

**Strategic Report, Directors' Report and
Financial Statements
for the Year Ended 31 December 2016
for
Sungard Availability Services (UK)
Limited**

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**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

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for the Year Ended 31 December 2016**

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**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Company Information
for the Year Ended 31 December 2016**

Directors:

K Tilley
E G Erickson

Registered office:

Unit B Heathrow Corporate Park
Green Lane
Hounslow
Middlesex
TW4 6ER

Registered number:

02368123 (England and Wales)

Auditors:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Strategic Report
for the Year Ended 31 December 2016**

The directors present their strategic report for Sungard Availability Services (UK) Limited (the 'Company') for the year ended 31 December 2016.

Principal activities

The principal activities of the company during the year were the delivery of secure, resilient IT infrastructure and organisational availability services through a unique combination of scalable, managed IT production environments and Workplace Recovery.

Review of business

The company has traded satisfactorily during the year and despite uncertain trading conditions within the UK, turnover grew by 1% (2015: 2%) and operating profit (excluding investment impairment) decreased by 6.2% (increase 2015: 16.7%), due to one-time restructuring costs of £3.3m. During 2016 the company invested £20.9 million in fixed assets (2015: £22.7m) which included taking on new computer equipment and continued enhancement of existing data centres, workplace facilities and cloud platforms.

Sungard Availability Services LP, a parent company, has indicated its intention to provide finance for the continued support of the company's operations.

Strategy

Our strategy is to expand our position as the provider of choice by responding to our customers evolving needs by providing innovative, cost effective, customised solutions to their complex requirements using our expertise in virtualisation, enterprise public, private and hybrid cloud and advanced information and organisational availability technologies. We will continue to ensure that we retain our extensive customer base through maintaining very high customer satisfaction levels. In pursuing expansion of the business, there is emphasis on fiscal discipline, sustainable revenue growth, improving margins and operating cash flow generation.

Future outlook

The company has invested significantly in recent years enhancing existing data centres, broadening the range of managed IT services and expanding the cloud service platform.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks are set out below:

Competition

The company's greatest source of competition is from in-house dedicated solutions. Although these solutions provide customers with exclusive access to resources and infrastructure, the directors believe that for many customers, building and maintaining an in-house solution is significantly more costly and difficult than subscribing to comparable services from the company. This is because of the company's economies of scale, experience, technology expertise, resource management skills and vendor neutrality.

Economy

A slowdown or downturn in the economy may cause the company's business and financial results to suffer for a number of reasons. Customers may react to worsening conditions by reducing their capital expenditures in general or by specifically reducing their IT spending. In addition, customers may curtail or discontinue trading operations, delay or cancel IT projects, or seek to lower their costs by renegotiating vendor contracts. Also, customers with excess IT resources may choose to take their information availability solutions in-house rather than obtain those solutions from us. Moreover, competitors may respond to market conditions by lowering prices and attempting to lure away our customers to lower cost solutions. If any of these circumstances remain in effect for an extended period of time, there could be a material adverse effect on our financial results. Because the company's financial performance tends to lag behind fluctuations in the economy, recovery from any particular downturn in the economy may not occur until after economic conditions have generally improved.

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Strategic Report (continued)
for the Year Ended 31 December 2016**

Key performance indicators

Performance during the year, together with historical trend data is set out in the table below:

	2016	2015	Definition method of calculation and analysis
Growth in sales (%)	1.0%	2.0%	Year on year sales growth expressed as a percentage.
Gross Margin (%)	12.6%	13.2%	Gross margin is the ratio of operating profit before goodwill amortisation and investment impairments to sales expressed as a percentage.
Gross Margin excluding add backs (%)	14.3%	13.3%	Gross margin excluding one-time add back costs (severance related costs), is the ration of operating profit before goodwill amortisation, investment impairment to sales which is expressed as a percentage.
EBITDA less capex	£26.2m	£26.7m	Operating profit before depreciation, amortisation, investment impairments and less capex spend. This is an approximation of the free cash the company generates in the year.
Adjusted EBITDA	£50.4m	£49.0m	Operating profit before depreciation, amortisation, investment impairments and one time add back costs.
Adjusted EBITDA less capex	£29.5m	£26.8m	Operating profit before depreciation, amortisation, investment impairment, one time add back costs and less capex spend. This is an approximation of free cash that the company generates in the year before any one time add back costs.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk, credit risk and foreign exchange risk.

Management are responsible for monitoring financial risk management. Policies covering financial risk management are documented in the Sungard Availability Services Capital Group financial policy manual.

Interest rate cash flow risk and liquidity risk

The company's ultimate parent undertaking, Sungard Availability Services Capital Inc., manages the interest rate and liquidity risks associated with the whole Sungard Availability Services Capital group, as disclosed in the financial statements of that company, which are available as disclosed in note 23. The company is not financed by bank or shareholder loans.

The company pays and receives interest on intercompany borrowings and lending respectively at a rate of interest determined by the group. No financial instruments were used by the company during the year to manage interest rate costs, and therefore no hedge accounting has been applied.

Credit risk

The company requires appropriate credit checks on potential customers before sales are made and the amount of exposure to any individual counterparty is subject to a limit which is reassessed regularly by the company's management.

Foreign exchange risk

The company is exposed to movements in foreign exchange rates as a result of transactions with a number of foreign suppliers and customers. The company has no formal policy in place as regards the use of foreign exchange contracts, as the value and volume of foreign currency contracts is considered immaterial however, for any significant exposures the directors would consider on a case-by-case basis whether the use of such instruments is warranted.

Results and dividends

The profit for the financial year was £10,466,000 (2015: £10,417,000).

The directors paid an interim dividend during the year of £4,861 per share (2015: £nil); they do not recommend the payment of a final dividend (2015: £nil). The total dividends paid during the year amount to £48,616,000 (2015: £nil).

On behalf of the board:

.....
K Tilley - Director

Date: 07/08/17

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Directors' report
for the Year Ended 31 December 2016**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016. The company is a private limited company, incorporated in the United Kingdom.

Incorporation by reference

Certain Laws and Regulations require that specific information should be included in the Directors' report, the following is incorporated into this Directors' report by reference:

- Principal activities (strategic report page 2)
- Review of the business (strategic report page 2)
- Principal risks and uncertainties (strategic report page 2)
- Financial risk management (strategic report page 3)
- Results and dividends (strategic report page 3)

Directors

K Tilley has held office during the whole of the year from 1 January 2016 to the date of this report.

Other changes in directors holding office during the year and up to the date of signing the financial statements are as follows:

E C McKeever – resigned 27 January 2017

E G Erickson – appointed 27 January 2017

Qualifying third party indemnity provision

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Employment policies

The employment policies of the company embody the principle of equal opportunities for all employees, regardless of gender, religion or ethnicity.

It is the company's policy to give full and fair consideration to applications for employment from people who are disabled having regard to their particular aptitudes and abilities, to continue wherever possible the employment of employees who become disabled (and for arranging appropriate training for them) and to provide equal opportunities for the training, career development and promotion of disabled employees.

The quality and performance of the company's employees are considered vital to the company's success and during the year the company held semi-annual briefings and publishes a regular newsletter, ensuring that significant developments were communicated to employees. The company also maintains an employee advisory board, which meets quarterly and provides an opportunity for the company to consult, where appropriate, with employees on decisions likely to affect their interests. Involvement in the company's performance was encouraged through an annual bonus scheme.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Directors' report (continued)
for the Year Ended 31 December 2016**

Statement of directors' responsibilities (continued)

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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

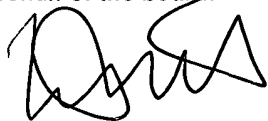
Going concern

Sungard Availability Services LP confirmed to the directors its intention to provide finance for the continued support of operations of the company to enable it to (i) meet its liabilities arising in the ordinary course of business as they fall due and (ii) carry on its business in the ordinary course for the foreseeable future, covering the period of 12 months from the signing of these financial statements, without significant curtailment of operations.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board:



.....
K Tilley - Director

Date: 07/08/17

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Independent Auditors' Report to the Members of
Sungard Availability Services (UK)
Limited**

Report on the financial statements

Our opinion

In our opinion, Sungard Availability Services (UK) Limited's financial statements (the "financial statements"):

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

What we have audited

The financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), comprise:

- Statement of Financial Position as at 31 December 2016;
- Income Statement for the year then ended;
- *Statement of Comprehensive Income for the year then ended*;
- Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

**Independent Auditors' Report to the Members of
Sungard Availability Services (UK)
Limited (continued)**

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4-5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

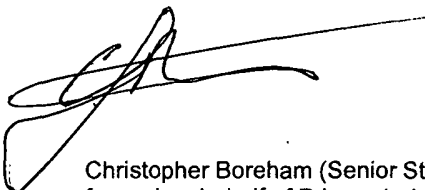
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Christopher Boreham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
Date 07/08/17

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Income Statement
for the Year Ended 31 December 2016**

	Note	2016 £'000	2015 £'000
Turnover	2	192,810	191,302
Cost of sales		<u>(117,108)</u>	<u>(117,497)</u>
Gross profit		75,702	73,805
Administrative expenses		<u>(60,349)</u>	<u>(57,618)</u>
Operating profit	5	15,353	16,187
Interest receivable and similar income	6	58	130
Interest payable and similar expenses	7	<u>(3)</u>	<u>(19)</u>
Profit before taxation		15,408	16,298
Tax on profit	8	<u>(4,942)</u>	<u>(5,881)</u>
Profit for the financial year		<u><u>10,466</u></u>	<u><u>10,417</u></u>

All activities relate to continuing operations.

The notes on pages 12 to 25 form an integral part of these financial statements.

There is no difference between the profit before taxation and after taxation as stated above and their historical cost equivalents.

The notes form part of these financial statements

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Statement of Comprehensive Income
for the Year Ended 31 December 2016**

	2016 £'000	2015 £'000
Profit for the financial year	10,466	10,417
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	<u>10,466</u>	<u>10,417</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

The notes form part of these financial statements

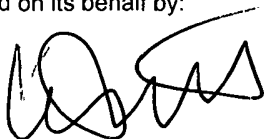
**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Statement of Financial Position
31 December 2016**

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	9	-	4,489
Tangible assets	10	65,953	68,014
Investments	11	<u>3,349</u>	<u>3,349</u>
		<u>69,302</u>	<u>75,852</u>
Current assets			
Debtors - Amounts falling due within one year	12	64,172	60,841
Cash at bank and in hand		<u>18,302</u>	<u>54,809</u>
		82,474	115,650
Non-current assets			
Debtors - Amounts falling due after more than one year	13	<u>4,110</u>	<u>1,597</u>
		86,584	117,247
Creditors			
Amounts falling due within one year	14	<u>(104,784)</u>	<u>(104,340)</u>
Net current (liabilities)/assets		<u>(18,200)</u>	<u>12,907</u>
Total assets less current liabilities		51,102	88,759
Creditors			
Amounts falling due after more than one year	15	(2,735)	(3,728)
Provisions for liabilities	17	<u>(19,658)</u>	<u>(18,641)</u>
Net assets		<u>28,709</u>	<u>66,390</u>
Capital and reserves			
Called up share capital	18	10	10
Share premium account	19	19,975	19,975
Other reserves	19	1,536	1,067
Retained earnings	19	<u>7,188</u>	<u>45,338</u>
Total equity		<u>28,709</u>	<u>66,390</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

The financial statements on pages 8 to 25 were approved by the Board of Directors on 07/08/17 and were signed on its behalf by:



.....
K Tilley - Director

Sungard Availability Services (UK) Limited
Registered number: 02368123

The notes form part of these financial statements

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Statement of Changes in Equity
for the Year Ended 31 December 2016**

	Called up share capital £'000	Retained earnings £'000	Share premium account £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2015	10	34,921	19,975	1,096	56,002
Profit for the financial year	-	10,417	-	-	10,417
Total comprehensive income for the year	-	10,417	-	-	10,417
Employee share options recharge from parent undertaking	-	-	-	(29)	(29)
Balance at 31 December 2015	<u>10</u>	<u>45,338</u>	<u>19,975</u>	<u>1,067</u>	<u>66,390</u>
Balance at 1 January 2016	10	45,338	19,975	1,067	66,390
Profit for the financial year	-	10,466	-	-	10,466
Dividends paid	-	(48,616)	-	-	(48,616)
Total comprehensive expense for the year	-	(38,150)	-	-	(38,150)
Employee share options recharge from parent undertaking	-	-	-	469	469
Balance at 31 December 2016	<u>10</u>	<u>7,188</u>	<u>19,975</u>	<u>1,536</u>	<u>28,709</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

The notes form part of these financial statements

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Notes to the Financial Statements
for the Year Ended 31 December 2016**

1. Accounting policies

General information

Sungard Availability Services (UK) Limited ('the company') delivers secure, resilient IT infrastructure and organisational availability services through a unique combination of scalable, managed IT production environments and Workplace Recovery.

The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Unit B Heathrow Corporate Park, Green Lane, Hounslow, Middlesex, TW4 6ER.

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared on the going concern basis and under the historical cost convention.

Sungard Availability Services LP confirmed to the directors its intention to provide finance for the continued support of operations of the company to enable it to (i) meet its liabilities arising in the ordinary course of business as they fall due and (ii) carry on its business in the ordinary course for the foreseeable future, covering the period of 12 months from the signing of these financial statements, without significant curtailment of operations.

The accounting policies have been applied consistently throughout the year.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(c), 26.19 to 26.21 and 26.23, concerning its own equity instruments. The Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The company has also taken advantage of exemption, under the terms of section 33 not to disclose related party transactions with wholly owned subsidiaries within the group.

Preparation of consolidated financial statements

The financial statements contain information about Sungard Availability Services (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent, Sungard Availability Services Capital Inc., a company registered in the USA.

Turnover

Turnover derives from the company's principal activity and is measured at the fair value of the consideration received or receivable. It excludes value added tax and trade discounts, and represents the value of goods and services provided in respect of the period to which they relate.

Where the company enters into contracts to provide services, turnover is recognised generally on a straight-line basis daily over the life of those contracts. As a result, amounts invoiced prior to the year end in respect of services to be provided in the following year are included in deferred income at the year end and services provided prior to the year end are recognised as accrued income.

**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

1. Accounting policies (continued)

Intangible fixed assets

Goodwill arising on acquisitions is capitalised and amortised on a straight-line basis (subject to impairment tests) over its estimated useful life of 12.5 years, based on management's assessment of future trading.

If businesses are disposed of, which, on acquisition, resulted in goodwill being written off to reserves, such goodwill will be included in the calculation of the profit or loss on the disposal of that business in accordance with the requirements of section 19 of FRS102.

The company evaluates the carrying value of goodwill in each financial year to determine if there has been impairment in value which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the income statement.

Tangible fixed assets and depreciation

Tangible fixed assets are shown at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis to write down the cost of tangible fixed assets to their estimated residual values over their estimated useful economic lives as follows:

Freehold buildings	-	up to 40 years
Leasehold improvements	-	lesser of the remaining lease term or 10 years
Plant and machinery	-	2 to 10 years
Computer equipment	-	2 to 5 years
Transportable computer centres	-	5 to 10 years
Motor vehicles	-	3 years
Freehold land is not depreciated		
Construction in progress is not depreciated		

Where operating software is acquired as an integral part of an acquired asset then it is capitalised and written off over the same period as the appropriate asset. Software purchased from third parties is capitalised and depreciated over its estimated useful life being 2 to 5 years.

The carrying values of tangible fixed assets are reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable.

The asset lives and residual values are assessed as appropriate each year end.

Taxation

Tax payable is based on taxable profit for the year, calculated using tax rates enacted at the statement of financial position date. Current tax and deferred tax are recognised in the income statement.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign currencies

The company's functional and presentation currency is the pound sterling.

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling on the statement of financial position date. Exchange differences are included in the income statement in the period in which they arise.

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

1. Accounting policies (continued)

Investments

Investments in subsidiaries and associated undertakings are stated in the statement of financial position of the company at cost, less amounts written off where there has been impairment in value.

Impairment reviews are carried out by management on an annual basis.

Sales commission

Amounts paid relating to sales commissions are charged to the income statement when incurred.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other debtors and amounts due from parent and subsidiary undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classed as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Leasehold improvements

The company recognises the anticipated cost of significant re-instatement of leasehold properties at the end of the lease term in accordance with Section 21 of FRS 102 'Provisions and contingencies'. This anticipated cost is capitalised on a present value basis within leasehold improvements. This is depreciated on a straight line basis over the lesser of the remaining lease term or 10 years.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension costs, which represent the contributions payable during the year, are written off directly to the income statement as incurred.

**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

1. Accounting policies (continued)

Leases

Costs in respect of operating leases are charged to the income statement on a straight-line basis over the term of the lease. Management believes this is representative of the time pattern of the benefit and payments to the lessor are not structured to increase in line with expected general inflation.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases. Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Lease incentives

Benefits received and receivable as an incentive to sign an operating lease are spread on a straight line basis over the non-cancellable lease term. Accordingly any incentive received to sign a lease is included in accruals and will be credited to income statement over the appropriate period.

Share based payments

The company's parent undertaking, Sungard Availability Services Capital Inc., operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. The company recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Provisions

Onerous lease

The company holds a provision for vacant properties. The provision is assessed by management and reviewed by the directors. Any movement in the provision is charged to the income statement.

Property provision

The company holds a provision for anticipated future reinstatement costs associated with bringing several of the company's facilities back to original use at the end of the lease. Any movement in the provision is charged to the income statement on a straight-line basis to the end of the lease term and is not discounted.

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(iii) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values are re-assessed annually.

(iv) Impairment of investments

The company considers whether investments are impaired. Refer to note 11 for details of the value in use calculation.

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

2. Turnover

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by geographical market is given below:

	2016 £'000	2015 £'000
United Kingdom	185,622	183,810
Europe	5,437	4,766
North America	1,610	2,661
Middle East	137	65
Other	4	-
	<u>192,810</u>	<u>191,302</u>

The company generated its turnover and profit before taxation from one class of business, which predominantly arises in the United Kingdom, being the provision of IT managed services, business continuity and disaster recovery services.

3. Staff costs

The average number of persons by month employed by the company (including directors) during the year, analysed by category, was as follows:

	2016 Number	2015 Number
Management	9	10
Sales and administration	144	259
Operations	<u>420</u>	<u>274</u>
	<u>573</u>	<u>543</u>

Recategorization of employees between Sales and administration and Operations took place in 2016 following a business restructure.

The aggregate payroll costs of these persons were as follows:

	2016 £'000	2015 £'000
Wages and salaries	40,219	35,073
Social security costs	4,255	4,174
Other pension costs	1,593	1,460
Cost of employee share schemes	<u>1,521</u>	<u>803</u>
	<u>47,588</u>	<u>41,510</u>

4. Directors' emoluments

	2016 £'000	2015 £'000
Aggregate emoluments	578	679
Company contributions to defined contribution pension scheme	<u>32</u>	<u>31</u>
	<u>610</u>	<u>710</u>
Highest paid director	2016 £'000	2015 £'000
Aggregate emoluments	578	679
Company contributions to defined contribution pension scheme	<u>32</u>	<u>31</u>
	<u>610</u>	<u>710</u>

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

4. Directors' emoluments (continued)

Key management personnel are considered to be the Directors of the business.

	2016 Number	2015 Number
Retirement benefits are accruing to the following number of directors under money purchase schemes	<u>1</u>	<u>1</u>

E C McKeever was paid by Sungard Availability Services LP for his services to the Sungard Availability Services group of companies, and his services as a director of the company were incidental to his other services with the Sungard Availability Services group. His emoluments are included in the financial statements of Sungard Availability Services LP.

No directors (2015: nil) exercised share options in the ultimate parent undertaking in the year.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2016 £'000	2015 £'000
Depreciation (Note 10)	22,801	23,732
Goodwill amortisation (Note 9)	4,489	8,982
Staff costs (Note 3)	47,588	41,510
Impairment of trade debtors	487	(43)
Net foreign exchange (gain)/loss	(539)	174
Fees payable for the audit	205	230
Fees payable for other non audit services	66	22
Loss on disposal of fixed assets	-	20
Restructuring costs	3,300	-
Operating lease charges	<u>31,265</u>	<u>21,367</u>

6. Interest receivable and similar income

	2016 £'000	2015 £'000
Bank interest	58	110
Interest on amounts owed by group undertakings	<u>-</u>	<u>20</u>
	<u>58</u>	<u>130</u>

7. Interest receivable and similar expenses

	2016 £'000	2015 £'000
Finance lease interest	<u>3</u>	<u>19</u>
	<u>3</u>	<u>19</u>

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

8. Tax on profit

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax	5,454	6,605
Group relief payable	-	161
Adjustments in respect of prior year	<u>(42)</u>	<u>(40)</u>
Total current tax	5,412	6,726
Deferred tax:		
Origination and reversal of timing differences	(675)	(1,135)
Adjustments in respect of prior year	-	5
Effect of tax rate change on opening balance	<u>205</u>	<u>285</u>
Total deferred tax (Note 12)	(470)	(845)
Tax on profit	<u><u>4,942</u></u>	<u><u>5,881</u></u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher (2015: higher) as the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £'000	2015 £'000
Profit before taxation	<u>15,408</u>	<u>16,298</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	3,082	3,300
Effects of:		
Adjustments to brought forward values	(203)	-
Expenses not deductible for tax purposes	942	1,870
Depreciation in excess of capital allowances	543	385
Adjustments to tax charge in respect of previous periods	(42)	(40)
Adjustment to tax charge in respect of previous periods - deferred tax	-	5
Timing differences	203	-
Adjustment tax to average rate	324	427
Non taxable reverse premiums	-	(49)
Qualifying dilapidations provision spend	-	(11)
Non taxable FRS 20 credit	<u>93</u>	<u>(6)</u>
Total tax charge	<u><u>4,942</u></u>	<u><u>5,881</u></u>

The profits for the year ended 31 December 2016 are taxed at 20% with the profits for the year ended 31 December 2015 taxed at a blended rate of 20.25%.

Further changes to the UK Corporation tax system were announced in the Finance Act (no.2) 2015. These include legislation to reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These changes were substantively enacted on 18 November 2015. Following on from this a further change to the UK Corporation tax system was announced in the 2016 Finance Act. These include legislation to further reduce the main rate from 17% from 1 April 2020 instead of the 18% previously announced. This was substantively enacted on 15 September 2016. As such, the deferred tax balances at 31 December 2016 have been calculated at a rate of 17% (2015: 18%).

**Sungard Availability Services (UK)
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**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

9. Intangible assets

	Goodwill £'000
Cost	
At 1 January 2016	
and 31 December 2016	<u>112,270</u>
Accumulated Amortisation	
At 1 January 2016	(107,781)
Amortisation for year	<u>(4,489)</u>
At 31 December 2016	<u>(112,270)</u>
Net book value	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>4,489</u>

Goodwill relates to the purchase of the businesses and undertaking carried on by Sungard Availability Services (DR) Limited (including the business of iXguardian Limited and TelevaultiT Limited) and the properties, assets and rights relating to the business and undertaking owned by Sungard Availability Services (DR) Limited.

10. Tangible assets

	Freehold land and buildings	Leasehold improve- ments	Plant and machinery	Computer equipment	Transport -able computer centres and vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2015						
Cost	6,882	192,278	19,840	142,075	502	361,577
Accumulated depreciation	(4,228)	(149,237)	(18,583)	(121,013)	(502)	(293,563)
Net book amount	2,654	43,041	1,257	21,062	-	68,014
Year ended 31 December 2016						
Opening net book amount	2,654	43,041	1,257	21,062	-	68,014
Additions	-	4,765	132	15,996	-	20,893
Disposals	-	-	-	(3,790)	-	(3,790)
Depreciation	(203)	(12,707)	(322)	(9,569)	-	(22,801)
Elimination on disposal	-	-	-	3,637	-	3,637
Net book amount	2,451	35,099	1,067	27,336	-	65,953
At 31 December 2016						
Cost	6,882	197,043	19,972	154,281	502	378,680
Accumulated depreciation	(4,431)	(161,944)	(18,905)	(126,945)	(502)	(312,727)
Net book amount	2,451	35,099	1,067	27,336	-	65,953

**Sungard Availability Services (UK)
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**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

10. Tangible assets (continued)

Included in freehold land and buildings is freehold land of £1,680,000 (2015: £1,680,000) on which no depreciation is charged.

Leasehold improvements includes an asset with a cost of £19,142,000 (2015: £18,125,000) relating to the anticipated future reinstatement costs associated with bringing several of the company's facilities back to original use at the end of their lease life. This is being charged to the income statement on a straight-line basis to the end of the lease term.

Assets capitalised and held under finance leases are as follows:

	Leasehold improve- ments £'000	Plant and machinery £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
2016					
Cost	2,153	1,205	7,258	-	10,616
Accumulated depreciation	(1,079)	(1,205)	(7,258)	-	(9,542)
Net book value	1,074	-	-	-	1,074
2015					
Cost	2,153	1,205	7,258	39	10,655
Disposals	-	-	-	(39)	(39)
Accumulated depreciation	(857)	(1,205)	(7,097)	-	(9,159)
Net book value	1,296	-	161	-	1,457

Capital expenditure authorised and contracted for but not provided in the accounts amounts to:

	2016 £'000	2015 £'000
Tangible assets	<u>3,928</u>	<u>4,176</u>

**Sungard Availability Services (UK)
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**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

11. Investments

	Shares in subsidiaries £'000
Cost	
At 1 January 2016 and 31 December 2016	8,419
	<u>8,419</u>
At 31 December 2016	<u>8,419</u>
Accumulated impairment	
At 1 January 2016	(5,070)
Impairment in the year	-
At 31 December 2016	<u>(5,070)</u>
Net book value	
At 31 December 2016	<u>3,349</u>
At 31 December 2015	<u>3,349</u>

The net book value brought forward as at 1 January 2016 of £3,349,000 includes an impairment brought forward of £5,070,000 (2015: £5,070,000) which has been recorded in the investment in Sungard Availability Services (Ireland) Limited. This arose due to the trading loss the company incurred in 2013 while it invested in new products.

The value in use relating to the impairment calculations was derived from discounted cash flow projections covering the period up to 2024, as this is considered to be the period over which economic benefits from the investment can reasonably be expected to accrue. The discount rate used was 10% on a post-tax basis, being the expected risk adjusted weighted average cost of capital.

The directors believe that the carrying value of the other investments is supported by their value in use.

Subsidiary undertakings	Registered address	Principal activity	Class and % of nominal value of that class held
Sungard Availability Services (Ireland) Limited	70 Sir John Rogerson's Quay, Dublin 2, Ireland	Managed IT services	Ordinary shares 100%
Sungard Availability Services (India) Private Limited	Cluster D, EON, Kharadi MIDC Knowledge Park, Pune – 411 014, India	Business continuity and disaster recovery	Ordinary shares 100%
Sungard Availability Services (Poland) Sp.z.o.o.	52-326 Wroclaw, ul Kwiatkowskiego 4, Poland	Business continuity and disaster recovery	Ordinary shares 100%

**Sungard Availability Services (UK)
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**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

12. Debtors - amounts falling due within one year

	2016 £'000	2015 £'000
Trade debtors	43,072	39,258
Amounts owed by group undertakings	4,601	1,758
Deferred tax asset	4,166	3,696
Prepayments and accrued income	<u>12,333</u>	<u>16,129</u>
	<u>64,172</u>	<u>60,841</u>

All amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Trade debtors are stated after provisions of £1,492,000 (2015: £1,415,000).

Deferred tax

The movement in the deferred tax asset during the year was as follows:

	2016 £'000	2015 £'000
At 1 January 2016	3,696	2,851
Movement (Note 8)	<u>470</u>	<u>845</u>
At 31 December 2016	<u>4,166</u>	<u>3,696</u>

	2016 Amount recognised £'000	2015 Amount recognised £'000
Difference between depreciation and capital allowances	4,133	3,658
Timing differences	<u>33</u>	<u>38</u>
	<u>4,166</u>	<u>3,696</u>

13. Debtors - amounts falling due after more than one year

	2016 £'000	2015 £'000
Prepayments	<u>4,110</u>	<u>1,597</u>

14. Creditors - amounts falling due within one year

	2016 £'000	Restated 2015 £'000
Trade creditors	16,487	17,381
Amounts owed to group undertakings	1,365	1,329
Hire purchase contracts and finance leases (see note 16)	-	614
Corporation tax	847	2,071
Other taxation and social security	3,928	3,714
Accruals and deferred income	<u>82,157</u>	<u>79,231</u>
	<u>104,784</u>	<u>104,340</u>

All amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Accruals and deferred income have been reduced by £3,728,000 in 2015 due to a reclassification into deferred income (see note 15).

**Sungard Availability Services (UK)
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**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

15. Creditors - amounts falling due after more than one year

	2016 £'000	Restated 2015 £'000
Deferred revenue	<u>2,735</u>	<u>3,728</u>
	<u>2,735</u>	<u>3,728</u>

£3,728,000 of deferred revenue for 2015 has been reclassified from Accruals and deferred income.

16. Leasing agreements

Minimum lease payments under finance leases fall due as follows:

	2016 £'000	2015 £'000
Within one year	-	633
Due in more than one year but not more than five years	<u>-</u>	<u>-</u>
Total gross payments	-	633
Less: finance charges included above	<u>-</u>	<u>(19)</u>
	<u>-</u>	<u>614</u>

17. Provisions for liabilities

	Onerous lease £'000	Property provision £'000	Total £'000
At 1 January 2016	123	18,518	18,641
Increase in the year	<u>-</u>	<u>1,017</u>	<u>1,017</u>
At 31 December 2016	<u>123</u>	<u>19,535</u>	<u>19,658</u>

Onerous lease

In 2002 and 2003 a business subsequently acquired by the company rationalised its property portfolio, resulting in vacant properties in the UK. A provision was made for the residual lease term. This provision was independently assessed by an independent expert in 2005. A further review of the property portfolio was carried out in 2011, this led to exiting of two properties and generated an increase in the property provision. The revised provision is not discounted.

Maturity of onerous lease provision:

	2016 £'000	2015 £'000
Within one year	<u>123</u>	<u>123</u>
	<u>123</u>	<u>123</u>

**Sungard Availability Services (UK)
Limited (Registered number: 02368123)**

**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

17. Provisions for liabilities (continued)

Property provision

Leasehold improvements includes an asset with a cost of £19,535,000 (2015: £18,518,000) relating to the anticipated future reinstatement costs associated with bringing several of the company's facilities back to original use at the end of their lease life. During the year a number of the company's properties were reassessed generating an increase in the amount provided. This is charged to the income statement on a straight-line basis to the end of the lease term and has not been discounted.

Maturity profile of provision:

	2016 £'000	2015 £'000
Within one year	349	1,681
Due in more than one year but not more than five years	13,537	12,255
Over five years	<u>5,649</u>	<u>4,582</u>
	<u>19,535</u>	<u>18,518</u>

18. Called up share capital

Ordinary shares of £1 each	2016 No.	2016 £'000	2015 No.	2015 £'000
Allotted and fully paid:				
At 1 January	10,001	10	10,001	10
Issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December	<u>10,001</u>	<u>10</u>	<u>10,001</u>	<u>10</u>

All of the company's issued share capital consists of equity interest.

19. Reserves

	Retained earnings £'000	Share premium account £'000	Other reserves £'000	Totals £'000
At 1 January 2016	45,338	19,975	1,067	66,380
Employee share options recharge from parent undertaking	-	-	469	469
Profit for the financial year	10,466	-	-	10,466
Dividends paid	<u>(48,616)</u>	<u>-</u>	<u>-</u>	<u>(48,616)</u>
At 31 December 2016	<u>7,188</u>	<u>19,975</u>	<u>1,536</u>	<u>28,699</u>

Other reserves represent the non-cash benefit of employee share option charges.

20. Dividends

	2016 £'000	2015 £'000
Interim paid of £4,861 per £1 share (2015: £nil)	<u>48,616</u>	<u>-</u>
	<u>48,616</u>	<u>-</u>

In addition, the directors are not proposing a final dividend in respect of the financial year ending 31 December 2016.

21. Pension commitments

The company operates a defined contribution pension scheme. The pension cost for the year of £1,593,000 (2015: £1,460,300) represents contributions paid by the company to the scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Sungard Availability Services (UK)
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**Notes to the Financial Statements (continued)
for the Year Ended 31 December 2016**

22. Financial commitments

The total of future minimum lease payments under non-cancellable operating leases are as follows:

	2016		2015	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Not later than one year	31,685	2,605	17,904	2,908
Later than one and not later than five years	89,782	800	48,567	3,250
Later than five years	<u>48,388</u>	<u>-</u>	<u>23,236</u>	<u>-</u>
	<u>169,855</u>	<u>3,405</u>	<u>89,707</u>	<u>6,158</u>

23. Ultimate controlling party

The immediate parent undertaking is Sungard Availability Services Holdings (Europe) Inc., a body incorporated in Delaware, USA. Sungard Availability Services Capital Inc., a body incorporated in Delaware, USA, is the company's ultimate parent company and controlling party. Sungard Availability Services Capital Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2016 and the consolidated financial statements are available from:

Sungard Availability Services Capital Inc.
680 East Swedesford Road
Wayne
Pennsylvania 19087
USA