

Company number: 03990481

AAREON UK LIMITED

**Annual report and financial statements
for the year ended 31 December 2014**

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AAREON UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2014

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AAREON UK LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

Stephen Makin
Hywel Connell
Geraint Griffiths

COMPANY SECRETARY

Hywel Connell

REGISTERED OFFICE

Building 500
Abbey Park
Stareton
Kenilworth
England
Warwickshire
CV8 2LY

BANKERS

HSBC Bank plc
133-135 Daventry Road
Cheylesmore
Coventry
West Midlands
CV3 5HD

SOLICITORS

Eversheds
115 Colmore Row
Birmingham
B3 3AL

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

AAREON UK LIMITED

STRATEGIC REPORT for the year ended 31 December 2014

The directors present their strategic report, the directors' report and the audited financial statements of the company for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

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 £828,361 (2013: £1,140,363). The directors do not recommend the payment of a dividend (2013: £nil).

REVIEW OF BUSINESS

Aareon UK has maintained its position during 2014 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 such as document management interfaces with partner companies. It has also greatly benefited from the acquisition of 1st Touch Ltd (a UK mobile solution provider) by Aareon AG in July 2012 in order to meet and exploit the growing trend of software mobilisation in the market place. Mobile software growth is forecast to continue, particularly in the areas of self service to tenants and mobilisation of an organisation's workforce.

KEY PERFORMANCE INDICATORS (KPIs) *

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 2014 Annual Report which does not form part of this report but can be obtained as detailed in note 16 to the financial statements.

PRINCIPAL RISK MANAGEMENT

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.

STRATEGIC REPORT
for the year ended 31 December 2014 (continued)

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.

On behalf of the board:

A handwritten signature in black ink, appearing to read 'Hywel Connell', written in a cursive style.

Hywel Connell

Director

24th September 2015

Company number 03990481

AAREON UK LIMITED

DIRECTORS' REPORT for the year ended 31 December 2014

FUTURE DEVELOPMENTS

The company will continue its policy of heavy investment in its product set and services, and anticipates that employee numbers in the areas of development, implementation and support 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.

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.

COMPANY NUMBER

The company's number is 03990481.

DIRECTORS

The directors during the financial year and up to the date of signing the financial statements are as follows:

Stephen Makin
Hywel Connell
Geraint Griffiths

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

AAREON UK LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2014 (continued)

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

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

On behalf of the board:

A handwritten signature in black ink, appearing to read 'Hywel Connell', written in a cursive style.

Hywel Connell
Director
24th September 2015
Company number 03990481

AAREON UK LIMITED

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, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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

Aareon UK Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the strategic report and the 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 to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

AAREON UK LIMITED

Independent auditors' report to the members of Aareon UK Limited (continued)

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 Report of the Directors and Financial Statements 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
Birmingham
30th September 2015

AAREON UK LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2014

	Note	2014 £	2013 £
TURNOVER	1	7,526,496	7,967,205
Cost of sales		(1,942,001)	(2,488,472)
GROSS PROFIT		5,584,495	5,478,733
Administrative expenses		(4,574,799)	(4,531,644)
OPERATING PROFIT	3	1,009,696	947,089
Interest receivable and similar income	4	2,904	3,509
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,012,600	950,598
Tax on profit on ordinary activities	5	(184,239)	189,765
PROFIT FOR THE FINANCIAL YEAR	12	828,361	1,140,363

All activities are derived from continuing operations.

There are no recognised gains and losses for the current year or prior year other than the profit for the respective year. Accordingly, no statement of total recognised gains and losses has been prepared. Additionally, there is no material difference between the profit on ordinary activities before taxation and the profit for the respective financial year and their historical cost equivalents.

AAREON UK LIMITED

BALANCE SHEET
as at 31 December 2014

	Note	2014		2013 (restated see note 1)	
		£	£	£	£
FIXED ASSETS					
Intangible assets	6		3,424,588		2,185,381
Tangible assets	7		138,342		146,112
			<u>3,562,930</u>		<u>2,331,493</u>
CURRENT ASSETS					
Debtors	8	2,040,789		2,958,454	
Cash at bank and in hand		2,966,264		2,941,327	
		<u>5,007,053</u>		<u>5,899,781</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(4,391,617)		(4,924,981)	
NET CURRENT ASSETS			<u>615,436</u>		<u>974,800</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,178,366		3,306,293
PROVISIONS FOR LIABILITIES	10		(49,627)		(5,915)
NET ASSETS			<u>4,128,739</u>		<u>3,300,378</u>
CAPITAL AND RESERVES					
Called up share capital	11	2,200,000		2,200,000	
Profit and loss account	12	1,928,739		1,100,378	
TOTAL SHAREHOLDERS' FUNDS	12	<u>4,128,739</u>		<u>3,300,378</u>	

These financial statements on pages 8 to 19 were approved by the board of directors on 24th September 2015

Signed on behalf of the board of directors by:



Hywel Connell
Director
Company number: 03990481

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014**

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost and going concern conventions and in accordance with the Companies Act 2006 as well as applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior year.

During the year the company reclassified certain assets from tangible fixed assets to intangible fixed assets (see note 6). To ensure the prior year amounts are comparable and on a consistent basis, the comparatives have been restated. In the opinion of the directors the reclassification ensures the company is applying the most appropriate accounting policy in accordance with FRS 18 ("Accounting Policies"). The restatement has had a £nil impact on the profit for the current and prior year and has had a £nil impact on net assets.

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.

Cost of sales

Cost of sales represents the cost of hardware, software, maintenance and support in respect of sales recognised in the financial year. All staff costs are treated as an overhead with no allocation to cost of sales.

Goodwill

Purchased goodwill is capitalised in the financial year in which it arises and amortised over its useful economic life. The directors regard 12 years as a reasonable estimate of the useful economic life. Goodwill is included within intangible fixed assets. The company evaluates the carrying value of goodwill in each financial year to determine if there has been impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account. Currently, all purchased goodwill is fully amortised.

Research and development expenditure

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred with the exception of expenditure on the development of certain major projects where the outcome of those projects is assessed as being reasonably certain as regards to viability and technical feasibility. Such expenditure is capitalised and amortised over a period not longer than ten years commencing in the year sales of the product are first made.

Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets, to write off cost or valuation. The estimated lives are as follows:

Computer equipment and software	3 to 4 years
Fixtures and fittings	4 years

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

Deferred income

Deferred income arises where services are invoiced in advance of performance. This amount is released to the profit and loss account in subsequent periods.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they fall due against administrative expenses.

Cash flow statement

The company has taken advantage of the exemption allowed by Financial Reporting Standard 1 "Cash Flow Statements" (revised 1996) not to prepare a cash flow statement for the year. The consolidated financial statements of the ultimate parent company, Aareal Bank AG, are publicly available from its registered offices at Paulienstrasse 15, 65189 Wiesbaden, Germany and include a consolidated cash flow statement, which incorporates the cash flows of the company.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014	2013
	£	£
Aggregate directors' emoluments		
Aggregate emoluments (excluding pension contributions)	334,806	331,965
	<u> </u>	<u> </u>
Highest paid director	£	£
Aggregate emoluments (excluding company pension contributions to the director's personal pension scheme of £16,223 (2013: £15,800))	170,385	172,503
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	Number	Number
Number of directors who are members of the company's defined contribution pension scheme	3	3
	£	£
Contributions paid to the defined contribution pension scheme in respect of directors	55,115	55,093
	<u> </u>	<u> </u>
Directors' floats	£	£
Stephen Makin	3,000	3,000
Geraint Griffiths	2,000	2,000
	<u> </u>	<u> </u>

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.

	2014	2013
	£	£
Employee costs during the financial year (including directors)		
Wages and salaries	2,696,623	2,577,636
Social security costs	332,526	323,603
Other pension costs (note 14)	233,950	196,078
	<u> </u>	<u> </u>
	3,263,099	3,097,317
	<u> </u>	<u> </u>

Average monthly number of persons employed (including directors)	Number	Number
Operations	50	47
Sales and marketing	11	11
Administration	4	4
	<u> </u>	<u> </u>
	65	62
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

3. OPERATING PROFIT

	2014	2013
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation - owned assets	75,584	76,064
Amortisation of intangible assets	80,000	80,000
Auditors' remuneration:		
- audit services	27,750	26,553
Rentals under operating leases:		
- plant and machinery	110,875	115,897
- other	163,389	163,203
(Profit)/loss on disposal of tangible fixed assets	-	-
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Bank interest	<u>2,904</u>	<u>3,509</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014 (continued)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES	2014 £	2013 £
Corporation tax		
UK corporation tax	183,001	226,314
Adjustments in respect of prior years	(42,474)	(407,955)
Current tax charge/(credit) for the financial year	140,526	(181,641)
Deferred tax (note 10)		
Timing differences, origination and reversal	37,826	(854)
Effect of decrease in tax rate on closing liability	(2,628)	(6,391)
Adjustments in respect of prior years	8,514	(879)
Deferred tax charge/(credit) for the financial year	43,712	(8,124)
Total tax charge/(credit) on profit on ordinary activities	184,238	(189,765)

The tax assessed for the year is lower (2013: lower) than the standard rate of UK corporation tax of 21.5% (2013: 23.25%). The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 21.5% (2013: 23.25%) to the profit before tax is as follows.

	2014 £	2013 £
Profit on ordinary activities before taxation	1,012,600	950,598
Profit on ordinary activities multiplied by the UK corporation tax standard rate at 21.5% (2013: 23.25%)	217,697	220,981
Factors affecting charge for the financial year:		
Expenses not deductible for tax purposes	3,129	4,479
Capital allowances less than depreciation	(37,826)	854
Adjustment in respect of prior years	(42,474)	(407,955)
Current tax charge/(credit) for the financial year	140,526	(181,641)

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 21.5%.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014 (continued)

**6. INTANGIBLE FIXED ASSETS
 (RESTATED)**

	Purchased goodwill £	Licences £	Development costs £	Total £
Cost				
At 1 January 2014	2,125,985	-	-	2,125,985
Reclassification from tangible fixed assets	-	800,000	1,545,381	2,345,381
At 1 January 2014 (restated)	2,125,985	800,000	1,545,381	4,471,366
Additions	-	-	1,319,207	1,319,207
At 31 December 2014	2,125,985	800,000	2,864,588	5,790,573
Accumulated amortisation				
At 1 January 2014	2,125,985	-	-	2,125,985
Reclassification from tangible fixed assets	-	160,000	-	160,000
As at 1 January 2014 (restated)	2,125,985	160,000	-	2,285,985
Charge for the year	-	80,000	-	80,000
At 31 December 2014	2,125,985	240,000	-	2,365,985
Net book amount				
At 31 December 2014	-	560,000	2,864,588	3,424,588
At 31 December 2013 (restated)	-	640,000	1,545,381	2,185,381

As disclosed in note 1, during the year certain assets with a cost of £2,345,381 and accumulated amortisation of £160,000 were reclassified from tangible fixed assets (note 7).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014 (continued)

**7. TANGIBLE FIXED ASSETS
(RESTATED)**

	Computer equipment and software £	Fixtures and fittings £	Total £
Cost			
At 1 January 2014	3,206,579	306,736	3,513,315
Reclassification to intangible fixed assets	(2,345,381)	-	(2,345,381)
At 1 January 2014 (restated)	861,198	306,736	1,167,934
Additions	59,315	8,499	67,814
Disposals	(43,532)	(19,627)	(63,159)
At 31 December 2014	876,981	295,608	1,172,589
Accumulated depreciation			
At 1 January 2014	939,941	241,881	1,181,822
Reclassification to intangible fixed assets	(160,000)	-	(160,000)
At 1 January 2014 (restated)	779,941	241,881	1,021,822
Charge for the year	54,111	21,473	75,584
Disposals	(43,532)	(19,627)	(63,159)
At 31 December 2014	790,520	243,727	1,034,247
Net book amount			
At 31 December 2014	86,461	51,881	138,342
At 31 December 2013 (restated)	81,257	64,855	146,112

As disclosed in note 1, during the year certain assets with a cost of £2,345,381 and accumulated depreciation of £160,000 were reclassified to intangible assets (note 6).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014 (continued)

8. DEBTORS	2014	2013
	£	£
Trade debtors	725,507	785,893
Amounts owed by group undertakings	9,773	95,271
Other debtors	30,104	30,000
Corporation tax	-	43,685
Prepayments and accrued income	1,275,405	2,003,605
	<u>2,040,789</u>	<u>2,958,454</u>
9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2014	2013
	£	£
Trade creditors	218,410	164,814
Amounts owed to group undertakings	863,815	1,117,034
Corporation tax	196,841	-
Other taxation and social security	294,550	223,332
Other creditors	72,549	238,312
Cost of sale and expense accruals	536,271	1,097,625
Deferred income	2,209,181	2,083,864
	<u>4,391,617</u>	<u>4,924,981</u>
Amounts owed to group undertakings is interest free and repayable on demand		
10. PROVISIONS FOR LIABILITIES	2014	2013
	£	£
At the beginning of the financial year	5,915	14,039
Debit / (credit) to profit and loss account	<u>43,712</u>	<u>(8,124)</u>
At the end of the financial year	<u>49,627</u>	<u>5,915</u>
Analysis of deferred tax balance	£	£
Capital allowances less than depreciation	<u>49,627</u>	<u>5,915</u>
	<u>49,627</u>	<u>5,915</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014 (continued)

11. CALLED UP SHARE CAPITAL	2014	2013
	£	£
Issued and fully paid		
2,200,000 (2013: 2,200,000) £1 ordinary shares	2,200,000	2,200,000

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS IN RESERVES

	Called up share capital £	Profit and loss account £	Total 2014 £	Total 2013 £
At the beginning of the financial year	2,200,000	1,100,378	3,300,378	2,160,015
Profit for the year	-	828,361	828,361	1,140,363
At the end of the financial year	2,200,000	1,928,739	4,128,739	3,300,378

13. OPERATING LEASE COMMITMENTS

At 31 December 2014, the company was committed to making the following payments during the next financial year in respect of operating leases:

	2014		2013	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
- between two to five years	70,000	76,138	70,000	87,593
- after five years	92,631	-	93,203	-
	162,631	76,138	163,203	87,593

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014 (continued)

14. PENSION SCHEMES

The company operates defined contribution pensions schemes for all qualifying employees. The assets of the scheme are held in separate trustee administered funds. Contributions made during 2014 amounted to £233,950 (2013: £196,078). There were no unpaid contributions at the year-end (2013: £nil).

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', from disclosing transactions between group companies, on the grounds that it is a wholly owned subsidiary of a group head by Aareon AG, whose financial statements are publicly available. This includes any transactions with 1st Touch Limited that occurred after the group acquired the company on 3 July 2012.

16. 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.