

Company Registration No. 08375791 (England and Wales)

VCS (HOLDINGS UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

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VCS (HOLDINGS UK) LIMITED

COMPANY INFORMATION

Directors	M Kotzabasakis K Lang
Company number	08375791
Registered office	4th Floor Central Square Forth Street Newcastle upon Tyne NE1 3PJ
Auditor	RSM UK Tax and Accounting Limited Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD

VCS (HOLDINGS UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017

Fair review of the business

The VCS (HOLDINGS UK) LIMITED group represents approximately 15% of Viewpoint Software Group globally and works closely with its parent company and fellow subsidiaries in order to maintain and develop market share in the main markets the Group operate in

VCS (HOLDINGS UK) LIMITED is a holding company with an investment in 2 subsidiary companies being Riverside Acquisitions Limited (an intermediate holding company) and Viewpoint Construction Software Limited (a company whose principal activity is software development and distribution)

During 2017 the group saw an increase in sales of 10% to £14.3m in comparison to £12.9m in 2016. Gross margins in this period increased 0.8% to 97.2% compared to 96.4% in 2016, despite additional pressures on costs following the weakening of sterling since the EU Referendum results

Administrative expenses have decreased from £13.9m to £9.9m. Operating Profit has increased from a loss of £1.2m to a profit of £4.0m as a result of recurring revenue growth over time with high retention rates, with little marginal cost for continued support for these revenue streams

The increased turnover, margin and a reduction in administrative costs all contributed to a significant increase in operating profit however once interest on the intercompany loan was accounted for along with tax the group made a loss of £1.2m. As at 31 December 2017 the group had net liabilities of £21.8m (2016 - net liabilities of £20.6m)

During quarter 4 VCS (HOLDINGS UK) LIMITED saw a growth in sales of 11% compared to quarter 1. There has also been an increase in orders received during the early part of 2018 leading to the directors of the company being confident that sales in 2018 will increase on 2017 levels

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

Principal risks and uncertainties

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

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

VCS (HOLDINGS UK) LIMITED is focused on a small number of key clients which Viewpoint Software Group supply globally. The directors are aware of the potential risks this could bring however they are confident the associated risks are low as a result of strong working relationships with the customer base including regular contact and reviews on performance, areas of improvement and trading levels. Long term agreements are in place and the company has a long history of working with these established companies in order to maintain future relationships. VCS (HOLDINGS UK) LIMITED customer base grew 24% in 2017 to 301 from 248 in December 2016. The amount of new users also increased 67% on 2015 number of users also increased helping to dilute reliance while maintaining existing trading levels thus increasing overall performance of the company in the long term

VCS (HOLDINGS UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Key performance indicators

VCS (HOLDINGS UK) LIMITED and group continue to monitor market activity and VCS (HOLDINGS UK) LIMITED key performance indicators (KPI's) such as -

Order intake

Order intake for 2017 was £11.4m an increase of 14% and the second half of 2017 was £6.7m which was an increase of 54% of the first half of 2016 (£4.4m). This gives the directors a good indication of the market changes and the medium term outlook for the business.

Order outstanding

VCS (HOLDINGS UK) LIMITED is given 12-month vision of forecast demand from key customers. At 31 December 2017, the company had orders outstanding of £22.9m an increase of 4% in comparison to end of June 2017.

Aged debtors

The company monitors aged debtor levels and has good credit control processes in place. This assists in efficient working capital management and has resulted in a reduction in debtors' days from 42 days at December 2016 to 40 days at December 2017. The resulting debtors' days are in line with expected payment terms.

The outlook for 2018 remains reliant on global economic conditions in line with VCS (HOLDINGS UK) LIMITED current customer base however based on current indicators VCS (HOLDINGS UK) LIMITED remain optimistic that we can continue to win new customers in different market sectors whilst seeing a return to growth in its core business sector.

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

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

VCS (HOLDINGS UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Development and performance


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

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

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

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

On behalf of the board



K. Lang

Director

12/12/18

VCS (HOLDINGS UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities

The principal activity of the company continued to be that of a holding company. The group's principal activity continues to be that of software development and distribution.

Directors

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

C Baty	(Resigned 6 January 2017)
M Kotzabasakis	
M Hams	(Resigned 7 February 2017)
K Lang	

Results and dividends

The results for the year are set out on page 9.

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

Financial instruments

Financial risk management objectives and policies

The company and group finances its operations through a mixture of retained profits and intergroup and intercompany borrowings. The management objectives are to:

- Retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due whilst maximising returns on surplus funds.

Matters of strategic importance

Information is not shown within the Directors' Report as it is instead included within the Strategic Report on page 1 under S414c(11).

Research and development

The group undertakes research and development related to its key products and future opportunities.

Auditor

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

Statement of disclosure to auditor

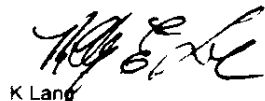
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves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

VCS (HOLDINGS UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

On behalf of the board



K Lang
Director

Date 12/12/18

VCS (HOLDINGS UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VCS (HOLDINGS UK) LIMITED

Opinion

We have audited the financial statements of VCS (Holdings UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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 group's and the parent company's affairs as at 31 December 2017 and of the group's loss 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 group and parent 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VCS (HOLDINGS UK) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group's and the parent 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 group or the parent 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.

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.

RSM UK Audit LLP

Steven Cleugh FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD
19/12/18

VCS (HOLDINGS UK) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	as restated £
Turnover	3	14,273,013	12,932,164
Cost of sales		(400,355)	(463,185)
Gross profit		13,872,658	12,468,979
Administrative expenses		(9,858,206)	(13,920,041)
Other operating income		-	227,758
Operating profit/(loss)	5	4,014,452	(1,223,304)
Interest receivable and similar income	7	337	1,036
Interest payable and similar expenses	8	(4,035,515)	(3,900,590)
Other gains and losses		-	(1,637)
Loss before taxation		(20,726)	(5,124,495)
Tax on loss	9	(1,328,124)	(98,128)
Loss for the financial year		(1,348,850)	(5,222,623)

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

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

VCS (HOLDINGS UK) LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Fixed assets			
Goodwill	10	22 316,084	23 792 395
Other intangible assets	10	1 710,557	1 822 326
Total intangible assets		24 026,641	25 614 721
Tangible assets	11	351,245	356,540
		24 377,886	25 971,261
Current assets			
Debtors	14	5,167 598	10,811 296
Cash at bank and in hand		1,158 659	688 970
		6,326,257	11,500,266
Creditors: amounts falling due within one year	15	(6,430,777)	(8,976,628)
Net current (liabilities)/assets		(104,520)	2,523,638
Total assets less current liabilities		24,273,366	28,494,899
Creditors: amounts falling due after more than one year	16	(45,843,249)	(48,715,931)
Provisions for liabilities	20	(413,372)	(413,372)
Net liabilities		(21,983,255)	(20,634,404)
Capital and reserves			
Called up share capital	22	1	1
Profit and loss reserves	23	(21,983,256)	(20,634,405)
Total equity		(21,983,255)	(20,634,404)

The financial statements were approved by the board of directors and authorised for issue on 12/12/18 and are signed on its behalf by



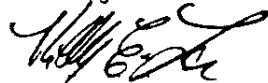
K Lang
Director

VCS (HOLDINGS UK) LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Fixed assets			
Investments	12	8 149,027	8 149 027
Current assets			
Debtors	14	22,460,374	27,220,932
Creditors: amounts falling due within one year	15	(70 182)	-
Net current assets		22 390 192	27 220 932
Total assets less current liabilities		30 539 219	35 369 959
Creditors: amounts falling due after more than one year	16	(45,843,249)	(48 715 931)
Net liabilities		(15,304 030)	(13 345 972)
Capital and reserves			
Called up share capital	22	1	1
Profit and loss reserves	23	(15,304,031)	(13 345 973)
Total equity		(15,304,030)	(13 345 972)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £1,958 058 (2016 - £5 485,569 loss)

The financial statements were approved by the board of directors and authorised for issue on 12/12/18 and are signed on its behalf by



K Lang
Director

VCS (HOLDINGS UK) LIMITED

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

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2016	1	(15,411,782)	(15,411,781)
Year ended 31 December 2016:			
Loss and total comprehensive income for the year	-	(5,222,623)	(5,222,623)
Balance at 31 December 2016	1	(20,634,405)	(20,634,404)
Year ended 31 December 2017:			
Loss and total comprehensive income for the year	-	(1,348,850)	(1,348,850)
Balance at 31 December 2017	1	(21,983,255)	(21,983,254)

VCS (HOLDINGS UK) LIMITED

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

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2016	1	(7,860,404)	(7,860,403)
Year ended 31 December 2016:			
Loss and total comprehensive income for the year	-	(5,485,569)	(5,485,569)
Balance at 31 December 2016	1	(13,345,973)	(13,345,972)
Year ended 31 December 2017:			
Loss and total comprehensive income for the year	-	(1,958,058)	(1,958,058)
Balance at 31 December 2017	1	(15,304,031)	(15,304,030)

VCS (HOLDINGS UK) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	24	7,728,915		(4,567,911)	
Interest paid		(4,035,515)		(3,900,590)	
Income taxes paid		(218,170)		(48,724)	
Net cash inflow/(outflow) from operating activities		3,475,230		(8,517,225)	
Investing activities					
Purchase of intangible assets		-		(791)	
Purchase of tangible fixed assets		(119,324)		(82,000)	
Proceeds on disposal of tangible fixed assets		5,572		3,964	
Proceeds from other investments and loans		-		(1,637)	
Interest received		337		1,036	
Net cash used in investing activities		(113,415)		(79,428)	
Financing activities					
Repayment of borrowings		(2,872,682)		8,613,510	
Payment of finance leases obligations		(19,444)		(127,192)	
Net cash (used in)/generated from financing activities		(2,892,126)		8,486,318	
Net increase/(decrease) in cash and cash equivalents		469,689		(110,335)	
Cash and cash equivalents at beginning of year		688,970		799,305	
Cash and cash equivalents at end of year		1,158,659		688,970	

VCS (HOLDINGS UK) LIMITED

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

1 Accounting policies

Company information

VCS (Holdings UK) Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 4th Floor Central Square, Forth Street, Newcastle upon Tyne, NE1 3JP.

The group consists of VCS (Holdings UK) Limited and all of its subsidiaries.

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

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.

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

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

Basis of consolidation

The consolidated financial statements incorporate those of VCS (Holdings UK) Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. One subsidiary has been excluded from these consolidated financial statements, identified in note 13, as in the directors' opinion this company is not material to the group.

All financial statements are made up to 31 December 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

VCS (HOLDINGS UK) LIMITED

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

1 Accounting policies (Continued)

Going concern

The group's total liabilities exceed its total assets by £21,983,255. A significant proportion of the group's total liabilities relate to a loan from the ultimate parent undertaking, Viewpoint Inc.

The directors, having assessed the responses of the directors of Viewpoint Inc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the VCS (Holdings UK) Limited group to continue as a going concern.

On the basis of their assessment of the group's financial position and of the enquiries made of the directors of Viewpoint Inc, the directors of VCS (Holdings UK) Limited have a reasonable expectation that the group will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Turnover

Turnover represents total invoice value, excluding value added tax, of sales of software as a service made during the year. Turnover is recognised on a monthly basis as the service is provided.

Deferred income

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods); the amount of revenue can be measured reliably. It is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Research and development

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

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

VCS (HOLDINGS UK) LIMITED

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

1 Accounting policies (Continued)

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

Computer software	Over 3 years on a straight line basis
Customer relationships	Over 20 years on a straight line basis
Developed technology	Over 20 years on a straight line basis

Tangible fixed assets

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

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

Leasehold property improvements	Over 10 years on a straight line basis
Computer equipment	Over 3 years on a straight line basis
Fixtures and fittings	Over 3 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss

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

Impairment of fixed assets

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

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

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

Cash and cash equivalents

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

VCS (HOLDINGS UK) LIMITED

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

1 Accounting policies (Continued)

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments

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

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

Basic financial assets

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

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.

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 group 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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

VCS (HOLDINGS UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

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

Taxation

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

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.

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.

VCS (HOLDINGS UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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

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

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 leased asset are consumed.

Government grants

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

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

Foreign exchange

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

VCS (HOLDINGS UK) LIMITED

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

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

Goodwill and intangible fixed assets - impairment testing

Given the materiality of the group's goodwill and intangible fixed asset balances, the directors consider impairment testing in these areas to be a key focus. Impairment testing is inherently subjective. In line with the group's accounting policies, each period end, the directors assess whether there are any indications that the group's assets may be impaired. This includes goodwill and intangible fixed assets. In relation to these items, the directors also consider the results of value in use calculations and the assumptions built into those calculations.

Judgements in relation to goodwill impairment relate primarily to the assumptions underlying the calculation of value in use of the business, the achievability of the long term business plan, the impact and outlook in the wider economy and the other modelling assumptions that underlie the valuation process.

Goodwill and intangible fixed assets - amortisation

The estimated useful lives of the group's goodwill and intangible fixed assets, along with amortisation methods, are reviewed at each year end. The useful lives are estimated based on the normal life expectations.

3 Turnover and other revenue

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

	2017	2016
	£	as restated £
Turnover analysed by class of business		
Recurring revenue	12,839,639	11,231,503
Professional services	1,433,374	1,700,661
	<u>14,273,013</u>	<u>12,932,164</u>
	2017	2016
	£	£
Other revenue		
Interest income	337	1,036
Grants received	-	227,758

VCS (HOLDINGS UK) LIMITED

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

3 Turnover and other revenue (Continued)

	2017	2016 as restated
	£	£
Turnover analysed by geographical market		
United Kingdom	12,062,406	11,567,156
Overseas	2,210,607	1,365,008
	<u>14,273,013</u>	<u>12,932,164</u>

Prior Period Adjustment

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

4 Employees

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

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

Their aggregate remuneration comprised

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

VCS (HOLDINGS UK) LIMITED

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

5 Operating profit/(loss)	2017	2016
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting)		
Exchange (gains)/losses	(258,434)	3,304,539
Government grants	-	(227,758)
Depreciation of owned tangible fixed assets	115,752	174,202
Loss on disposal of tangible fixed assets	3,295	-
Amortisation of intangible assets	1,588,080	1,612,540
	<u> </u>	<u> </u>
6 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 and the company's subsidiaries	6,000	12,113
	<u> </u>	<u> </u>
7 Interest receivable and similar income	2017	2016
	£	£
Interest income		
Interest on bank deposits	337	1,036
	<u> </u>	<u> </u>
Investment income includes the following		
Interest on financial assets not measured at fair value through profit or loss	337	1,036
	<u> </u>	<u> </u>
8 Interest payable and similar expenses	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	4,029,557	3,883,527
Other finance costs:		
Interest on finance leases and hire purchase contracts	3,469	17,063
Other interest	2,489	-
	<u> </u>	<u> </u>
Total finance costs	4,035,515	3,900,590
	<u> </u>	<u> </u>

VCS (HOLDINGS UK) LIMITED

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

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	1 166,810	162,476
Adjustments in respect of prior periods	48,030	-
Total current tax	<u>1,214,840</u>	<u>162,476</u>
Deferred tax		
Origination and reversal of timing differences	<u>113,284</u>	<u>(64,348)</u>
Total tax charge for the year	<u>1,328,124</u>	<u>98,128</u>

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

	2017 £	2016 £
Loss before taxation	<u>(20,726)</u>	<u>(5,124,495)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(3,980)	(1,024,899)
Tax effect of expenses that are not deductible in determining taxable profit	537,292	1,538,519
Tax effect of income not taxable in determining taxable profit	792,694	-
Tax effect of utilisation of tax losses not previously recognised	(332,276)	(152,217)
Change in unrecognised deferred tax assets	87,521	-
Adjustments in respect of prior years	217,802	3,422
Group relief	-	(190,191)
Permanent capital allowances in excess of depreciation	4,121	5,443
Research and development tax credit	11,856	(81,949)
Deferred tax adjustments in respect of prior years	13,104	-
Taxation charge for the year	<u>1,328,124</u>	<u>98,128</u>

VCS (HOLDINGS UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Intangible fixed assets

Group	Goodwill	Computer software	Customer relationships	Developed technology	Total
	£	£	£	£	£
Cost					
At 1 January 2017	29,526,219	145,224	1,877,187	260,897	31,809,527
Disposals	-	(138,467)	-	-	(138,467)
Transfers	-	-	(285,956)	285,956	-
At 31 December 2017	29,526,219	6,757	1,591,231	546,853	31,671,060
Amortisation and impairment					
At 1 January 2017	5,733,824	140,270	281,577	39,135	6,194,806
Amortisation charged for the year	1,476,311	4,865	63,860	43,044	1,588,080
Disposals	-	(138,467)	-	-	(138,467)
At 31 December 2017	7,210,135	6,668	345,437	82,179	7,644,419
Carrying amount					
At 31 December 2017	22,316,084	89	1,245,794	464,674	24,026,641
At 31 December 2016	23,792,395	4,954	1,595,610	221,762	25,614,721

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016

11 Tangible fixed assets

Group	Leasehold property improvements	Computer equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 January 2017	360,040	438,614	150,754	949,408
Additions	-	119,324	-	119,324
Disposals	-	(271,411)	(1,463)	(272,874)
At 31 December 2017	360,040	286,527	149,291	795,858
Depreciation and impairment				
At 1 January 2017	105,412	355,768	131,688	592,868
Depreciation charged in the year	20,704	84,200	10,848	115,752
Eliminated in respect of disposals	-	(262,544)	(1,463)	(264,007)
At 31 December 2017	126,116	177,424	141,073	444,613
Carrying amount				
At 31 December 2017	233,924	109,103	8,218	351,245
At 31 December 2016	254,628	82,846	19,066	356,540

VCS (HOLDINGS UK) LIMITED

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

11 Tangible fixed assets (Continued)

The company had no tangible fixed assets at 31 December 2017 or 31 December 2016

12 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	13	-	-	8,149,027	8,149,027
Movements in fixed asset investments					
Company					Shares in group undertakings £
Cost or valuation					
At 1 January 2017 and 31 December 2017					8,149,027
Carrying amount					
At 31 December 2017					8,149,027
At 31 December 2016					8,149,027

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
4Projects Inc	United States of America	Software sales and distribution	Ordinary	-	100.00
Riverside Acquisitions Limited	United Kingdom	Holding company	Ordinary	100.00	-
Viewpoint Construction Software Limited	United Kingdom	Software sales and distribution	Ordinary	-	100.00

During the year the group's shareholdings in 4Retail Limited, Riverside Topco Limited, 4Projects Holdings Limited and Mobile Computing Systems Limited were disposed of by way of voluntary liquidation

The subsidiary company Riverside Acquisitions Limited (CRN 06318542) has taken the exemption in Section 479A of the Companies Act 2006 ("the Act") from the requirements of the Act for their individual accounts to be audited

4Projects Inc has not been included in these consolidated financial statements as, in the directors opinion this entity is not material to the results for the year or the financial position as at 31 December 2016 and 31 December 2017

VCS (HOLDINGS UK) LIMITED

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

14 Debtors

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2 457 546	1 291 571	-	-
Amounts owed by group undertakings	1 367 092	8 238 271	22,359,140	27,056,371
Other debtors	12 842	16 700	-	-
Prepayments and accrued income	1 302 182	1 123,534	101 234	164,561
	5 139 662	10 670 076	22 460 374	27 220 932
Deferred tax asset (note 20)	27 936	141,220	-	-
	5 167 598	10 811 296	22 460 374	27 220 932

15 Creditors: amounts falling due within one year

	Notes	Group 2017	2016	Company 2017	2016
		£	£	£	£
Obligations under finance leases	18	-	19 444	-	-
Trade creditors		103,838	79 748	-	-
Amounts due to group undertakings		1,826,748	6 664 434	-	-
Corporation tax payable		1 166 810	170 140	70,182	-
Other taxation and social security		876 143	629 842	-	-
Other creditors		115 413	22 133	-	-
Accruals and deferred income		2 341 825	1 390 887	-	-
		6,430 777	8 976,628	70,182	-

16 Creditors: amounts falling due after more than one year

	Notes	Group 2017	2016	Company 2017	2016
		£	£	£	£
Other borrowings	17	45 843 249	48 715 931	45 843 249	48 715,931

17 Borrowings

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Loans from group undertakings	45 843 249	48 715 931	45 843 249	48 715 931
Payable after one year	45 843 249	48 715 931	45 843 249	48 715 931

VCS (HOLDINGS UK) LIMITED

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

24 Cash generated from group operations

	2017 £	2016 £
Loss for the year after tax	(1,348,850)	(5,222,623)
Adjustments for		
Taxation charged	1,328,124	98,128
Finance costs	4,035,515	3,900,590
Investment income	(337)	(1,036)
Loss/(gain) on disposal of tangible fixed assets	3,294	(15)
Amortisation and impairment of intangible assets	1,588,080	1,612,540
Depreciation and impairment of tangible fixed assets	115,752	174,202
Other gains and losses	1	1,637
Movements in working capital		
(Increase)/decrease in stocks	-	1,800
Decrease/(increase) in debtors	5,530,413	(32,706,781)
(Decrease)/increase in creditors	(3,523,077)	5,996,421
Cash generated from/(absorbed by) operations	7,728,915	(26,145,137)

25 Operating lease commitments

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

	Group 2017 £	2016 £	Company 2017 £	2016 £
Within one year	-	154,332	-	-
Between one and five years	-	605,639	-	-
In over five years	-	244,584	-	-
	-	1,004,555	-	-

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows

	2017 £	2016 £
Aggregate compensation	-	335,114

VCS (HOLDINGS UK) LIMITED

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

20 Deferred taxation (Continued)

	Group 2017 £	Company 2017 £
Movements in the year:		
Liability at 1 January 2017	272 152	-
Charge to profit or loss	156 797	-
Liability at 31 December 2017	<u>428 949</u>	<u>-</u>

21 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>116 788</u>	<u>122 144</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	Group and company 2017 £	2016 £
Ordinary share capital issued and fully paid		
1 Ordinary of £1 each	<u>1</u>	<u>1</u>

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

23 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners

VCS (HOLDINGS UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

24 Cash generated from group operations

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Loss for the year after tax	(1,348,850)	(5,222,623)
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VCS (HOLDINGS UK) LIMITED

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

26 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date

Amounts owed to related parties	2017	2016
	£	£
Group		
Entities with control, joint control or significant influence over the group	48 325 412	55 380 365