

Company Registration No. 03895729 (England and Wales)

AB INITIO SOFTWARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



AB INITIO SOFTWARE LIMITED

COMPANY INFORMATION

Directors C Lasser
A Parker
W Bennett (Appointed 26 May 2016)

Company number 03895729

Registered office 1st Floor
236 Gray's Inn Road
London
WC1X 8HB

Auditors Frank Hirth & Co LLP
1st Floor
236 Gray's Inn Road
London
WC1X 8HB

AB INITIO SOFTWARE LIMITED

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AB INITIO SOFTWARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

The Strategic Report provides a review of the business for the financial year and describes how to manage risks.

The report outlines the developments and performance of the group during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future.

Key performance indicators are published to show the performance and position of the group.

Review of the business

The group's principal activity continues to be that of the provision of training services to third parties and consultancy services to the parent company. The directors are broadly satisfied with the performance of the business in 2016. The group's turnover increased this year by 17.6% to £24.2m (2015: £20.6m) and the group achieved a net profit after taxation of £2.4m (2015: £2.5m). The group and company continues to maintain a healthy balance sheet. The directors continue to focus on providing a quality service to its clients and are therefore confident that the group will sustain its growth and that profitability will continue for the foreseeable future.

Risks and uncertainties

There are a number of risks and uncertainties which could impact the performance of the company and group. The group operates a structured risk management process which identifies, evaluates and prioritises risks and uncertainties and reviews mitigation activity.

As a provider of services, the group is dependent on its human resources. By concentrating time and financial resources on recruitment, training and development programs, the directors hope to minimise the risk of excessive staff movements and loss of key personnel.

The group relies heavily on the supply of software from its US parent company and any delays or interruptions in software development could unfavourably affect the performance of the UK group. However, the group has a sophisticated infrastructure in place to reduce the likelihood of projects being deferred.

The group's principal foreign currency exposures arise from trading with overseas companies. The group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

As with all industry sectors, general economic conditions, customer preference and competitor activity may have an adverse effect on the group's results. However, the mix and diversity of the parent company and group clients should mitigate significant volatility.

AB INITIO SOFTWARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Key performance indicators

	2013	2014	2015	2016
	£m	£m	£m	£m
Turnover	18.897	17.706	20.585	24.204
Net profit	1.797	1.447	2.477	2.400
Net assets	11.578	12.820	15.079	18.066
Cash	0.703	0.966	1.234	1.601

The turnover has increased from £18.897m in 2013 to £24.204m in 2016. This is due to an increase in the demand to provide services to group entities as a result of an increase in the average number of employees from 79 in 2013 to 99 in 2016.

Net assets has increased by £2.987m from 2015 due to profits represented by an increase in amounts owed by the parent undertaking by £3.098m.

On behalf of the board

A Parker
Director

1 September 2017



AB INITIO SOFTWARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

See the Strategic Report for details of future developments and risk management.

Branches

The company has a branch in Australia.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Lasser

A Parker

J Burke

W Bennett

(Resigned 26 May 2016)

(Appointed 26 May 2016)

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of an ordinary dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and parent company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the parent 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

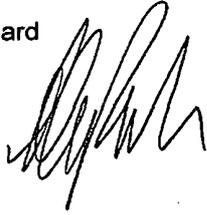
The directors confirm that so far as they are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AB INITIO SOFTWARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

On behalf of the board



A Parker
Director

1 September 2017



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AB INITIO SOFTWARE LIMITED

We have audited the financial statements of Ab Initio Software Limited for the year ended 31 December 2016 set out on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 the Directors' Report have been prepared in accordance with applicable legal requirements.



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF AB INITIO SOFTWARE LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nicola Jones

**Nicola Anne Jones FCCA (Senior Statutory Auditor)
for and on behalf of Frank Hirth & Co LLP**

1 September 2017

**Chartered Certified Accountants
Statutory Auditors**

1st Floor
236 Gray's Inn Road
London
WC1X 8HB

AB INITIO SOFTWARE LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME (INCLUDING THE PROFIT AND LOSS ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	24,203,705	20,584,928
Cost of sales		(3,077,791)	(2,871,729)
Gross profit		<u>21,125,914</u>	<u>17,713,199</u>
Administrative expenses		(17,656,272)	(14,432,281)
Operating profit	4	<u>3,469,642</u>	<u>3,280,918</u>
Interest receivable and similar income		2,095	2,023
Profit before taxation		<u>3,471,737</u>	<u>3,282,941</u>
Tax on profit	8	(1,070,834)	(805,883)
Profit for the financial year	18	<u>2,400,903</u>	<u>2,477,058</u>
Other comprehensive income			
Currency translation differences		586,727	(218,698)
Total comprehensive income for the year		<u><u>2,987,630</u></u>	<u><u>2,258,360</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

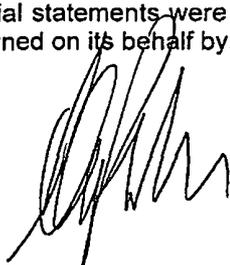
AB INITIO SOFTWARE LIMITED

GROUP BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	9		1,652,534		1,600,028
Current assets					
Debtors	13	17,496,360		14,646,331	
Cash at bank and in hand		1,601,324		1,233,650	
		<u>19,097,684</u>		<u>15,879,981</u>	
Creditors: amounts falling due within one year	14	<u>(2,626,140)</u>		<u>(2,379,561)</u>	
Net current assets			<u>16,471,544</u>		<u>13,500,420</u>
Total assets less current liabilities			<u>18,124,078</u>		<u>15,100,448</u>
Provisions for liabilities	15		<u>(57,644)</u>		<u>(21,644)</u>
Net assets			<u>18,066,434</u>		<u>15,078,804</u>
Capital and reserves					
Called up share capital	17		1		1
Profit and loss reserves	18		<u>18,066,433</u>		<u>15,078,803</u>
Total equity			<u>18,066,434</u>		<u>15,078,804</u>

The financial statements were approved by the board of directors and authorised for issue on 1 September 2017 and are signed on its behalf by:

A Parker
Director



AB INITIO SOFTWARE LIMITED

COMPANY BALANCE SHEET

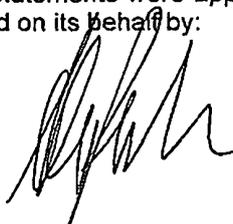
AS AT 31 DECEMBER 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	9	1,255,855		1,477,512	
Investments	10	22,142		22,142	
		<u>1,277,997</u>		<u>1,499,654</u>	
Current assets					
Debtors	13	17,123,949	14,341,393		
Cash at bank and in hand		1,091,417	842,645		
		<u>18,215,366</u>	<u>15,184,038</u>		
Creditors: amounts falling due within one year	14	<u>(5,614,608)</u>	<u>(4,787,259)</u>		
Net current assets		<u>12,600,758</u>		<u>10,396,779</u>	
Total assets less current liabilities		<u>13,878,755</u>		<u>11,896,433</u>	
Provisions for liabilities	15	<u>(57,644)</u>		<u>(21,644)</u>	
Net assets		<u>13,821,111</u>		<u>11,874,789</u>	
Capital and reserves					
Called up share capital	17		1		1
Profit and loss reserves	18	13,821,110		11,874,788	
Total equity		<u>13,821,111</u>		<u>11,874,789</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,838,918 (2015 - £2,111,692 profit).

The financial statements were approved by the board of directors and authorised for issue on 1 September 2017 and are signed on its behalf by:

A Parker
Director



Company Registration No. 03895729

AB INITIO SOFTWARE LIMITED

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

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2015	1	12,820,443	12,820,444
Year ended 31 December 2015:			
Profit for the year	-	2,477,058	2,477,058
Other comprehensive income:			
Currency translation differences on overseas subsidiaries	-	(218,698)	(218,698)
Total comprehensive income for the year	-	2,258,360	2,258,360
Balance at 31 December 2015	1	15,078,803	15,078,804
Year ended 31 December 2016:			
Profit for the year	-	2,400,903	2,400,903
Other comprehensive income:			
Currency translation differences on overseas subsidiaries	-	586,727	586,727
Total comprehensive income for the year	-	2,987,630	2,987,630
Balance at 31 December 2016	1	18,066,433	18,066,434

AB INITIO SOFTWARE LIMITED

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

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2015	1	9,795,763	9,795,764
Year ended 31 December 2015:			
Profit for the year	-	2,111,692	2,111,692
Other comprehensive income:			
Currency translation differences	-	(32,667)	(32,667)
Total comprehensive income for the year	-	2,079,025	2,079,025
Balance at 31 December 2015	1	11,874,788	11,874,789
Year ended 31 December 2016:			
Profit for the year	-	1,838,918	1,838,918
Other comprehensive income:			
Currency translation differences	-	107,404	107,404
Total comprehensive income for the year	-	1,946,322	1,946,322
Balance at 31 December 2016	1	13,821,110	13,821,111

AB INITIO SOFTWARE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	22	1,717,975		1,128,352	
Income taxes paid		(1,038,741)		(751,821)	
		<u>679,234</u>		<u>376,531</u>	
Investing activities					
Purchase of tangible fixed assets		(313,655)		(130,527)	
Proceeds on disposal of tangible fixed assets		-		19,801	
Interest received		<u>2,095</u>		<u>2,023</u>	
		<u>(311,560)</u>		<u>(108,703)</u>	
Net cash used in investing activities					
			367,674		267,828
Net increase in cash and cash equivalents					
Cash and cash equivalents at beginning of year			<u>1,233,650</u>		<u>965,822</u>
Cash and cash equivalents at end of year			<u><u>1,601,324</u></u>		<u><u>1,233,650</u></u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Ab Initio Software Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is 1st Floor, 236 Gray's Inn Road, London, WC1X 8HB. The business address is 3 The Heights, Brooklands, Weybridge, Surrey, KT13 ONY.

The Group consists of Ab Initio Software Limited and its wholly owned subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 and Financial Reporting Council Abstracts.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, and has therefore taken advantage of exemptions from the following disclosure requirements for presenting the company's own information within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Ab Initio Software Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions and balances between group companies are eliminated on consolidation.

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents the fair value of consultancy and training services provided during the period to clients. Turnover is recognised as contract activity progresses and the right to consideration is earned. Fair value reflects the amount expected to be recoverable from clients and is based on services provided and expenses incurred, but excludes VAT.

Revenue from the sale of services is recognised when the significant risks and rewards have passed on to the buyer (usually when the buyer has received the service), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold land and buildings	Over the period of the lease
Fixtures, fittings and equipment	Over 7, 5, 4 or 3 years at 14.3%, 20%, 25% or 33.3% per annum respectively

The profit or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.9 Debtors and creditors

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans and other debtors receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors and other current creditors payable on demand are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account or other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority. Deferred tax is not discounted.

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

1.12 Employee benefits

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

The group contributes to a group pension scheme and government schemes for certain employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All of these differences are taken to the profit and loss account. The profit and loss accounts of overseas operations are translated into sterling at average rates. The balance sheets of overseas operations are translated into sterling at the closing rates. Material exchange differences arising from translation of the results of overseas operations are recorded as movements on reserves.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016	2015
	£	£
Turnover		
Rendering of services	24,203,705	20,584,928
	<u>24,203,705</u>	<u>20,584,928</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2016 £	2015 £
North America	23,268,814	19,272,921
UK	712,690	1,283,417
Rest of Europe	222,201	28,590
	<u>24,203,705</u>	<u>20,584,928</u>

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	744,214	(177,603)
Depreciation of owned tangible fixed assets	261,149	265,149
Operating lease charges	672,476	547,862
	<u>1,677,839</u>	<u>635,418</u>

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the group and company	23,600	23,200
For other services		
Taxation compliance services	6,975	6,780
All other non-audit services	17,730	22,921
	<u>24,705</u>	<u>29,701</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Administration	8	8	5	5
Sales/consultants	91	79	62	55
	<u>99</u>	<u>87</u>	<u>67</u>	<u>60</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	12,101,357	10,325,815	8,307,142	7,211,606
Social security costs	1,523,349	1,501,959	884,198	738,185
Pension costs	401,366	302,798	147,091	90,488
	<u>14,026,072</u>	<u>12,130,572</u>	<u>9,338,431</u>	<u>8,040,279</u>

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	<u>218,668</u>	<u>218,525</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	<u>218,668</u>	<u>218,525</u>

8 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	470,283	518,196
Adjustments in respect of prior periods	135,845	-
Total UK current tax	<u>606,128</u>	<u>518,196</u>
Foreign current tax on profits for the current period	428,706	337,662
Total current tax	<u>1,034,834</u>	<u>855,858</u>
Deferred tax		
Origination and reversal of timing differences	<u>36,000</u>	<u>(49,975)</u>
Total tax charge	<u>1,070,834</u>	<u>805,883</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	3,471,737	3,282,941
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	694,347	664,796
Tax effect of expenses that are not deductible in determining taxable profit	34,680	38,332
Origination and reversal of timing differences	36,000	(49,975)
Capital allowances	(19,204)	(26,892)
Depreciation	51,393	52,238
Other permanent differences	-	75,080
Effect of differences in overseas tax rates	125,010	23,986
Under provided in prior years	135,845	-
Other foreign taxes	73,744	52,232
Other adjustments	(61,579)	(4,276)
Provisions adjustments	(2,031)	2,853
Unrelieved foreign tax	2,629	(22,491)
Taxation charge for the year	1,070,834	805,883

9 Tangible fixed assets

Group	Short leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2016	1,902,387	502,054	2,404,441
Additions	198,363	115,292	313,655
At 31 December 2016	2,100,750	617,346	2,718,096
Depreciation and impairment			
At 1 January 2016	573,439	230,974	804,413
Depreciation charged in the year	189,916	71,233	261,149
At 31 December 2016	763,355	302,207	1,065,562
Carrying amount			
At 31 December 2016	1,337,395	315,139	1,652,534
At 31 December 2015	1,328,948	271,080	1,600,028

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9 Tangible fixed assets (Continued)

Company	Short leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2016	1,592,782	395,794	1,988,576
Additions	-	1,587	1,587
At 31 December 2016	1,592,782	397,381	1,990,163
Depreciation and impairment			
At 1 January 2016	370,224	140,840	511,064
Depreciation charged in the year	163,918	59,326	223,244
At 31 December 2016	534,142	200,166	734,308
Carrying amount			
At 31 December 2016	1,058,640	197,215	1,255,855
At 31 December 2015	1,222,558	254,954	1,477,512

10 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	11	-	-	22,142	22,142

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2016 and 31 December 2016	22,142
Carrying amount	
At 31 December 2016	22,142
At 31 December 2015	22,142

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Sarl Ab Initio Software	France	Software Consultancy	Ordinary	100.00	-
Ab Initio Software GmbH	Germany	Software Consultancy	Ordinary	100.00	-

The results and balances of the two wholly owned subsidiaries have been included in the financial statements.

12 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	16,735,441	14,207,435	16,499,167	14,111,192
Carrying amount of financial liabilities				
Measured at amortised cost	1,724,848	1,514,155	5,156,703	4,259,468

13 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	287,575	818,089	127,079	813,625
Corporation tax recoverable	2,966	-	-	-
Amounts due from group undertakings	16,347,086	13,248,873	16,346,283	13,248,872
Other debtors	164,771	188,044	59,646	48,695
Prepayments and accrued income	693,962	391,325	590,941	230,201
	17,496,360	14,646,331	17,123,949	14,341,393

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade creditors	444,082	198,252	225,516	118,593
Amounts due to group undertakings	-	-	4,581,542	3,514,817
Corporation tax payable	274,497	275,438	201,212	216,069
Other taxation and social security	626,795	589,968	256,693	311,722
Other creditors	38,873	19,332	29,165	1,306
Accruals and deferred income	1,241,893	1,296,571	320,480	624,752
	<u>2,626,140</u>	<u>2,379,561</u>	<u>5,614,608</u>	<u>4,787,259</u>

15 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2016 £	Liabilities 2015 £
Accelerated capital allowances	57,644	21,644
	<u>57,644</u>	<u>21,644</u>
Company	Liabilities 2016 £	Liabilities 2015 £
Accelerated capital allowances	57,644	21,644
	<u>57,644</u>	<u>21,644</u>
Movements in the year:	Group 2016 £	Company 2016 £
Liability at 1 January 2016	21,644	21,644
Charge to profit or loss	36,000	36,000
	<u>57,644</u>	<u>57,644</u>
Liability at 31 December 2016	<u>57,644</u>	<u>57,644</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

16 Retirement benefit schemes

	2016	2015
	£	£
Charge to profit or loss in respect of defined contribution schemes	401,366	302,798

The company contributes to a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the company. The company contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company with respect to the scheme is to make the specified contributions.

Government schemes

The group contributes to government schemes for certain employees. The assets of the schemes are held separately from those of the group in government administered funds.

For the company the pension cost charge represents contributions payable by the company to a scheme on behalf of Australian and UK employees of £147,090 (2015: £90,488).

For the group the pension cost charge includes contributions payable by the group to government schemes of £401,366 (2015: £302,798). Contributions totalling £41,649 (2015: £13,555) were payable to the schemes at the year end and are included in creditors.

17 Share capital

	Group and company	
	2016	2015
	£	£
Ordinary share capital Issued and fully paid		
1 Ordinary share of £1 each	1	1

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

18 Profit and loss reserves

	Group 2016 £	2015 £	Company 2016 £	2015 £
At the beginning of the year	15,078,803	12,820,443	11,874,788	9,795,763
Profit for the year	2,400,903	2,477,058	1,838,918	2,111,692
Currency translation differences	586,727	(218,698)	107,404	(32,667)
At the end of the year	<u>18,066,433</u>	<u>15,078,803</u>	<u>13,821,110</u>	<u>11,874,788</u>

19 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	716,657	657,904	441,029	421,605
Between two and five years	2,196,017	2,108,136	1,368,836	1,368,836
In over five years	648,280	1,228,830	502,137	934,401
	<u>3,560,954</u>	<u>3,994,870</u>	<u>2,312,002</u>	<u>2,724,842</u>

20 Related party transactions

Under FRS102 - Related party disclosures, the company has taken advantage of the exemption for transactions and balances which are fully eliminated within the consolidated accounts. Accordingly, the transactions between subsidiary undertakings are not disclosed separately.

The company has taken advantage of the exemption from disclosing transactions with members within a wholly owned group.

21 Controlling party

The parent company is Ab Initio Software LLC (2015: Ab Initio Software LLC), a company registered in the United States of America. The ultimate controlling party is S Handler (2015: S Handler) by virtue of their control of Ab Initio Software LLC.

AB INITIO SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

22 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	2,400,903	2,477,058
Adjustments for:		
Taxation charged	1,070,834	805,883
Investment income	(2,095)	(2,023)
Depreciation and impairment of tangible fixed assets	261,149	265,149
Net effect of foreign exchange differences	586,727	(218,698)
Movements in working capital:		
(Increase) in debtors	(2,847,063)	(3,082,257)
Increase in creditors	247,520	883,240
Cash generated from operations	<u>1,717,975</u>	<u>1,128,352</u>