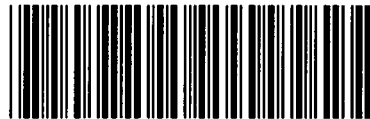


**Company Registration No. 07304156 (England and Wales)**

**TURBONOMIC (UK) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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COMPANIES HOUSE

**TURBONOMIC (UK) LIMITED****COMPANY INFORMATION**

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<b>Directors</b>	J Newton Davis M M Garad S Kliger B H Nye
<b>Secretary</b>	Taylor Wessing Secretaries Limited
<b>Company number</b>	07304156
<b>Registered office</b>	5 New Street Square London EC4A 3TW
<b>Auditor</b>	Mercer & Hole Batchworth House Batchworth Place Church Street Rickmansworth Hertfordshire WD3 1JE
<b>Business address</b>	20 Tudor Road Reading RG1 1NH

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# **TURBONOMIC (UK) LIMITED**

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**TURBONOMIC (UK) LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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

**Directors**

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

J Newton Davis

M M Garad

S Kilger

A D Mallaband

B H Nye

(Resigned 1 January 2017)

**Auditor**

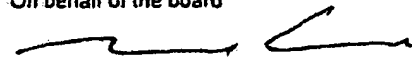
The auditor, Mercer & Hols, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

**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, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



.....  
M M Garad

Director

Date: 27 September 2018

## **TURBONOMIC (UK) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors are responsible for preparing the annual 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.

## **TURBONOMIC (UK) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBER OF TURBONOMIC (UK) LIMITED**

---

##### **Opinion**

We have audited the financial statements of Turbonomic (UK) Limited (the 'company') for the year ended 31 December 2017 which comprise the profit and loss account, the balance sheet, 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 our audit:

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

**TURBONOMIC (UK) LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBER OF TURBONOMIC (UK) LIMITED**

---

**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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

**M S Cassidy FCA (Senior Statutory Auditor)**

for and on behalf of Mercer & Hole

  
Chartered Accountants  
Statutory Auditor

28/9/18

Batchworth House  
Batchworth Place  
Church Street  
Rickmansworth  
Hertfordshire  
WD3 1JE

**TURBONOMIC (UK) LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Turnover	7,404,681	6,230,032
Cost of sales	(5,463,939)	(4,060,904)
<b>Gross profit</b>	<b>1,940,742</b>	<b>2,169,128</b>
Administrative expenses	(1,625,427)	(1,876,502)
<b>Operating profit</b>	<b>315,315</b>	<b>292,626</b>
Interest payable and similar expenses	-	32
<b>Profit before taxation</b>	<b>315,315</b>	<b>292,658</b>
Tax on profit	(86,417)	(65,922)
<b>Profit for the financial year</b>	<b>228,898</b>	<b>226,736</b>

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**TURBONOMIC (UK) LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	4		138,817		182,053
<b>Current assets</b>					
Debtors	5	1,159,976		1,023,018	
Cash at bank and in hand		538,434		51,402	
		1,698,410		1,074,420	
Creditors: amounts falling due within one year	6	(1,010,833)		(696,266)	
<b>Net current assets</b>			687,577		378,154
<b>Total assets less current liabilities</b>			826,394		560,207
<b>Capital and reserves</b>					
Called up share capital	8		1,000		1,000
Other reserves			41,332		4,043
Profit and loss reserves			784,062		655,164
<b>Total equity</b>			826,394		560,207

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27 September 2018 and are signed on its behalf by:



M M Garad  
Director

Company Registration No. 07304156

**TURBONOMIC (UK) LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2016</b>	1,000	-	328,428	329,428
<b>Year ended 31 December 2016:</b>				
Profit and total comprehensive income for the year	-	-	226,736	226,736
Transfers	-	4,043	-	4,043
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	1,000	4,043	555,164	560,207
<b>Year ended 31 December 2017:</b>				
Profit and total comprehensive income for the year	-	-	228,898	228,898
Transfers	-	37,289	-	37,289
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	<u>1,000</u>	<u>41,332</u>	<u>784,062</u>	<u>826,394</u>

## **TURBONOMIC (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **1 Accounting policies**

##### **Company information**

Turbonomic (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 5 New Street Square, London, EC4A 3TW.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £1.

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

##### **1.2 Going concern**

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

##### **1.3 Turnover**

Turnover is recognised at the fair value of commission receivable for virtual IT services provided in the normal course of business.

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. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

##### **1.4 Tangible fixed assets**

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

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

Fixtures, fittings & equipment	33.3% on cost/straight line over lease period
--------------------------------	---

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.

##### **1.5 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.

## **TURBONOMIC (UK) LIMITED**

### **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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### **1.6 Cash at bank and in hand**

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

##### **1.7 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 in the company's balance sheet 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### ***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.

**TURBONOMIC (UK) LIMITED**

**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 creditors, 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. Financial liabilities classified as payable within one year are not amortised.

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

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

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1.8 Equity instruments**

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

**1.9 Taxation**

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

***Current tax***

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

**TURBONOMIC (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1 Accounting policies**

**(Continued)**

***Deferred tax***

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.10 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.

**1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.12 Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The company participates in a share based payment arrangement granted to its employees by its parent company.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

**TURBONOMIC (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****1 Accounting policies****(Continued)****1.13 Leases**

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

**1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

**2 Auditor's remuneration**

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	13,200	11,720

**3 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 46 (2016 - 49).

**4 Tangible fixed assets**

	Plant and machinery etc £
Cost	
At 1 January 2017	267,039
Additions	7,349
At 31 December 2017	274,388
Depreciation and impairment	
At 1 January 2017	84,986
Depreciation charged in the year	50,585
At 31 December 2017	135,571
Carrying amount	
At 31 December 2017	138,817
At 31 December 2016	182,053

**TURBONOMIC (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>5 Debtors</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Other debtors	1,159,976	1,023,018

<b>6 Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	255,329	52,949
Corporation tax	86,417	80,657
Other taxation and social security	173,504	146,243
Other creditors	495,583	436,417
	1,010,833	696,266

**7 Share-based payment transactions**

The company participates in a group share based payment plan and has a share option plan available to key management personnel and all schemes have similar terms. Each option is equal to one share of the company's Common Stock. The exercise price is equal to the fair market value of the company's Common Stock at the date of grant, as determined by an independent valuation advisor.

The options vest over the following periods:

- 25% vest after 1 year, monthly thereafter for 36 months
- Monthly over 4 years

The company recognised £37,289 (2016: £4,043) of compensation costs related to vested share based payments in the year ended 31 December 2017.

	Number of share options		Weighted average exercise price	
	2017	2016	2017	2016
	Number	Number	\$	\$
Outstanding at 1 January 2017	220,500	-	-	-
Granted	299,000	231,500	1.10	1.04
Forfeited	(58,793)	(11,000)	1.11	1.00
Outstanding at 31 December 2017	460,707	220,500	1.00	1.00
Exercisable at 31 December 2017	96,980	10,634	1.05	1.00

The options outstanding at 31 December 2017 had an exercise price of \$1.14, and a remaining contractual life of 9 years.

No options were exercised during the year.



**TURBONOMIC (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**7 Share-based payment transactions**

**(Continued)**

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

Inputs were as follows:

	2017	2016
Weighted average share price	1.14	1.04
Weighted average exercise price	1.14	1.04
Expected volatility	51.86	54.96
Expected life	6.04	6.05
Risk free rate	2.23	1.58

**8 Called up share capital**

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
	1,000	1,000

**9 Operating lease commitments**

**Lessee**

At the date the financial statements were signed, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2017	2016
£	£
646,023	1,140,780

As of September 2018, the operating lease on the office was terminated and a new lease with different terms agreed on the same date. This has not been adjusted for in the current financial period but the disclosure above includes amounts payable of £572,688 in respect of the new lease.

**TURBONOMIC (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**10 Related party transactions**

**Transactions with related parties**

The company is a wholly owned subsidiary of Turbonomic Inc. and as such has taken advantage of the exemption permitted by FRS102 Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with other wholly owned members of the group.

**11 Parent company**

During the current and prior year, the company was controlled by Turbonomic Inc., a company registered in the United States of America, by virtue of their 100% shareholding.

The registered office address of Turbonomic Inc. is 500 Boylston Street, Boston, MA 02116 and the consolidated financial statements for the group can be obtained from this address.

The ultimate controlling party was B H Nye, the president and CEO of Turbonomic Inc.