Registered number: 03990481

AAREON UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

AAREON UK LIMITED

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COMPANY INFORMATION

Directors	Stephen Makin David Connell Geraint Griffiths
Company secretary	David Connell
Registered number	03990481
Registered office	Building 500 Abbey Park Stareton Kenilworth Warwickshire CV8 2LY
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT
Bankers	HSBC Bank plc 133-135 Daventry Road Cheylesmore Coventry West Midlands CV3 5HD
Solicitors	Eversheds 115 Colmore Row Birmingham B3 3AL

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report for the year ended 31 December 2015.

Business review

Aareon UK has maintained its position during 2015 as a leading UK supplier of a wide range of housing management and financial software plus associated services to the UK social housing sector. This has been achieved by continuing to acquire a steady number of new customers that vary in both size and nature.

Its customers represent the whole cross-section of the social housing sector, i.e., housing associations, arm's length management organisations, local authorities and the care sector.

The company's past and current investments in the technological and functional development of its product set has yielded success in meeting new customers' expectations. It has also ensured that established customers benefit from the continual improvement in the functionality of its software.

There is an ever growing trend for new as well as established customers to seek business solutions that include modules beyond the traditional core housing management and finance software. Typically these include mobile and electronic document management systems. This solution approach has enabled customers to realise sought after efficiencies in a prompt, effective and logical manner.

Aareon UK continues to invest in products with partner companies.

Financial key performance indicators

The directors of Aareon AG manage the group's operations on a group-wide basis. For this reason, the directors of the company believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company. The development, performance and position of Aareon AG, which includes the company, is discussed in the management report of Aareon AG's 2015 Annual Report which does not form part of this report but can be obtained as detailed in note 23 to the financial statements.

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Principal risks and uncertainties

The company has in place a risk management programme that seeks to limit adverse effects on its financial performance. The policies set by the directors are implemented by the company's management team.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the management of the company.

The company's principal financial assets are bank balances, trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Trade debt exposure is spread over a large number of customers with a low credit risk.

Liquidity risk

The company has no long term debt and the directors feel that the company has an appropriate level of cash, short term debt and internal finance. This debt structure ensures the company has sufficient available funds for its operations and planned capital expenditure. Actual performance, as well as short and medium term forecasts (including annual budgets), are reported to the board on a regular basis to allow a balanced assessment of the company performance.

Competition

The company operates in a highly competitive market for new software sales, particularly with regard to price and functionality. There is frequent pressure on margins and increased customers' expectations. To mitigate this, the sales management monitor prices on an ongoing basis and are fully responsible for the pricing of products. Furthermore, regular product gap analysis is undertaken with regard to functionality to ensure customers' needs are being met. Internal developments are continuously being assessed to close any identified gaps.

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

David Connell D Haywood Connell
Director

Date: 29 September 2016

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and the audited financial statements for Aareon UK Limited (the "company") for the year ended 31 December 2015.

This is the first year that the company has presented its results under Financial Reporting Standard 101 'Reduced Disclosure Framework'. The impact on equity at the date of transition to FRS 101, 1 January 2014, and at 31 December 2014, together with the changes to the reported profit/loss for the financial year ended 31 December 2014 are shown in note 24.

Principal activity

The principal activity of the company is the provision of computer software and associated services.

Results and dividends

The profit for the financial year amounted to £235,727 (2014 - £828,361).

The directors do not recommend the payment of a dividend (2014: £nil).

Directors

The directors who served during the year were:

Stephen Makin
David Connell
Geraint Griffiths

Future developments

The company will continue its policy of heavy investment in its product set and services, and anticipates that employee numbers in key areas will steadily increase.

The company is confident that it has the correct product sets and excellence in its employees to meet future growth plans and maintain its success in the market sector it operates.

Whilst the economic outlook for the business sectors that Aareon UK's customers operate in continue to be challenging and difficult, the continuing trend for seeking efficiency driven business solutions by both established and new customers should ensure that Aareon UK will maintain its success through the involvement of its products and services as a key element of these business solutions.

Financial risk management

The financial risk management of the company is discussed in the Strategic Report.

Qualifying third party and pension scheme indemnity provisions

No qualifying third party indemnity provision and/or qualifying pension scheme indemnity provision (whether made by the company or otherwise) is in place for the benefit of any director.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of information to auditors

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

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

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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

David Connell
Director

Date: 29 September 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AAREON UK LIMITED

Report on the financial statements

Our opinion

In our opinion, Aareon 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 2015 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 Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Statement of Comprehensive Income for the year ended;
- the 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 101 "Reduced Disclosure Framework", 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.

Opinions on other matter prescribed by the Companies Act 2006

In our opinion, 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.

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 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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 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 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.

David Martin

David Martin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

Date: 30 September 2016

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Turnover	4	**7,456,199**	7,526,496
Cost of sales		**(2,333,079)**	(1,942,001)
Gross profit		**5,123,120**	5,584,495
Administrative expenses		**(4,614,012)**	(4,574,799)
Operating profit	5	**509,108**	1,009,696
Interest receivable and similar income	9	**1,336**	2,904
Profit on ordinary activities before taxation		**510,444**	1,012,600
Tax on profit on ordinary activities	10	**(274,717)**	(184,239)
Profit for the financial year		**235,727**	828,361
Total comprehensive income for the year		**235,727**	828,361

There are no recognised gains and losses for the financial year other than those included above.

The notes on pages 11 to 25 form part of these financial statements.

AAREON UK LIMITED
REGISTERED NUMBER: 03990481

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note		2015 £		2014 £
Fixed assets					
Intangible assets	11		**4,262,130**		3,441,695
Tangible assets	13		**144,210**		121,235
			4,406,340		3,562,930
Current assets					
Debtors	14	**3,082,898**		2,040,789	
Cash at bank and in hand	15	**2,242,826**		2,966,264	
		5,325,724		5,007,053	
Creditors: amounts falling due within one year	16	**(5,111,060)**		(4,391,617)	
Net current assets			**214,664**		615,436
Total assets less current liabilities			**4,621,004**		4,178,366
Provisions for liabilities					
Deferred taxation	18	**(256,538)**		(49,627)	
			(256,538)		(49,627)
Net assets			**4,364,466**		4,128,739
Capital and reserves					
Called up share capital	19		**2,200,000**		2,200,000
Profit and loss account	20		**2,164,466**		1,928,739
Total shareholders' funds			**4,364,466**		4,128,739

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

David Connell D Hywel Connell
Director

Date: 29 September 2016

The notes on pages 11 to 25 form part of these financial statements.

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

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 January 2015	2,200,000	1,928,739	4,128,739
Comprehensive income for the year			
Profit for the financial year	-	235,727	235,727
Total comprehensive income for the year	-	235,727	235,727
At 31 December 2015	2,200,000	2,164,466	4,364,466

FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 January 2014	2,200,000	1,100,378	3,300,378
Comprehensive income for the year			
Profit for the financial year	-	828,361	828,361
Total comprehensive income for the year	-	828,361	828,361
At 31 December 2014	2,200,000	1,928,739	4,128,739

The notes on pages 11 to 25 form part of these financial statements.

1. General information

Aareon UK Limited (the "company") is engaged in is the provision of computer software and associated services.

The company is a private company limited by shares and is incorporated and domiciled in England.

The address of its registered office is Building 500, Abbey Park, Stareton, Kenilworth, Warwickshire, CV8 2LY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 24.

The functional currency of the company is GBP and the financial statements are rounded to the nearest pound.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

First time application of FRS 100 and FRS 101

In the current year the company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in the note 24.

There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied consistently throughout the year:

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Turnover

Turnover represents the value of work done during the financial year in respect of software and hardware sales, consultancy work and maintenance and support contracts and is stated net of value added tax. All turnover arises within the United Kingdom, from the company's principal activity. On successful delivery and installation of software, the company has fulfilled its contractual obligations and recognises 100% of the software sale. Any necessary provisions are made upon recognition of the sale whilst awaiting final customer acceptance in accordance with the terms of customer contracts. Consultancy work is recognised on a daily basis as it is performed. Revenue on maintenance and support contracts is recognised evenly over the period of the contract.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Development costs	-	10 years
Licences	-	10 years
Computer software	-	4 years

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Fixtures and fittings	- 4 years
Computer equipment	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

2.6 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans 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.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.9 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

2.10 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.12 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.13 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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.

3.1 Critical accounting estimates and assumptions

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.

(a) Useful economic lives of intangible and tangible assets

The annual depreciation charge for software and equipment is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(b) Impairment of trade receivables

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

4. Analysis of turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	**87,151**	66,473
Amortisation of intangible assets	**89,663**	89,111
Exchange differences	**1,562**	-
Operating lease rental	**266,634**	274,264

6. Auditors' remuneration

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

	2015 £	2014 £
Fees for the audit of the company	**37,000**	27,750

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	**2,673,793**	2,696,623
Social security costs	**325,744**	332,526
Other pension costs	**336,942**	233,950
	3,336,479	3,263,099

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

	2015 Number	2014 Number
Operations	**51**	50
Sales and marketing	**11**	11
Administration	**5**	4
	67	65

8. Directors' remuneration

	2015 £	2014 £
Directors' emoluments	**305,411**	334,806
Company contributions to money purchase pension schemes	**95,667**	55,115
	401,078	389,921

During the year retirement benefits were accruing to 3 directors (2014: 3) in respect of money purchase schemes.

The highest paid director received remuneration of £172,190 (2014: £170,385).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,501 (2014: £16,223).

Directors' floats

	2015 £	2014 £
Stephen Makin	**3,000**	3,000
Geraint Griffiths	**2,000**	2,000

The float balances have been issued to directors in order to finance out of pocket business expenses. The figures also represent the maximum float amount at any time during the year. No interest was charged on the floats during the year.

9. Interest receivable and similar income

	2015 £	2014 £
Interest receivable	**1,336**	2,904

10. Tax on profit on ordinary activities

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	**103,712**	183,001
Adjustments in respect of previous periods	**(35,906)**	(42,474)
	67,806	140,527
Total current tax	**67,806**	140,527
Deferred tax		
Origination and reversal of timing differences	**269**	37,826
Changes to tax rates	**(4)**	(2,628)
Adjustments in respect of prior years	**206,646**	8,514
Total deferred tax	**206,911**	43,712
Tax on profit on ordinary activities	**274,717**	184,239

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	**510,444**	1,012,600
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	**103,366**	217,697
Effects of:		
Adjustment in respect of prior years	**170,740**	(33,960)
Expenses not deductible	**4,304**	3,129
Tax rate changes	**(4)**	(2,627)
Effects of group relief claim	**(3,689)**	-
Total tax charge for the year	**274,717**	184,239

10. Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges

The July 2015 Budget Statement announced changes to the UK Corporation tax rate which will reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes have been substantively enacted at the balance sheet date their effects are included in these financial statements.

The March 2016 Budget Statement announced a further change to the UK Corporation tax rate which will now reduce the main rate of corporation tax to 17% from 1 April 2020. As the change has not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

Accordingly, deferred tax has been provided for at 18%.

11. Intangible assets

	Computer software	Development costs	Licences	Total
	£	£	£	£
Cost				
At 1 January 2015	**555,245**	**2,864,588**	**800,000**	**4,219,833**
Additions	**11,847**	**898,251**	**-**	**910,098**
At 31 December 2015	**567,092**	**3,762,839**	**800,000**	**5,129,931**
Accumulated amortisation				
At 1 January 2015	**538,138**	**-**	**240,000**	**778,138**
Charge for the year	**9,663**	**-**	**80,000**	**89,663**
At 31 December 2015	**547,801**	**-**	**320,000**	**867,801**
Net book value				
At 31 December 2015	**19,291**	**3,762,839**	**480,000**	**4,262,130**
At 31 December 2014	17,107	2,864,588	560,000	3,441,695

12. Goodwill

	Total £
Cost	
At 1 January and 31 December 2015	2,125,985
Amortisation	
At 1 January and 31 December 2015	2,125,985
Net book value	
At 31 December 2015 and 31 December 2014	-

13. Tangible assets

	Computer equipment £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2015	321,736	295,608	617,344
Additions	105,391	4,735	110,126
Disposals	(759)	-	(759)
At 31 December 2015	426,368	300,343	726,711
Accumulated depreciation			
At 1 January 2015	252,382	243,727	496,109
Charge owned for the period	66,098	21,053	87,151
Disposals	(759)	-	(759)
At 31 December 2015	317,721	264,780	582,501
Net book value			
At 31 December 2015	108,647	35,563	144,210
At 31 December 2014	69,354	51,881	121,235

14. Debtors

	2015 £	2014 £
Trade debtors	**1,251,146**	725,507
Amounts owed by group undertakings	**35,941**	9,773
Other debtors	**39,150**	30,104
Prepayments and accrued income	**1,717,357**	1,275,405
Corporation tax	**39,304**	-
	3,082,898	2,040,789

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

Trade receivables are stated after provisions for impairment of £nil (2014: £nil).

15. Cash at bank and in hand

	2015 £	2014 £
Cash at bank and in hand	**2,242,826**	2,966,264

16. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	**246,543**	218,410
Amounts owed to group undertakings	**1,133,246**	863,815
Corporation tax	-	196,841
Other taxation and social security	**329,574**	294,550
Other creditors	**82,260**	72,549
Accruals and deferred income	**3,319,437**	2,745,452
	5,111,060	4,391,617

Amounts owed to group undertakings are interest free and repayable on demand.

17. Financial instruments

	2015 £	2014 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**1,326,237**	765,384
Financial liabilities		
Financial liabilities measured at amortised cost	**(2,354,101)**	(2,161,669)

Financial assets measured at amortised cost comprise trade debtors, amount owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

18. Deferred taxation

	Deferred taxation £
At 1 January 2015	**49,627**
Charged to the profit or loss	**206,911**
At 31 December 2015	**256,538**

In respect of prior year:

	Deferred taxation £
At 1 January 2014	**5,915**
Charged to the profit or loss	**43,712**
At 31 December 2014	**49,627**

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	**261,117**	49,627
Temporary differences trading	**(4,579)**	-
	256,538	49,627

19. Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid		
2,200,000 (2014: 2,200,000) ordinary shares of £1 (2014: £1) each	**2,200,000**	2,200,000

20. Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

21. Pension commitments

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. The pension cost charge represents contributions payable by the company to the fund and amounted to £336,942 (2014: £233,950).

22. Commitments under operating leases

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

	2015 £	2014 £
Not later than 1 year	**168,125**	238,768
Later than 1 year and not later than 5 years	**395,496**	441,067
Later than 5 years	**216,196**	319,708
Total	**779,817**	999,543

23. Parent undertaking and ultimate controlling party

The immediate parent undertaking is Aareon AG, a company registered in Germany. This is the smallest group for which consolidated financial statements are prepared. Copies of the financial statements of Aareon AG can be obtained from Isaac-Fulda-Allee 6, 55124 Mainz, Germany.

The ultimate controlling party and parent company of the largest group which includes the company and for which group financial statements are prepared is Aareal Bank AG, a company incorporated in Germany. Copies of consolidated financial statements of the largest group can be obtained from Paulienstrasse 15, 65189 Wiesbaden, Germany.

24. First time adoption of FRS 101

The only adjustment made has been a transfer of software assets from tangible fixed assets to intangible assets. The cost of the software at the date of transition was £564,080 and was £555,245 as at 31 December 2014. Accumulated depreciation was £544,738 at the date of transition and £538,138 as at 31 December 2014. The net book value at the date of transition was £19,343 and was £17,107 as at 31 December 2014.

This had no impact on the profit and loss account or on net assets, except that the previous depreciation charge is now described as amortisation.