom Awards”), to certain of its non-U.S. employees, including certain employees of the Company, pursuant to the Phantom Unit Award Agreement. The Phantom Awards are initially unvested. 60% of the Phantom Awards are time-vesting units and vest based on the passage of time over five years or upon a change of control, and the remaining 40% of the Phantom Awards are performance-vesting and vest upon the attainment of a measurement date and certain defined sponsor/investor return thresholds, assuming continued employment.

The Company is responsible for settling the Phantom Awards in cash. The Phantom Awards are classified as liability awards.

The fair value of the Phantom Awards is recognised, together with a corresponding increase in a liability, over the period in which the performance and/or service conditions of the awards are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense recognised for the Phantom Awards at each reporting date until the vesting date is based on the vested portion of the fair value on the reporting date. Forfeitures are accounted for when they occur.

The Company also issues long-term incentive awards with share settlement features (the “LTIP Awards”) to certain employees. The LTIP Awards consist of both time-based awards, which generally vest 1/3 per year over three years, and performance-based awards, which vest 1/3 per year over three years, further adjusted from 0% to 200% of the target payout based on the achievement of certain financial metrics. The LTIP Awards are settled in cash unless the Company, any affiliate of the Company or any successor entity to the Company is a publicly-traded company, in which case the LTIP Awards are settled in stock. Share-based compensation costs for the LTIP Awards are based on the target cash payout amount and are recognised on a straight-line basis over the vesting period of the LTIP Award. The expense associated with performance-based LTIP Awards is adjusted for the expected achievement of the performance condition each period.

Financial assets

Financial assets, including trade and other debtors, intercompany receivables, cash and short-term deposits, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction, in which case the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each financial year, financial assets measured at transaction price are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at transaction price is impaired, an impairment loss is recognised in the income statement.

If, in a subsequent financial year, the amount of an impairment decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed for the amount of the decrease. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire, are terminated or are settled, (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

All financial liabilities, including trade and other creditors and intercompany payables, are recognised at transaction price unless stated otherwise.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

1. ACCOUNTING POLICIES – (continued)

g) Significant accounting policies – (continued)

Financial liabilities – (continued)

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year. If not, they are classified as due after one year. Trade creditors are recognised at transaction price.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. TURNOVER

Turnover includes a commission agency fee payable by BV, including reimbursement of expenses rechargeable to BV, for sales and marketing services, as well as remuneration for R&D services provided to the Company's immediate parent undertaking, INC. The Company also provides additional services to BV and receives income, based on costs incurred plus an 10% mark-up on the relevant costs. In addition, turnover generated from professional services is received directly from customers or other companies in the Group, net of VAT.

An analysis of turnover by activity is shown below.

	2023	2022
	£	£
Remuneration for services to BV, consisting of	58,309,568	56,831,186
<i>Sales and marketing services to BV</i>	24,627,399	
<i>Other services to BV</i>	33,682,169	
R&D services to INC	6,773,382	7,620,658
Professional services, consisting of	22,728,208	18,300,157
<i>Education (2023: included in Professional services)</i>		5,186,387
<i>Professional services (2022: excluding Education)</i>	22,728,208	13,113,770
	<u>87,811,158</u>	<u>82,752,001</u>

Remuneration for services to BV in the table above for the year ended 31 March 2022 are amounts for both sales and marketing services and other services, which are disclosed separately in the table above for the year ended 31 March 2023. Additionally, education and professional services are disclosed separately in the table above for the year ended 31 March 2022, but are combined and classified as professional services for the year ended 31 March 2023, for consistency with internal operational reporting.

Disclosure of geographical turnover by reference to its destination, as well as its origin, is considered by the Directors to be seriously prejudicial to the interests of the Company. Consequently, this information is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation of owned assets	558,333	700,488
Depreciation of assets held under finance leases	86,847	102,946
Amortisation of intangible assets	380,560	380,560
Total depreciation and amortisation	1,025,740	1,183,994
Foreign currency exchange losses	38,537	75,117
Rental income – buildings	-	(146,614)
Operating lease rentals – buildings	717,763	672,226

The auditor's remuneration for the year amounted to €31,248 (£27,455) (2022: €23,754 (£19,876)).

4. STAFF COSTS**a) Staff costs**

	2023	2022
	£	£
Wages and salaries	58,261,999	59,455,250
Social security costs	6,355,599	6,343,558
Other pension costs	3,459,183	3,323,842
Total	68,076,781	69,122,650

The Company operates a defined contribution pension scheme. The other pension costs represent contributions payable by the Company to the pension fund.

The average number of employees during the year was made up as follows:

	2023	2022
	No.	No.
Sales	176	171
Marketing	7	5
Customer support	137	139
Administration	17	17
R&D	36	40
Total	373	372

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

4. STAFF COSTS – (continued)**b) Directors' remuneration**

	2023 £	2022 £
Aggregate remuneration in respect of qualifying services	429,143	396,594
Aggregate amounts receivable under long-term incentive plans	-	-
	2023 No.	2022 No.
Number of Directors who received shares in respect of qualifying services	-	-
Number of Directors who exercised share options	-	-
Number of Directors accruing benefits under defined benefit schemes	-	-
In respect of the highest paid Director:	2023 £	2022 £
Aggregate remuneration	429,143	396,594
Accrued pension at the end of the year	824	785
Accrued lump sum amounts at the end of the year	-	-

Two of the Directors are remunerated for their services to the Company by other Group undertakings, and their services to the Company are limited and hence such remuneration is not disclosed above.

5. INTEREST INCOME

	2023 £	2022 £
Interest income on corporation tax	1,285	-
Total interest income	1,285	-

6. INTEREST EXPENSE AND SIMILAR CHARGES

	2023 £	2022 £
Finance charges under leases	18,467	23,047
Interest charges on cash at bank	-	1,653
Interest charges on corporation tax	-	3,120
Total interest expense and similar charges	18,467	27,820

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

7. TAXATION

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2023	2022
	£	£
<i>Current tax:</i>		
UK corporation tax at 19% (2022: 19%)	597,944	577,579
UK anti-hybrid (reversal) / provision, net	(131,776)	1,241,143
Adjustments in respect of prior periods	(4,685)	40,066
Non-reclaimable dividend withholding tax	109,829	-
Foreign tax expense	185,247	204,263
Total current tax expense	756,559	2,063,051
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(91,382)	(83,620)
Impact of statutory tax rate change on deferred tax balances (note 7 (c))	(29,046)	(121,215)
Adjustments in respect of prior periods	236,474	119,280
Foreign tax benefit	(31,163)	(52,613)
Total deferred tax expense / (benefit)	84,883	(138,168)
Tax on profit on ordinary activities (note 7 (b))	841,442	1,924,883

In the year ended 31 March 2022, the Company analysed the application of the UK hybrid and other mismatch rules (the "UK hybrid rules") to the Company for the fiscal years ended 31 March 2020, 2021 and 2022.

Because the Company is a hybrid entity, the UK hybrid rules have effect and impose a counteraction (i.e., a disallowance of expenses) where double deductions (expenses which are deducted for UK and U.S. tax purposes) exceed dual inclusion income ("DII") and s259ID income. The calculations prepared by the Company in the year ended 31 March 2022 demonstrated there was a shortfall of DII as compared to double deductions in respect of the fiscal years ended 31 March 2020, 2021 and 2022 (up to 10 June 2021, the date on which the legislation changed).

During these fiscal years, INC remunerated the Company for R&D services. There is uncertainty whether this remuneration meets the conditions to qualify as s259ID income. Should this amount not qualify as s259ID income under the UK hybrid rules, the Company may suffer a counteraction (i.e., a disallowance of expenses) under the UK hybrid rules on the basis that its double deductions will exceed its DII and s259ID income. Given this uncertainty, the Company recorded an anti-hybrid provision (including accrued interest) of £1,241,143 in the year ended 31 March 2022. In the year ended 31 March 2023, the statute of limitations for the year 31 March 2020 expired, resulting in a partial net release of the anti-hybrid provision of £131,776. The Company believes that after 10 June 2021 (the date on which the UK hybrid legislation changed), the remuneration for R&D services received from INC qualifies as s259ID income and will not suffer a counteraction after that date.

During the year ended 31 March 2019, the Company made an election to have the profits of its foreign branches be exempt from UK corporation tax with effect from 1 April 2019. As a result, effective 1 April 2019, the Company's foreign branches are subject only to corporation tax in their local jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

7. TAXATION – (continued)

b) Factors affecting the tax charge

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are reconciled below:

	2023 £	2022 £
Profit on ordinary activities before tax	5,904,614	4,116,744
Profit on ordinary activities before tax multiplied by standard rate of corporation tax 19% (2022: 19%)	1,121,877	782,181
<i>Effects of:</i>		
Non-taxable reversal of impairment of investment in subsidiary RSM Partners Limited ("RSM")	-	(117,255)
Non-taxable income from foreign branches	(327,877)	(288,857)
Non-taxable dividend income from subsidiary BMC Software GmbH	(417,353)	-
Non-taxable R&D expenditure credit in respect of prior periods	-	(6,873)
Non-deductible expenses	57,609	52,457
Non-deductible goodwill amortisation	72,306	72,306
Non-reclaimable dividend withholding tax	109,829	-
UK anti-hybrid (reversal) / provision, net	(131,776)	1,241,143
Adjustments in respect of prior periods	231,789	159,346
Foreign current and deferred tax, net	154,084	151,650
Impact of statutory tax rate change on deferred tax balances (note 7 (c))	(29,046)	(121,215)
Tax on profit on ordinary activities	841,442	1,924,883

c) Factors that will affect future tax charges

The UK corporation tax rate is 19%, effective 1 April 2017.

The UK government's budget for 2021, presented on 11 March 2021, introduced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The budget resolution for the increase in tax rate was passed on 24 May 2021. On 10 June 2021, Finance Act 2021 received Royal Assent and as a result, the increase in the UK corporation tax rate to 25% was enacted with effect from 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

7. TAXATION – (continued)

d) *Deferred tax*

The deferred tax assets and liabilities included in the statement of financial position are as follows:

	2023	2022
	£	£
Deferred tax assets included in debtors (note 11)	576,067	649,726
Deferred tax liabilities included in creditors (note 12)	(10,348)	(6,891)
	<u>565,719</u>	<u>642,835</u>
<i>Components of deferred tax assets:</i>		
Accelerated capital allowances	69,832	246,866
Share-based awards	220,254	257,429
Asset retirement obligations	2,915	770
Pension liabilities	107,758	3,371
Vacation accrual	5,416	1,071
	<u>406,175</u>	<u>509,507</u>
Foreign (South Africa, Saudi Arabia)	<u>169,892</u>	<u>140,219</u>
Deferred tax assets	<u>576,067</u>	<u>649,726</u>
		£
<i>Deferred tax assets:</i>		
At 1 April 2022		649,726
Deferred tax expense in the income statement		(84,883)
Other movements		11,224
At 31 March 2023		<u>576,067</u>

Deferred tax assets have been recognised only to the extent that the Directors believe that there is sufficient evidence that there will be suitable taxable profits in the future against which the deferred tax assets can be recovered.

The Company expects deferred tax assets of £202,378 to reverse in the year ending 31 March 2024.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

8. INTANGIBLE ASSETS

	2023 £	2022 £
<i>Cost</i>		
At 1 April	1,141,680	-
Additions	-	1,141,680
At 31 March	1,141,680	1,141,680
<i>Accumulated amortisation</i>		
At 1 April	380,560	-
Amortisation provided during the year	380,560	380,560
At 31 March	761,120	380,560
<i>Carrying value</i>		
At 31 March	380,560	761,120

On 1 April 2021, the Company acquired certain assets and liabilities from Compuware UK Limited, pursuant to an asset purchase agreement between the Company and Compuware UK Limited. The Company recognised goodwill of £1,141,680 on this acquisition.

9. TANGIBLE ASSETS

	Computer equipment £	Office equipment £	Furniture and fixtures £	Leasehold improve- ments £	Total £
<i>Cost:</i>					
At 1 April 2022	1,195,976	19,318	505,760	2,259,475	3,980,529
Additions	90,756	-	9,669	237,521	337,946
Reclassification	59,024	-	-	-	59,024
Revaluations	13,224	666	787	70,091	84,768
Disposals	(67,227)	-	-	-	(67,227)
At 31 March 2023	1,291,753	19,984	516,216	2,567,087	4,395,040
<i>Accumulated depreciation:</i>					
At 1 April 2022	911,374	19,318	343,302	951,516	2,225,510
Provided during the year	191,438	-	31,662	422,080	645,180
Revaluations	5,424	666	212	30,813	37,115
Disposals	(67,227)	-	-	-	(67,227)
At 31 March 2023	1,041,009	19,984	375,176	1,404,409	2,840,578
<i>Carrying value:</i>					
At 31 March 2023	250,744	-	141,040	1,162,678	1,554,462
At 1 April 2022	284,602	-	162,458	1,307,957	1,755,017

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

9. TANGIBLE ASSETS – (CONTINUED)

Revaluations relate to translation of assets of foreign branches to £.

Included in the amounts for computer equipment above are the following amounts relating to leased assets:

	£
<i>Cost:</i>	
At 1 April 2022	456,175
Additions	22,614
	<u>478,789</u>
At 31 March 2023	478,789
<i>Accumulated depreciation:</i>	
At 1 April 2022	312,916
Depreciation provided during the year	86,847
	<u>399,763</u>
At 31 March 2023	399,763
<i>Carrying value:</i>	
At 31 March 2023	<u>79,026</u>
	<u>143,259</u>
At 1 April 2022	143,259

10. INVESTMENT IN SUBSIDIARIES

	2023 £	2022 £
Carrying value at 1 April	26,846,628	26,229,495
Reversal of impairment (RSM)	-	617,133
Carrying value at 31 March	<u>26,846,628</u>	<u>26,846,628</u>

The total cost of investments in subsidiaries is £42,231,769 (2022: £42,231,769). The total accumulated provision for impairments of investments in subsidiaries at 31 March 2023 is £15,385,141 (2022: £15,385,141).

During the year ended 31 March 2023, management performed an assessment of whether impairment indicators existed for the Company's investments in BMC Software GmbH, RSM and Alderstone Consulting Limited ("Alderstone"), and concluded no internal or external impairment indicators existed, and as a result, management concluded that the carrying values of these investments did not exceed their fair value.

During the year ended 31 March 2022, a portion of the impairment on RSM, recorded in the year ended 31 March 2021, in the amount of £617,133 was reversed based on the difference between the carrying value of RSM and its estimated recoverable amount at 31 March 2022.

In March 2023, the Company received an interim dividend from its subsidiary, BMC Software GmbH, in the amount of £2,196,593 (the equivalent of 2,375,000 euros) (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

10. INVESTMENT IN SUBSIDIARIES – (CONTINUED)

The Company had the following wholly owned subsidiaries at 31 March 2023:

Company Name	Holding	Percentage	Nature of Business
BMC Software GmbH (Germany), Herriotstraße 1, 60528 Frankfurt am Main	Ordinary shares	100%	Sales and marketing
RSM Partners Limited (United Kingdom), 1020 Eskdale Road, Winnersh Triangle, Wokingham, Berkshire RG41 5TS	Ordinary shares	100%	No business / dormant
Alderstone Consulting Limited (United Kingdom), 1020 Eskdale Road, Winnersh Triangle, Wokingham, Berkshire RG41 5TS	Ordinary shares	100%	No business / dormant

11. DEBTORS

Amounts falling due within one year are as follows:

	2023 £	2022 £
Trade debtors	3,376,745	3,137,644
Amounts due from Group undertakings	18,449,210	16,721,851
Other debtors	629,428	325,978
Prepayments and accrued income	677,323	729,852
Deferred tax assets (note 7 (d))	202,378	87,069
Corporation tax	487,894	344,364
	<u>23,822,978</u>	<u>21,346,758</u>

Amounts falling due after one year are as follows:

	2023 £	2022 £
Prepayments and accrued income	34,367	10,047
Deferred tax assets (note 7 (d))	373,689	562,657
	<u>408,056</u>	<u>572,704</u>

Amounts due from Group undertakings are unsecured, have fixed terms of repayment and bear interest at rates specified in the respective agreements.

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

12. CREDITORS: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	400,622	923,138
Amounts owed to Group undertakings	905,935	1,023,388
Amounts owed to subsidiary undertakings	7,558,030	7,677,072
Obligations under finance leases (note 14)	50,991	75,404
Corporation tax	78,169	502,128
Deferred tax liabilities (note 7 (d))	10,348	6,891
Other taxes and social security	2,751,982	2,450,473
Other accruals	13,200,083	11,807,991
Deferred revenue	3,908,101	3,754,317
	<u>28,864,261</u>	<u>28,220,802</u>

Amounts owed to Group and subsidiary undertakings are unsecured, have fixed terms of repayment and bear interest at rates specified in the respective agreements.

Other accruals at 31 March 2023 and 2022 include mainly sales commissions and employee bonus programs.

13. CREDITORS: amounts falling due after one year

	2023	2022
	£	£
Accruals	717,586	369,404
Deferred revenue	269,280	-
Obligations under finance leases (note 14)	72,194	61,979
	<u>1,059,060</u>	<u>431,383</u>

Included in accruals in the table above at 31 March 2022 is an amount of £62,931 relating to deferred revenue. Deferred revenue is disclosed separately at 31 March 2023.

14. OBLIGATIONS UNDER LEASES

The Company uses finance leases to acquire computer equipment. These leases have terms of renewal but no purchase options or escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments due under finance leases are as follows:

	2023	2022
	£	£
<i>Amounts payable:</i>		
Not later than one year	50,991	75,404
Later than one year but not later than five years	72,194	61,979
	<u>123,185</u>	<u>137,383</u>

Future minimum rentals payable under non-cancellable operating leases in place at 31 March are as follows:

	2023	2022
	£	£
Not later than one year	810,347	544,484
Later than one year but not later than five years	1,529,116	1,986,184
	<u>2,339,463</u>	<u>2,530,668</u>

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

15. PROVISIONS FOR LIABILITIES

	<i>UK anti-hybrid provision (note 7)</i>	<i>Rental loss retirement obligations</i>	<i>Total</i>
	£	£	£
Carrying value at 31 March 2022	1,241,143	98,063	1,339,206
Increase in provision related to			
Winnersh premises	-	203,346	203,346
Discounted provision – accretion of discount	-	7,274	7,274
Release of UK anti-hybrid provision (note 7 (a))	(131,776)	-	(131,776)
Carrying value at 31 March 2023	1,109,367	308,683	1,418,050

The rental retirement loss obligations arise on the lease for the Company's office premises in Victoria, London which requires the premises to be returned in their original state when the lease ends in the year ending 31 March 2024, the lease for office premises in Dubai which ends in the year ending 31 March 2025, and also the lease for the new Winnersh office premises which ends in the year ending 31 March 2027. The future estimated cash outflows have been discounted at an annual rate of 1.4% for the premises in Victoria, 3.91% for the premises in Dubai and 4.56% for the premises in Winnersh. The future estimated cash outflows are based on a per square foot charge estimated based on commercial rates obtained from third parties.

16. CALLED UP SHARE CAPITAL

Called up share capital represents the nominal value of shares that have been issued.

	2023	2022
	£	£
<i>Authorised, allotted, called up and fully paid:</i>		
213 ordinary shares (2022: 213) of £1 each	213	213

17. RESERVES

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs. During the year ended 31 March 2022, the Company reduced the share premium account in favour of the profit and loss account by £20,000,000.

Profit and loss account

This reserve contains the balance of retained earnings to carry forward, net of distributed dividends.

During the year ended 31 March 2023, the Company distributed a dividend to its immediate parent undertaking, INC, of the equivalent of £9,803 (2022: £93,897) per ordinary share, amounting to £2,087,980 (2022: £20,000,000).

NOTES TO THE FINANCIAL STATEMENTS – (continued)

31 March 2023

18. FINANCIAL INSTRUMENTS

	2023	2022
	£	£
<i>Financial assets</i>		
Cash	4,551,026	1,793,061
Trade debtors	3,376,745	3,137,644
Amounts due from Group undertakings	18,449,210	16,721,851
Other debtors	629,428	325,978
	<u>27,006,409</u>	<u>21,978,534</u>
	2023	2022
	£	£
<i>Financial liabilities</i>		
Obligations under finance leases	123,185	137,383
Trade creditors	400,621	923,138
Amounts owed to Group undertakings	905,935	1,023,388
Amounts owed to subsidiary undertakings	7,558,030	7,677,072
Other accruals	13,917,669	12,114,464
	<u>22,905,440</u>	<u>21,875,445</u>

19. PARENT UNDERTAKINGS, CONTROLLING PARTIES AND RELATED PARTY TRANSACTIONS

The immediate parent undertaking and immediate controlling party is INC, a company incorporated in the United States of America (USA). The parent undertaking of the smallest and largest Group of undertakings for which Group financial statements are drawn up, and of which the Company is a member, is Banff. Copies of the consolidated financial statements of Banff are available to the public from 2103 CityWest Boulevard, Houston, Texas, 77042, USA. The ultimate parent undertaking and ultimate controlling party is KKR & Co. Inc., a publicly listed company incorporated in the USA.

Section 1.12(e) and Section 33.1A of FRS 102 exempt disclosure of 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. The Company has availed of this exemption to prepare 'Related party disclosures', provided for by Sections 1 and 33.

20. EVENTS AFTER THE REPORTING DATE

In November 2022, the Company decided to liquidate the Russian branch and this liquidation was officially completed on 18 April 2023. There have been no other events subsequent to 31 March 2023 which would require additional disclosure in the financial statements.