

Company Registration No. 03948233 (England and Wales)

VIEWPOINT CONSTRUCTION SOFTWARE LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

COMPANIES HOUSE
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VIEWPOINT CONSTRUCTION SOFTWARE LTD

COMPANY INFORMATION

Directors	M Kotzabasakis K Lang
Company number	03948233
Registered office	4th Floor Central Square Forth Street Newcastle upon Tyne NE1 3PJ
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne NE1 4AD

VIEWPOINT CONSTRUCTION SOFTWARE LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report and financial statements for the year ended 31 December 2017.

Fair review of the business

Viewpoint Construction Software Limited represents approximately 15% of Viewpoint Software Group globally and works closely with its parent company and fellow subsidiaries in order to maintain and develop market share in the main markets the Group operate in.

During 2017 Viewpoint Construction Software Limited saw an increase in sales of 10% to £14,273,013 in comparison to £12,932,163 in 2016 due to an increase in demand in the markets where the company operates. Gross margins in this period increased 0.8% to 97.2% compared to 96.4% in 2016, despite additional pressures on costs following the weakening of sterling since the EU Referendum results.

Viewpoint Construction Software Limited continues to investigate business development opportunities in several market sectors for future growth and has seen this development continue during 2018, with continued success in new growing markets and involvement in activities for future revenues. These customers are projected to provide growth in future years and represent development of new markets both in terms of geographical area and customer base, some of this has already been seen during 2018.

The increased turnover, margin and a reduction in administration costs of £2.0m all contributed to a significant increase in profit before tax of £3.2m and a profit after tax of £2.1m. As at 31 December 2017 the company had net assets of £9.3m (as at 31 December 2016: £4.9m).

During quarter 4 VIEWPOINT CONSTRUCTION SOFTWARE LTD saw a growth of 11% compared to quarter 1. There has also been an increase in orders received during the early part of 2018 leading to the directors of the company being confident that sales in 2018 will increase on 2017 levels.

VIEWPOINT CONSTRUCTION SOFTWARE LTD continues to investigate business development opportunities in several market sectors for future growth and has seen this development continue during 2017, with continued success in new growing markets and involvement in activities for future revenues. These customers are projected to provide growth in future years and represent development of new markets both in terms of geographical area and customer base, some of this has already been seen during 2017.

Principal risks and uncertainties

The directors have identified the key risks and uncertainties which are a threat to the business and wherever possible have taken steps to address this.

Exchange rate fluctuations and the weakening of sterling are a risk to profitability levels due to exchange risk on payments.

Viewpoint Construction Software Limited is focused on a small number of key clients which Viewpoint Software Group supply globally. The directors are aware of the potential risks this could bring however they are confident the associated risks are low as a result of strong working relationships with the customer base including regular contact and reviews on performance, areas of improvement and trading levels. Long term agreements are in place and the company has a long history of working with these established companies in order to maintain future relationships. Viewpoint Construction Software Limited's customer base grew 24% in 2017 to 307 from 248 in December 2016.

VIEWPOINT CONSTRUCTION SOFTWARE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Key performance indicators

Viewpoint Construction Software Limited and group continue to monitor market activity and Viewpoint Construction Software Limited key performance indicators (KPI's) such as: -

Order intake

Order intake for 2017 was £11.4m an increase of 14% and the second half of 2017 was £6.7m which was an increase of 54% of the first half of 2017 (£4.4m). This gives the directors a good indication of the market changes and the medium term outlook for the business.

Order outstanding

Viewpoint Construction Software Limited is given 12-month vision of forecast demand from key customers. At 31 December 2017, the company had orders outstanding of £22.9m an increase of 4% in comparison to end of June 2017.

Aged debtors

The company monitors aged debtor levels and has good credit control processes in place. This assists in efficient working capital management. 2017 saw debtors days return to 63 days, a level seen in December 2015 (December 2016: 42 days). During 2018 management will be focusing on reducing debtors days to a more acceptable level once again.

The outlook for 2018 and 2019 remains reliant on global economic conditions in line with Viewpoint Construction Software Limited current customer base however based on current indicators Viewpoint Construction Software Limited remain optimistic that we can continue to win new customers in different market sectors whilst seeing a return to growth in its core business sector.

Viewpoint Construction Software Limited will continually monitor forward ordering in view of the current economic conditions and is well placed to be able to react to volume changes (both positive and negative) in order to maintain net profit percentages.

The strategy of the company is to continue with focus on key clients of Viewpoint Software Group selling into its core market and increasing market share through providing a value added service to customers. Viewpoint Construction Software Limited invests and targets new customers through our quality, costs, delivery and flexibility. We will continue to invest in training for our personnel.

VIEWPOINT CONSTRUCTION SOFTWARE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Development and performance

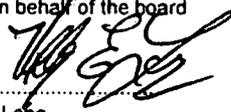
2017 has seen further development and support of fellow subsidiaries along with partners where we continue to develop and maintain products. This activity has helped to ensure the company manages risk across multiple sites to ensure business continuity can be maintained should the need arise due to political or other situations.

Overall human resource levels remained steady in comparison to 2016. The company continues to invest in the learning and development of its employees and has implemented many new initiatives to engage and retain key employees, in terms of training and continuous improvement. In addition, the company identifies potential future skills gaps and carries out succession planning in order to ensure the company can meet the needs of both current and future customer requirements.

Stability has also been achieved in terms of overheads and direct costs as a result of continuous improvement activities, improvement in processes and development of measures to focus attention.

While customer pressure will always be cost down Viewpoint will continue to invest in continuous improvement activities which will enable the company to maintain and further improve profitability.

On behalf of the board


.....
K Lang
Director 12/12/17
.....

VIEWPOINT CONSTRUCTION SOFTWARE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of software development and distribution.

Directors

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

C Baty	(Resigned 6 January 2017)
M Harris	(Resigned 1 March 2017)
M Kotzabasakis	
K Lang	

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


.....
K Lang
Director 12/12/17
.....

VIEWPOINT CONSTRUCTION SOFTWARE LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIEWPOINT CONSTRUCTION SOFTWARE LTD

Opinion

We have audited the financial statements of Viewpoint Construction Software Ltd (the company) for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIEWPOINT CONSTRUCTION SOFTWARE LTD (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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.



Steven Cleugh FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD
12/12/15.....

VIEWPOINT CONSTRUCTION SOFTWARE LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

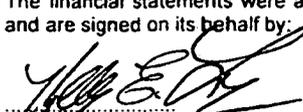
		2017	2016
	Notes	£	as restated £
Turnover	3	14,273,013	12,932,163
Cost of sales		(400,355)	(463,185)
Gross profit		13,872,658	12,468,978
Administrative expenses		(8,171,433)	(10,185,745)
Other operating income		-	227,758
Operating profit	6	5,701,225	2,510,991
Interest receivable and similar income		337	940
Interest payable and similar expenses	7	38,722	(17,063)
Profit before taxation		5,740,284	2,494,868
Tax on profit	8	(1,257,942)	(98,128)
Profit for the financial year		4,482,342	2,396,740

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

VIEWPOINT CONSTRUCTION SOFTWARE LTD**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	9		351,334		361,494
Current assets					
Debtors	10	14,191,437		11,394,502	
Cash at bank and in hand		1,158,659		688,970	
		15,350,096		12,083,472	
Creditors: amounts falling due within one year	11	(6,360,595)		(7,586,473)	
Net current assets			8,989,501		4,496,999
Total assets less current liabilities			9,340,835		4,858,493
Capital and reserves					
Called up share capital	13		1,021		1,021
Share premium account	14		423,660		423,660
Other reserves	14		170,976		170,976
Profit and loss reserves	14		8,745,178		4,262,836
Total equity			9,340,835		4,858,493

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


K Lang
Director

VIEWPOINT CONSTRUCTION SOFTWARE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2016	1,021	423,660	170,976	1,866,096	2,461,753
Year ended 31 December 2016:					
Profit and total comprehensive income for the year	-	-	-	2,396,740	2,396,740
Balance at 31 December 2016	1,021	423,660	170,976	4,262,836	4,858,493
Year ended 31 December 2017:					
Profit and total comprehensive income for the year	-	-	-	4,482,342	4,482,342
Balance at 31 December 2017	1,021	423,660	170,976	8,745,178	9,340,835

VIEWPOINT CONSTRUCTION SOFTWARE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Viewpoint Construction Software Ltd is a company limited by shares incorporated in England and Wales. The registered office is 4th Floor, Central Square, Forth Street, Newcastle upon Tyne, NE1 3PJ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of VCS (Holdings UK) Limited. These consolidated financial statements are available from Companies House.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future, on the basis of ongoing support from the ultimate parent company and the directors having received written confirmation of this support.

VIEWPOINT CONSTRUCTION SOFTWARE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Turnover

Turnover represents total invoice value and deferred income, excluding value added tax, of sales of software as a service made during the year. Turnover is recognised as the service is provided.

As identified in note 3 turnover for the year to 31 December 2016 has been restated.

Deferred income

When invoices are raised in advance of service delivery, the element relating to future periods is credited to deferred income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), 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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Tangible fixed assets

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

Cost represents purchase price together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold Property	over 10 years on a straight line basis
Computer Equipment	over 3 years on a straight line basis
Fixtures & Fittings	over 3 years on a straight line basis
Software	over 3 years on a straight line basis

The gain 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 credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

VIEWPOINT CONSTRUCTION SOFTWARE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 or loss.

VIEWPOINT CONSTRUCTION SOFTWARE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors 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 payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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 company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

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 have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted.

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

VIEWPOINT CONSTRUCTION SOFTWARE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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.

Retirement benefits

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

VIEWPOINT CONSTRUCTION SOFTWARE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue

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

	2017	2016
	£	as restated £
Turnover analysed by class of business		
Recurring revenue	12,839,639	11,231,503
Professional services	1,433,374	1,700,660
	<u>14,273,013</u>	<u>12,932,163</u>
Other revenue		
Interest income	337	940
Grants received	-	227,758
	<u>-</u>	<u>227,758</u>
Turnover analysed by geographical market		
United Kingdom	12,062,406	11,567,156
Overseas	2,210,607	1,365,007
	<u>14,273,013</u>	<u>12,932,163</u>

Prior Period Adjustment

In the prior year, the gross value of income received from group companies for the use of licences and services was recognised as turnover in the company rather than the net value representing the company's entitlement, resulting in sales and costs being overstated by £2,164,774. The prior year figures have been restated to reduce sales and costs by this amount, with no impact on profit.

4 Employees

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

	2017	2016
	Number	Number
Technical	35	36
Other	63	68
	<u>98</u>	<u>104</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4 Employees (Continued)

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	5,236,478	5,709,608
Social security costs	804,581	588,939
Pension costs	116,788	122,144
	<u>6,157,847</u>	<u>6,420,691</u>

5 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	27,697	90,871
Company pension contributions to defined contribution schemes	70	4,527
	<u>27,767</u>	<u>95,398</u>

Following the resignation of one director there are no directors accruing retirement benefits under defined contribution pension schemes (2016 - 1).

6 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(311,012)	715,854
Government grants	-	(227,758)
Fees payable to the company's auditor for the audit of the company's financial statements	6,000	12,113
Depreciation of owned tangible fixed assets	120,617	203,527
Loss on disposal of tangible fixed assets	3,295	-
	<u> </u>	<u> </u>

7 Interest payable and similar expenses

	2017	2016
	£	£
Interest payable to group undertakings	(44,680)	-
Interest on finance leases and hire purchase contracts	3,469	17,063
Other interest	2,489	-
	<u>(38,722)</u>	<u>17,063</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Taxation	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	1,096,628	162,476
Adjustments in respect of prior periods	48,030	-
	<u>1,144,658</u>	<u>162,476</u>
Deferred tax		
Origination and reversal of timing differences	113,284	(64,348)
	<u>1,257,942</u>	<u>98,128</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	<u>5,740,284</u>	<u>2,494,868</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	1,105,005	498,974
Tax effect of expenses that are not deductible in determining taxable profit	88,930	14,646
Tax effect of utilisation of tax losses not previously recognised	-	(152,217)
Adjustments in respect of prior years	48,030	3,422
Group relief	-	(190,191)
Permanent capital allowances in excess of depreciation	4,121	5,443
Research and development tax credit	11,856	(81,949)
	<u>1,257,942</u>	<u>98,128</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Tangible fixed assets	Leasehold Property	Computer Equipment	Fixtures & Fittings	Software	Total
	£	£	£	£	£
Cost					
At 1 January 2017	360,040	438,614	150,754	145,224	1,094,632
Additions	-	119,324	-	-	119,324
Disposals	-	(271,411)	(1,463)	(138,467)	(411,341)
At 31 December 2017	360,040	286,527	149,291	6,757	802,615
Depreciation and impairment					
At 1 January 2017	105,412	355,768	131,688	140,270	733,138
Depreciation charged in the year	20,704	84,200	10,848	4,865	120,617
Eliminated in respect of disposals	-	(262,544)	(1,463)	(138,467)	(402,474)
At 31 December 2017	126,116	177,424	141,073	6,668	451,281
Carrying amount					
At 31 December 2017	233,924	109,103	8,218	89	351,334
At 31 December 2016	254,628	82,846	19,066	4,954	361,494
10 Debtors					
Amounts falling due within one year:				2017	2016
				£	£
Trade debtors				2,457,545	1,291,571
Amounts owed by group undertakings				10,497,385	8,992,059
Other debtors				7,621	10,679
Prepayments and accrued income				1,200,950	958,973
				14,163,501	11,253,282
Deferred tax asset (note 12)				27,936	141,220
				14,191,437	11,394,502

VIEWPOINT CONSTRUCTION SOFTWARE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Obligations under finance leases		-	19,444
Trade creditors		103,838	79,748
Amounts due to group undertakings		1,826,748	5,274,280
Corporation tax		1,096,628	170,140
Other taxation and social security		876,143	629,842
Other creditors		115,413	22,132
Accruals and deferred income		2,341,825	1,390,887
		<u>6,360,595</u>	<u>7,586,473</u>

12 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Balances:				
Excess depreciation over capital allowances	22,218	-	-	-
Other timing differences	(6,641)	-	-	141,220
	<u>15,577</u>	<u>-</u>	<u>-</u>	<u>141,220</u>

Statutory database figures differ from the trial balance:

Deferred tax balances	-	-	27,936	141,220
Difference	15,577	-	(27,936)	-

	2017 £
Movements in the year:	
Liability/(Asset) at 1 January 2017	(141,220)
Charge to profit or loss	156,797
Liability at 31 December 2017	<u>15,577</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Share capital	2017	2016
	£	£
Ordinary share capital Issued and fully paid 102,100 Ordinary shares of 1p each	1,021	1,021
	<u>1,021</u>	<u>1,021</u>
	<u><u>1,021</u></u>	<u><u>1,021</u></u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

14 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

Other reserves

Capital contributions made by connected entities.

15 Related party transactions

No guarantees have been given or received.

16 Controlling party

VCS (Holdings UK) Limited is the smallest and largest company for which consolidated financial statements including Viewpoint Construction Software Ltd are prepared. The consolidated financial statements of VCS (Holdings UK) Limited are available from Companies House.

The company's immediate parent company was 4Projects Holdings Limited up until 17 August 2017. From 17 August 2017, the immediate parent company was Riverside Acquisitions Limited. It's ultimate parent company was Viewpoint, Inc. up until 2 July 2018. From 2 July 2018, the ultimate parent company was Trimble Inc., a company registered in the United States of America.

In the opinion of the directors, at 31 December 2017, there was no ultimate controlling party of the company as no individual had control of more than 50% of the issued share capital of Viewpoint Inc.