

Financial Statements Invesco Software Holdings Limited

For the year ended 31 December 2016



Registered number: 08583925

Company Information

Directors

P J Brown
P D Nagle
M Howell

Company secretary

D H Evans

Registered number

08583925

Registered office

Comino House
Furlong Road
BOURNE END
SL8 5AQ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
3140 Rowan Place
John Smith Drive
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Oxfordshire
OX4 2WB

Bankers

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B3 2BH

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Group strategic report

For the year ended 31 December 2016

Principal activities

Invesco Software Holdings Limited provides investment funding and financing for high growth technology businesses.

Business review and future developments

The Company through its investment in Invesco Technologies Holdings Limited, has 100% ownership of a group headed by Causeway Software Solutions Limited, a leading software provider for the Built Environment that serves 1,959 customers in 38 countries.

During 2016, the business continued its transition to a new subscription based sales model from its historic licence fee based model. This resulted in increased recognised annual licence fee revenue of £1.3m, while initial licence fee one-off revenue and professional services declined by £1m in total. As a result, 2016 saw an incremental increase in revenue, but the conversion of customers to subscription contracts at higher values saw the value of recurring revenue increase from £15.3m at the end of 2015 to £17.1m as at 31 December 2016. With an increasing number of customers moving to 5-year contracts, the lifetime value of existing contracts at 31 December 2016 was £46.5m.

It is anticipated that the recognised revenue from contracts in 2017 will be £18.9m, which represents 83% of total revenue. Recurring revenues are broadly in line with full year operating costs, which means that new sales directly correlate to improved EBITDA in subsequent years.

In 2016 the business successfully implemented a hybrid of the Business Units adopted in 2015 with a centralised sales and executive team, allowing the company to revert back to a historic executive structure which drove improved performance.

EBITDA in the year to 31st December 2016 was £4.05m (2015 - £2.80m). This would have been enhanced by £496k if the results excluded non-operational, non-recurring exceptional costs. If these costs weren't included, EBITDA would have increased by 12% to £4.55m.

Causeway Software Solutions Limited's significant investment in Research & Development continued, with a total investment of £4.52m. This will yield significant growth opportunities over the coming years as the global economy in general recovers and the Built Environment sector in particular begins to invest in technologies to drive productivity and efficiency.

Future developments

In 2016 Causeway commenced the conversion of its revenue model away from Initial Licence Fees and Maintenance to annual Subscription Fees. This coincided with the Group's release of its Platform of digital Tools that provide universal licencing, advanced data analytics, workflow and integration for all existing Causeway Applications. The plan for future periods is to work with all Customers to migrate them to the Platform Tools, thereby gaining much greater business process automation and insights by simply increasing their price per user per annum to switch from existing maintenance agreements to new five-year Subscription Agreements. The Group will continue to invest substantially in Research and Development to further advance its Platform and Cloud offering.

Colin Smith joined the Group as CEO in January 2017 to help drive growth, with Founder Phil Brown moving to Executive Chairman in order to focus on strategic development opportunities.

Group strategic report

For the year ended 31 December 2016

Principal risks and uncertainties

The key risks of the business are a possible decline in licence sales volume and attrition of the customer base that might arise due to adverse market conditions. The transition to long term subscription based contracts with customers being managed by customer focussed Business and a robust CRM sales process continue to deliver growth in both sales volumes and customer numbers ensures that these risks are managed carefully. Contracted recurring maintenance revenues provides a large element of the turnover, and this allows management sufficient time to align costs and revenue and make strategic choices as required. The migration to a subscription business model is evidence of this.

The most significant financial risks that the company is exposed to are described below.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group continuously monitors customer credit levels and obtains, where necessary, external credit reports on customers. The amounts presented in the balance sheet are net of any allowance for doubtful debtors, based on prior year experience and an assessment of specific circumstances by the directors. The Group has no significant concentration of credit risk, with exposure spread over a number of clients.

Liquidity risk

The Group manages its liquidity by monitoring the day to day cash flow needs of the business. The Group uses bank loans to finance expansion opportunities and monitors cashflow forecasts to ensure that sufficient liquidity exists within the Group to settle liabilities as they fall due and to ensure that covenant requirements are complied with.

Interest Rate Risk

The group finances its operations through a mixture of retained profits, bank borrowings and shareholder loans. The bank borrowings and shareholder loans bear interest at a fixed rate above LIBOR and therefore the group's exposure to interest rates is affected by movements in LIBOR.

Environmental matters

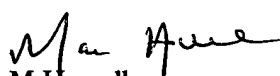
The Group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group has complied with all applicable legislation and regulations.

The Group monitors its Carbon Footprint, and the draft report for 2016 shows a reduction in carbon dioxide equivalent of 27% from 2015. Carbon Credits will be used to support renewable energy projects.

This report was approved by the board on

12/07/2017

and signed on its behalf.


M Howell
Director

Directors' report

For the year ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The loss for the year, after taxation, amounted to £2,173,907 (2015 - loss £624,578).

Consolidated total assets are £45.8m as at 31 December 2016 (2015: £52.6m) and the group continues to enjoy strong liquidity with cash reserves at the year end of £2.0m.

Directors

The directors who served during the year were:

P J Brown
P D Nagle
M Howell

Political and charitable contributions

In January 2011, The Causeway Foundation (registration number 1142924) was established with the core objectives of supporting disadvantaged and exceptionally talented young people to realise their full potential. This charity has no direct relationship with Causeway Technologies Limited although staff members support the activities of the charity and make up a proportion of Board of Trustees.

During the year, the group made charitable donations of £12,775 (2015: £15,700) to the Causeway Foundation.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Directors' report (continued)

For the year ended 31 December 2016

Disclosure of information to auditor

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

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

Post balance sheet events

There have been no significant events affecting the Group since the year end.

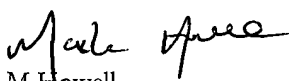
Matters covered in the strategic report

Information on the financial risk management, review and future prospects of the business and the principal risks and uncertainties are shown in the Strategic Report.

Auditor

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

This report was approved by the board on 12/07/2017 and signed on its behalf.


M Howell
Director



Independent auditor's report to the members of Invesco Software Holdings Limited

We have audited the financial statements of Invesco Software Holdings Limited for the year ended 31 December 2016, which comprise the consolidated Statement of Comprehensive Income, the consolidated and Company Statement of financial positions, the Group and Company statement of changes in equity, the consolidated Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2016 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.



Independent auditor's report to the members of Invesco Software Holdings Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report under the Companies Act 2006

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

Matters on which we are required to report by exception

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 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.

A handwritten signature in black ink, appearing to read "Amrisha Shah".

Amrisha Shah FCA (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Oxford
Date: 12 April 2017

Consolidated statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	21,293,805	21,037,217
Cost of sales		(1,047,297)	(972,540)
Gross profit		20,246,508	20,064,677
Administrative expenses		(21,222,103)	(20,357,086)
Other operating income		163,151	-
Operating loss	6	(812,444)	(292,409)
Interest receivable and similar income	9	67,519	28,485
Interest payable and expenses	10	(1,127,401)	(747,923)
Loss before taxation		(1,872,326)	(1,011,847)
Tax on loss	11	(301,581)	387,269
Loss for the year		(2,173,907)	(624,578)
Currency translation differences		33,051	(30,055)
Other comprehensive income for the year		33,051	(30,055)
Total comprehensive income for the year		(2,140,856)	(654,633)
(Loss) for the year attributable to:			
Owners of the parent Company		(2,173,907)	(624,578)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		(2,140,856)	(654,633)
		(2,140,856)	(654,633)

The notes on pages 14 to 37 form part of these financial statements.

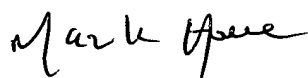
All amounts relate to continuing operations.

Consolidated statement of financial position

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	12	39,207,095	42,042,619
Tangible assets	13	459,787	520,330
		<u>39,666,882</u>	<u>42,562,949</u>
Current assets			
Stocks	15	34,025	-
Debtors: amounts falling due within one year	16	4,121,154	4,374,341
Cash at bank and in hand	17	1,983,174	5,662,600
		<u>6,138,353</u>	<u>10,036,941</u>
Creditors: amounts falling due within one year	18	(5,197,011)	(7,689,753)
Net current assets		<u>941,342</u>	<u>2,347,188</u>
Total assets less current liabilities		<u>40,608,224</u>	<u>44,910,137</u>
Creditors: amounts falling due after more than one year	19	(34,198,333)	(37,915,947)
Provisions for liabilities			
Deferred taxation		(46,204)	-
		<u>(46,204)</u>	<u>-</u>
Accruals and deferred income	20	(10,610,221)	(9,099,868)
Net liabilities		<u>(4,246,534)</u>	<u>(2,105,678)</u>
Capital and reserves			
Called up share capital	24	93,070	93,070
Foreign exchange reserve	25	2,996	(30,055)
Profit and loss account	25	(4,342,600)	(2,168,693)
Shareholders' funds		<u>(4,246,534)</u>	<u>(2,105,678)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12/09/2017



M Howell
Director

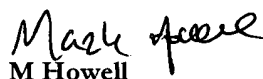
The notes on pages 14 to 37 form part of these financial statements.

Company statement of financial position

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	14	40,975,663	40,975,663
		<u>40,975,663</u>	<u>40,975,663</u>
Current assets			
Debtors: amounts falling due within one year	16	-	1,165,888
Cash at bank and in hand	17	(576)	59,491
		<u>(576)</u>	<u>1,225,379</u>
Creditors: amounts falling due within one year	18	(10,520,816)	(6,356,667)
Net current liabilities		<u>(10,521,392)</u>	<u>(5,131,288)</u>
Total assets less current liabilities		<u>30,454,271</u>	<u>35,844,375</u>
Creditors: amounts falling due after more than one year	19	(34,198,333)	(37,915,947)
Accruals and deferred income	20	(99,062)	(154,381)
Net liabilities		<u>(3,843,124)</u>	<u>(2,225,953)</u>
Capital and reserves			
Called up share capital	24	93,070	93,070
Profit and loss account	25	(3,936,194)	(2,319,023)
		<u>(3,843,124)</u>	<u>(2,225,953)</u>

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


M Howell
Director

Date: 12/02/2017

The notes on pages 14 to 37 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2016	93,070	(30,055)	(2,168,693)	(2,105,678)	(2,105,678)
Comprehensive income for the year					
Loss for the year	-	-	(2,173,907)	(2,173,907)	(2,173,907)
Currency translation differences	-	33,051	-	33,051	33,051
Total comprehensive income for the year	-	33,051	(2,173,907)	(2,140,856)	(2,140,856)
At 31 December 2016	93,070	2,996	(4,342,600)	(4,246,534)	(4,246,534)

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2015	93,070	-	(1,544,115)	(1,451,045)	(1,451,045)
Comprehensive income for the year					
Loss for the year	-	-	(624,578)	(624,578)	(624,578)
Currency translation differences	-	(30,055)	-	(30,055)	(30,055)
Total comprehensive income for the year	-	(30,055)	(624,578)	(654,633)	(654,633)
At 31 December 2015	93,070	(30,055)	(2,168,693)	(2,105,678)	(2,105,678)

The notes on pages 14 to 37 form part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	93,070	(2,319,023)	(2,225,953)
Comprehensive income for the year			
Loss for the year	-	(1,617,171)	(1,617,171)
Total comprehensive income for the year	-	(1,617,171)	(1,617,171)
At 31 December 2016	93,070	(3,936,194)	(3,843,124)

Company statement of changes in equity

For the year ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	93,070	(1,169,091)	(1,076,021)
Comprehensive income for the year			
Loss for the year	-	(1,149,932)	(1,149,932)
Total comprehensive income for the year	-	(1,149,932)	(1,149,932)
At 31 December 2015	93,070	(2,319,023)	(2,225,953)

The notes on pages 14 to 37 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Loss for the financial year	(2,173,907)	(624,578)
Adjustments for:		
Amortisation of intangible assets	2,688,190	2,833,284
Depreciation of tangible assets	231,566	263,080
Impairments of fixed assets	1,941,998	-
Foreign exchange	9,556	-
Interest paid	1,127,400	747,923
Interest received	(67,519)	(28,485)
Taxation charge	301,581	(387,269)
(Increase)/decrease in stocks	(34,025)	-
(Increase)/decrease in debtors	(476,601)	263,389
Decrease/(increase) in amounts owed by groups	519,273	(458,996)
Increase/(decrease) in creditors	1,418,864	(1,619,771)
Corporation tax (paid)	(63,064)	(232,268)
Net cash generated from operating activities	5,423,312	756,309
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,794,664)	(5,867)
Purchase of tangible fixed assets	(180,579)	(140,807)
Interest received	67,519	28,485
Net cash from investing activities	(1,907,724)	(118,189)

Consolidated statement of cash flows (continued)

For the year ended 31 December 2016

	2016 £	2015 £
Cash flows from financing activities		
Repayment of loans	(2,856,667)	(1,200,000)
Other new loans	-	2,912,917
Repayment of other loans	(3,850,000)	-
Interest paid	(488,347)	(550,406)
Net cash used in financing activities	(7,195,014)	1,162,511
Net (decrease)/increase in cash and cash equivalents	(3,679,426)	1,800,631
Cash and cash equivalents at beginning of year	5,662,600	3,861,969
Cash and cash equivalents at the end of year	1,983,174	5,662,600
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,983,174	5,662,600
	1,983,174	5,662,600

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Invesco Software Holdings Limited is a limited liability company incorporated in the United Kingdom. Its registered office is at Comino House, Furlong Road, Bourne End, SL8 5AQ.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

1.3 Going concern

The directors have prepared the financial statements on the going concern basis as they believe that the group headed by Invesco Software Holdings Limited and the parent company can continue to meet their liabilities as and when they fall due. The directors have prepared forecasts for the group for a period of at least 12 months from the date of approval of these financial statements which indicate that the group is able to operate within its funding facilities.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, valued added tax and other sales taxes.

The following criteria must also be met before revenue is recognised:

Sale of goods and services

Revenue is recognised when all of the following conditions are satisfied:

- The company has transferred the significant risks and rewards of ownership to the buyer;
- The company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably
- It is probable that the company will receive the consideration due under the transactions
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- The stage of completion of the contract at the end of the reporting period can be measured reliably.

Where the directors consider it possible to unbundle components of revenue which make up a contractual arrangement with a customer, and these components can be fair valued, each component of revenue is recognised separately.

Initial licence fees are recognised on delivery of software licences to customers where it can be demonstrated that the risks and rewards of ownership have passed. Annual licence and maintenance fees are recognised on a straight line basis over the life of the contract.

Turnover of maintenance and other professional service contracts is invoiced in advance and released to the profit and loss account on a straight line basis over the course of the contract in line with contract terms.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Software licences and trademarks

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Goodwill	- 5 to 20 years
Software licences and trademarks	- 3 to 5 years

1.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Plant and machinery	- 10 years
Fixtures and fittings	- 5 years
Computer equipment	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.9 Valuation of investments

Investments in subsidiaries are measured at cost less provision for impairment.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

1.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.12 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.13 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

1.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

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

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1.16 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

1.17 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.18 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

1.19 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

1.20 Provision for liabilities

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

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

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

1.22 Research and Development

Research and development expenditure is written off in the year in which

Notes to the financial statements

For the year ended 31 December 2016

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

Preparation of the financial statements requires management to make significant judgements and estimates. Judgements and estimates are continually re-assessed and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in the Consolidated Statement of Comprehensive Income, when, and if, better information is obtained.

Critical judgements that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

Deferred tax assets

The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognise deferred tax assets depends on many factors, including the Group's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

Depreciation and amortisation rates

The Group depreciates or amortises its intangible and tangible fixed assets over their estimated useful lives, as more fully described in the accounting policies for Intangible and Tangible assets in section 1.5 and 1.6 above. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, developments in the wider business and maintenance programmes. Management believes that the assets have a long track record of stability and achievement and that there are high barriers to market entry. Management is committed to continue to invest in the intangible assets for the long term to maintain and enhance their value. Management estimates the useful life of the consolidated goodwill to be at least 20 years. This is based on customer relationships, low level attrition rates and the durability of the product platform.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, management perform impairment tests based on the fair value less costs to sell or a value in use calculation. The value in use model is based on a discounted cash flow model, cash flow being based on budgets, and estimated discount rates.

3. Turnover

Analysis of turnover by country of destination:

	2016	2015
	£	£
United Kingdom	19,816,626	18,965,298
Rest of the world	1,477,179	2,071,919
	<u>21,293,805</u>	<u>21,037,217</u>

All turnover is attributable to continuing operations and relates to annual licence support and development.

Notes to the financial statements

For the year ended 31 December 2016

4. EBITDA

	2016 £	2015 £
Reconciliation of EBITDA to profit before tax		
EBITDA	4,049,310	2,803,955
Interest receivable	67,519	28,485
Interest payable	(1,127,401)	(747,923)
Impairment of Goodwill	(1,941,998)	-
Depreciation	(231,566)	(263,080)
Amortisation	(2,688,190)	(2,833,284)
Loss on ordinary activities before taxation	(1,872,326)	(1,011,847)

5. Other operating income

	2016 £	2015 £
Research & Development Tax Credit	163,151	-
	163,151	-

6. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	231,566	263,080
Amortisation of intangible assets, including goodwill	2,688,190	2,833,284
Impairment of intangible assets (identifiable CGU)	1,941,998	-
Auditor's remuneration:		
- The audit of the Group	54,350	59,600
- Other services	33,171	75,932
Exchange differences	31,101	(14,093)
Operating lease rentals - Land & Buildings	337,186	328,108
Defined contribution pension cost	399,429	368,622
Exceptional Item - termination and other	496,000	605,000

Audit fees for audit and non-audit services were borne by a subsidiary undertaking.

Notes to the financial statements

For the year ended 31 December 2016

7. Employees

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

	2016 £	2015 £
Wages and salaries	10,442,304	10,478,545
Social security costs	1,043,736	1,083,352
Cost of defined contribution scheme	399,429	368,622
	<u>11,885,469</u>	<u>11,930,519</u>

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

	2016 No.	2015 No.
Corporate	40	42
Development	92	110
Sales and Marketing	28	24
Professional Services	15	17
Support	31	29
	<u>206</u>	<u>222</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	1,402,274	1,282,500
Company contributions to defined contribution pension schemes	17,499	39,996
	<u>1,419,773</u>	<u>1,322,496</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £719,775 (2015 - £702,500).

9. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>67,519</u>	<u>28,485</u>

Notes to the financial statements

For the year ended 31 December 2016

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	488,348	550,406
Unwinding of discount on contingent consideration	639,053	197,517
	<u>1,127,401</u>	<u>747,923</u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	211,029	16,351
Adjustments in respect of previous periods	44,348	(407,742)
	<u>255,377</u>	<u>(391,391)</u>
Total current tax	<u>255,377</u>	<u>(391,391)</u>
Deferred tax		
Origination and reversal of timing differences	46,204	4,122
Total deferred tax	<u>46,204</u>	<u>4,122</u>
Taxation on profit/(loss) on ordinary activities	<u>301,581</u>	<u>(387,269)</u>

Notes to the financial statements

For the year ended 31 December 2016

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(1,872,326)	(1,011,847)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(374,465)	(204,899)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	896,015	518,293
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	133,350	34,692
Overseas profits not liable to tax	(38,951)	(190,978)
Adjustments to tax charge in respect of prior periods	44,348	(23,717)
Adjustment to deferred tax to average rate of 20%	18,566	15,632
Deferred tax not recognised	80,844	-
Credits in relation to R&D expenditure	(4,264)	(171,470)
Adjustment in relation to R&D expenditure	(335,234)	(383,966)
Irish profits at 12.5%	(115,462)	(101,729)
India profits at 30%	12,625	24,846
Losses not recognised	-	43,708
Other differences leading to an increase (decrease) in the tax charge	(15,791)	52,319
Total tax charge for the year	301,581	(387,269)

Notes to the financial statements

For the year ended 31 December 2016

12. Intangible assets

Group and Company

	Software Licences & Trademarks £	Goodwill £	Total £
Cost			
At 1 January 2016	551,406	47,509,950	48,061,356
Additions	1,794,664	-	1,794,664
At 31 December 2016	<u>2,346,070</u>	<u>47,509,950</u>	<u>49,856,020</u>
Amortisation			
At 1 January 2016	528,938	5,489,799	6,018,737
Charge for the year	61,956	2,626,234	2,688,190
Impairment charge	-	1,941,998	1,941,998
At 31 December 2016	<u>590,894</u>	<u>10,058,031</u>	<u>10,648,925</u>
Net book value			
At 31 December 2016	<u>1,755,176</u>	<u>37,451,919</u>	<u>39,207,095</u>
At 31 December 2015	<u>22,468</u>	<u>42,020,151</u>	<u>42,042,619</u>

Notes to the financial statements

For the year ended 31 December 2016

13. Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2016	375,488	179,452	588,937	1,143,877
Additions	53,006	13,393	114,180	180,579
At 31 December 2016	428,494	192,845	703,117	1,324,456
Depreciation				
At 1 January 2016	132,669	124,757	366,121	623,547
Charge for the period on owned assets	60,414	26,081	145,071	231,566
Exchange adjustments	3,092	1,391	5,073	9,556
At 31 December 2016	196,175	152,229	516,265	864,669
Net book value				
At 31 December 2016	232,319	40,616	186,852	459,787
At 31 December 2015	242,819	54,695	222,816	520,330

Notes to the financial statements

For the year ended 31 December 2016

14. Fixed asset investments

Subsidiary undertakings

The following are subsidiary undertakings of the Company, held indirectly through Invesco Technologies Holdings Limited

Name	Class of Shares	Holding	Principal Activity	Country of Incorporation
Causeway Technologies Limited	Ordinary	100%	Supplier of computer services	United Kingdom
Causeway Software Solutions Limited	Ordinary	100%	Supplier of computer services	Ireland
Invesco Technologies Holdings Limited	Ordinary	100%	Holding company	United Kingdom
Causeway Software Technologies India Private Limited	Ordinary	100%	Provision of research and development services to the group	India
Vixen Software Solutions Limited	Ordinary	100%	Dormant	United Kingdom
Integrated FM Limited	Ordinary	100%	Dormant	United Kingdom
Causeway ME Limited	Ordinary	100%	Supplier of computer services	United Arab Emirates
Causeway Middle East FZ-LLC	Ordinary	100%	Supplier of computer Services	United Arab Emirates

Causeway ME Limited was incorporated during the financial year.

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Causeway Technologies Limited	6,515,541	1,620,897
Causeway Software Solutions Limited	4,900,361	(455,800)
Invesco Technologies Holdings Limited	10,004	-
Causeway Software Technologies India Private Limited	1,099,019	125,782
Vixen Software Solutions Limited	800	-
Integrated FM Limited	(98,495)	-
Causeway Middle East FZ-LLC	-	(1,478,540)
Causeway ME Limited	1,675,438	1,673,295

Notes to the financial statements

For the year ended 31 December 2016

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	40,975,663
At 31 December 2016	<u>40,975,663</u>
Net book value	
At 31 December 2016	<u>40,975,663</u>
At 31 December 2015	<u>40,975,663</u>

15. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Stock	<u>34,025</u>	<u>-</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Notes to the financial statements

For the year ended 31 December 2016

16. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	2,377,046	1,812,412	-	-
Amounts owed by group undertakings and related parties	-	458,996	-	1,165,888
Other debtors	311,931	369,981	-	-
Prepayments and accrued income	1,123,757	1,153,740	-	-
Tax recoverable	308,420	579,212	-	-
	4,121,154	4,374,341	-	1,165,888

Included within prepayments and accrued income is £459,326 (2015: £443,838) of deferred considerations due in respect of the sale of BR Network Limited (formerly Building Register Limited) in 2013, this amount is due after more than one year. BR Network Limited is considered to be a related party by virtue of common directorships.

17. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	1,983,174	5,662,600	(576)	59,491

18. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	2,856,667	2,856,667	2,856,667	2,856,667
Other loans	1,150,000	3,500,000	1,150,000	3,500,000
Trade creditors	319,552	389,700	-	-
Amounts owed to group undertakings and related parties	60,277	-	6,514,149	-
Corporation tax	41,346	119,825	-	-
Other taxation and social security	537,913	663,979	-	-
Other creditors	231,256	159,582	-	-
	5,197,011	7,689,753	10,520,816	6,356,667

Notes to the financial statements

For the year ended 31 December 2016

19. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	9,998,333	12,855,000	9,998,333	12,855,000
Other loans	24,200,000	19,700,000	24,200,000	19,700,000
Other creditors - contingent consideration	-	5,360,947	-	5,360,947
	<u>34,198,333</u>	<u>37,915,947</u>	<u>34,198,333</u>	<u>37,915,947</u>

Bank loans attract interest at 2.95% above LIBOR and are secured by way of a fixed and floating charge over the assets of the group. The bank loan is repayable in quarterly installments of £714,167 commencing in June 2015, the remaining balance is due for repayment in May 2018.

Loan notes attract interest at 2.95% above LIBOR, however shareholders have waived the interest. As these rank behind the bank loans, repayment is dependent on the satisfaction of loan covenants. The amounts included in current liabilities reflect the amount which is to be repaid in 2017. The amount and timing of the repayment of the loan notes is subject to consent by the bank and at the discretion of the directors of the company. The notes become repayable on the termination of the bank loan facility agreement or change in control of the company.

The contingent consideration attracts no interest and is payable on certain performance criteria being met by the acquired Invesco Technologies Holding Group. The amount included above reflects the directors best estimate of the amounts that will be payable (and settled during the year - see below), being £6,000,000 the maximum amount, net of a discount of £Nil (2015: £639,053) which ensures that the liability is held at its net present value. The movement in this balance has been charged to the profit and loss account as an interest charge.

During the year, the performance criteria was met and the contingent consideration crystallised. The amount was therefore converted into further loan notes.

20. Accruals and deferred income

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Less than one year	<u>(10,610,221)</u>	<u>(9,099,868)</u>	<u>(99,062)</u>	<u>(154,381)</u>

Deferred income of £10,034,239 (2015: £8,512,725) is included within accruals and deferred income. This balance comprised amounts received in advance with turnover deferred until the service has been provided. There is no cashflow associated with this balance.

Notes to the financial statements

For the year ended 31 December 2016

21. Loans

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year				
Bank loans	2,856,667	2,856,667	2,856,667	2,856,667
Other loans	1,150,000	3,500,000	1,150,000	3,500,000
	<u>4,006,667</u>	<u>6,356,667</u>	<u>4,006,667</u>	<u>6,356,667</u>
Amounts falling due 1-2 years				
Bank loans	9,998,333	12,855,000	9,998,333	12,855,000
Amounts falling due 2-5 years				
Other loans	24,200,000	19,700,000	24,200,000	19,700,000
	<u>38,205,000</u>	<u>38,911,667</u>	<u>38,205,000</u>	<u>38,911,667</u>

22. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Cash at bank and in hand	1,983,174	5,662,600	(576)	-
Trade debtors	2,377,046	1,812,412	-	-
Other debtors	311,931	369,981	-	-
Amounts owed by group undertakings	-	458,996	-	1,165,888
	<u>4,672,151</u>	<u>8,303,989</u>	<u>(576)</u>	<u>1,165,888</u>
Financial liabilities				
Trade creditors	319,553	389,700	-	-
Amounts owed to group undertakings and related parties	60,277	-	6,514,149	-
Accruals	575,982	587,143	99,062	154,381
Other creditors	231,256	159,582	-	-
Bank loans	12,855,000	15,711,667	12,855,000	15,711,667
Other loans	25,350,000	23,200,000	25,350,000	23,200,000
	<u>39,392,068</u>	<u>40,048,092</u>	<u>44,818,211</u>	<u>39,066,048</u>

Notes to the financial statements

For the year ended 31 December 2016

23. Deferred taxation

Group

	2016 £	2015 £
At beginning of year	-	4,122
Charged to profit or loss	(46,204)	(4,122)
At end of year	(46,204)	-

	Group 2016 £
Accelerated capital allowances	(54,459)
Short term timing differences	7,052
Tax losses carried forward and other deductions	1,203
	(46,204)

24. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
93,000 A ordinary shares of £1 each	93,000	93,000
7,000 B ordinary shares of £0.01 each	70	70
	93,070	93,070

25. Reserves

Foreign exchange reserve

Foreign exchange translation reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

Profit and loss account

The profit and loss account includes all current and prior year retained profits and losses.

Notes to the financial statements

For the year ended 31 December 2016

26. Capital commitments

The group had no capital commitments at 31 December 2016 or 31 December 2015.

27. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £399,429 (2015: £368,622). Contributions totalling £41,480 (2015: £42,731) were payable to the fund at the balance sheet date and are included in other creditors.

28. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases, relating entirely to Land & Buildings, as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	275,870	209,822
Later than 1 year and not later than 5 years	704,271	674,716
Later than 5 years	-	60,000
	<u>980,141</u>	<u>944,538</u>

Notes to the financial statements

For the year ended 31 December 2016

29. Related party transactions

During the year the group purchased services of £22,731 (2015: £12,052) and received a refund of £Nil (2015: £20,000) from Powershift Media Limited, a company in which Mr P D Nagle is a director. There was £19,778 due to (2015: £26 due from) Powershift Media Limited at the year-end.

During the year the group incurred expenses of £1,025,127 (2015: £458,996) and made sales of £440,000 (2015: £Nil) on behalf of/to Livestax Limited, a company in which P Brown and M Howell are directors. P Nagle, P Brown and M Howell own 100% of the ordinary share capital of Livestax. During the year, the company acquired a perpetual software licence from Livestax Limited in settlement of all amounts receivable amounting to £1,494,664. As at 31 December 2015 £458,996 was due to the group.

During the year the group made sales of £60,000 (£2015: Nil) to Comino Media Limited, a related party by virtue of a common director.

During 2013 the group disposed of its investment in BR Network Limited to BR Data Limited. BR Data Limited is considered to be a related party by virtue of common directors. At 31 December 2016, of the £2,700,000 consideration payable by BR Data Limited, £459,326 (2015: £443,838) was outstanding. During the year the group incurred expenses on behalf of BR Data Limited of £599 (2015: £518).

SEEFIN Construction Software Limited T/A Connect IT, is considered to be a related party by virtue of common directors. Sales to SEEFIN Construction Software Limited T/A Connect IT totaled £120,000 in the year (2015: £373,184) and expenses incurred totaled £NIL (2015: £15,180). At 31 December 2016 £NIL (2015: £NIL) was due to the group.

During the year the group incurred expenses of £301,099 (2015: £273,466) in relation to Secura Hosting Ltd, a related party by virtue of common directors. At 31 December 2016 £40,019 (2015: £5,294) was due to Secura Hosting Ltd.

Haringtons Salon Holdings Limited is considered a related party by virtue of common directors. Management consultancy fees and travel expenses paid to Haringtons Salon Holdings Limited totaled £80,247 in the year (2015: £30,970). The balance owed to Haringtons Salon Holdings Limited at 31 December 2016 £400 (2015: £Nil).

During the year the group purchased a licence for £300,000 from Cinesite VFX Limited, a related party by virtue of a common director.

During the year the group paid Southern Investment Group Inc., a shareholder of the company, facility fees of £120,000 (2015 - £120,000).

Exemption has been taken under FRS102 from the requirement to disclose transactions with other members of the group headed by Invesco Software Holdings Limited.

Notes to the financial statements

For the year ended 31 December 2016

30. Contingent Liabilities

The company's subsidiary undertaking, Causeway Technologies Limited, set up an incentive arrangement in the years ended 31 December 2010 to 2014 for key management personnel. These arrangements are currently subject to enquiry by HMRC.

If HMRC determine that the arrangements are not a valid incentive plan for tax purposes, Employer's and Employee's National Insurance Contributions and PAYE could be due and payable by the company. HMRC have not given an indication as to when they might conclude their enquiry. The directors are vigorously defending the tax status of the arrangements and are of the opinion that no further tax liabilities will arise. However, it is considered appropriate to disclose a contingent liability in respect of this issue.

If HMRC were successful in challenging the position, the directors' current best estimate of the maximum potential exposure is £2.2m. However, under the terms of the arrangement, the company has recourse to the beneficiaries of the arrangement for reimbursement of the PAYE and Employee's National Insurance Contributions amounting to £1.5m. This has the potential to substantially reduce any net exposure. The company intends to exercise this right.

There were no other contingent liabilities at 31 December 2016 or 31 December 2015.

31. Controlling party

The directors consider there to be no single controlling party.

32. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £1,617,171 (2015 - loss £1,149,932).