

Registered number: 02343760

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**ACCESS UK LTD**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2018**



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**ACCESS UK LTD**

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**COMPANY INFORMATION**

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**Directors**

Mr M J Audis  
Mr C A A Bayne  
Mr A Brown  
Mr J R Jorgensen  
Mr S Blundell

**Registered number**

02343760

**Registered office**

The Old School  
School Lane,  
Stratford St Mary,  
Colchester  
Essex  
CO7 6LZ

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
The Maurice Wilkes Building  
St. John's Innovation Park  
Cowley Road  
Cambridge  
CB4 0DS

**Bankers**

Lloyds Banking Group PLC  
25 Gresham Street  
London  
EC2V 7HN

**Solicitors**

Travers-Smith LLP  
10 Snow Hill  
London  
EC1A 2AL

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**ACCESS UK LTD**

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## ACCESS UK LTD

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

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The Directors present their Strategic report on the Company for the year ended 30 June 2018.

#### Business review

The Directors are delighted that Access has enjoyed another very successful year delivering exceptional financial results. Key financial metrics to note include the following:

- Total Turnover (£115.9m) and Adjusted EBITDA (£36.2m); growth of 27% and 47% respectively
- Recurring turnover growth increased by 41% to £79.6m. Recurring turnover now represents 69% of Total Turnover (2017: 62%).
- SaaS and Subscription revenue increased 68% to £51.6m and now represents 45% of Total Turnover

Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation and exceptional items. Exceptional items totalling £4.1m (2017: £2.1m) are disclosed in note 6.

Net profit after tax was £8,257k (2017: £9,260k), the decline year on year being attributable to imputed interest on deferred consideration of £1,056k (2017: £nil) and a higher effective tax rate (32% versus 10%).

Access continues to invest heavily in its internal product development to support its strategy. Functionality-rich, on-premise solutions have been enhanced whilst its cloud-based offering has expanded. Solutions are implemented and supported by Access' own consulting and support teams, based throughout the UK, with customers receiving end-to-end software and service provision.

The Access group added a further 2,500 new customers in FY18 and the total number of customers now exceeds 14,000. Access delivers best-of-breed integrated business solutions across a broad range of industry verticals with a meaningful presence in Professional Services, Supply Chain, Health and Social Care, Not-for-Profit, Recruitment, Education and Hospitality. Its acquisition strategy is to add horizontal solutions appealing to its customer base and vertical applications to increase depth. Acquisitions are identified through thorough research and direct sourcing, completed only after detailed due diligence and are integrated carefully and quickly into the wider business. Cross-selling of products is strongly promoted and tracked, and success to date has shown the very high potential for future cross-sell growth within the business.

On 22 June 2018 the company's former ultimate parent undertaking, Accolade Topco Limited was acquired by Armstrong Bidco, a subsidiary of Armstrong Topco Limited.

#### Principal risks and uncertainties

The business must maintain high levels of technical expertise within its staff. This risk is mitigated by ensuring low staff turnover and a high investment in staff training. Further, our recruitment policies ensure that new members of staff have the required level of technical ability where required.

Another principal risk to Access, as with any technology company, is remaining at the forefront of the industry with its product offering. This risk is mitigated by the continued investment in research and development.

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ACCESS UK LTD

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018

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**Key performance indicators**

The key performance indicators for Access UK Ltd from 2017 to 2018 are as follows:-

	2018 £000	2017 £000	Growth £000	Growth %
Turnover (excluding current year acquisitions)	112,725	90,619	22,106	24
Turnover	115,906	91,096	24,810	27
Adjusted EBITDA	36,192	24,543	11,649	47
SaaS and Subscription Turnover	51,604	30,684	20,920	68
Recurring Turnover (Incl. SaaS and Subscription Turnover)	79,648	56,681	22,967	41
Development spend (before capitalisation)	13,546	10,768	2,778	26
Sales and Marketing	21,704	19,070	2,634	14

During the year ended 30 June 2018, turnover growth exceeded management's expectations, as did the SaaS revenue growth which increased by 68% year on year. The Adjusted EBITDA margin of 31% (2017: 27%) was in line with management's expectations for the year.

This report was approved by the board on 21 December 2018 and signed on its behalf.



**Mr S Blundell**  
Director

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## ACCESS UK LTD

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

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The directors present their report and the financial statements for the year ended 30 June 2018.

#### Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### Principal activities

Access UK Ltd ("Access") is the principal trading company in the UK of Access Technology Group Limited.

The Company provides a range of primarily mid-market focused on-premise and cloud based business management solutions in Finance, HR, Payroll, CRM, Warehousing, Business Intelligence, Professional Services Automation and Manufacturing. In parallel to its core offerings, Access has a suite of Software-as-a-Service (SaaS) applications delivered on its aCloud platform spanning HR, Finance, CRM and Business Intelligence.

#### Results and dividends

The profit for the year, after taxation, amounted to £8,257k (2017 - £9,260k).

No dividends have been paid or are proposed (2017: £NIL).

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## ACCESS UK LTD

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018**

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#### **Going concern**

At 30 June 2018 the Company had net current liabilities of £29,319k (2017: £14,816k) and made a profit before taxation of £12,162k (2017: £10,317k) during the year then ended. Accolade Topco Limited, the Company's intermediate parent undertaking, has undertaken to provide financial support to the Company for a period of at least twelve months from the date of the approval of the financial statements so as to allow the Company to pay its debts as they fall due. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

#### **Directors**

The directors who served during the year and up to the date of signing this Annual Report and financial statements were:

Mr M J Audis  
Mr C A A Bayne  
Mr A Brown  
Mr J R Jorgensen  
Mr S Blundell

#### **Future developments**

The Company continues to invest in developing and enhancing its technology, and aims to release new versions of its core software every year. It also continues to develop cloud based versions of its software consumed as a Software as a Service (SaaS), enabling its customers to use its software hosted in the Cloud.

The Company continues to look for suitable acquisitions which will complement and enhance its range of products in new & existing vertical markets.

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## ACCESS UK LTD

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

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#### Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk, currency risk, liquidity risk and interest rate cash flow risk. The Company has in place a risk management programme that seeks to limit the adverse effect on financial performance of these risks.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

##### *Credit risk*

In order to manage credit risk the directors operate credit policies that prevent software being shipped to resellers/customers whose accounts are high risk. Credit control is given high priority and regular reports to management and the Board ensure risks are minimised. The majority of bank deposits are held with Lloyds Banking Group PLC that currently has a credit rating of A3 from Moody's.

##### *Currency risk*

The Company is exposed to limited currency risk, with less than 5% of revenues being generated in currencies other than Sterling. Currency risk is also managed by the natural hedge of having liabilities in foreign currency. Given the quantum involved, exposure is not subject to any hedging.

##### *Liquidity risk*

The Company seeks to manage liquidity risk by ensuring sufficient liquidity, including access to funding from other group companies, is available to meet foreseeable needs.

##### *Interest rate cash flow risk*

The Company has limited exposure to interest rate cash flow risk. Cash deposits earn interest at a variable rate.

#### Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are 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's auditors are aware of that information.

#### Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also maintained throughout the financial year Directors' and Officers' liability insurance.

#### Research and development activities

The Company continued to invest heavily in research and development. The focus has been on the continuous improvement of the existing product set including the on-going development of its SaaS and mobile platforms. The Research and development expenditure for the year increased by 26% to £13,546k (2017: £10,768k) and the new financial year will see a further increase in investment in Research and development and an expansion of staff numbers.

During the year £4,646k (2017: £3,500k) of development costs have been capitalised (note 14).



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## ACCESS UK LTD

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

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#### Employee engagement

The Company's policy is to engage with employees, through focus groups and at meetings, on matters likely to affect employees' interests. Information on matters of concern to employees is provided through regular information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

#### Disabled employees

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### Post balance sheet events

Access UK Ltd a subsidiary of the Group acquired the entire share capital of Microdec UK Limited on 8 October 2018, iCarehealth (UK) Limited on 12 October 2018, ConQuest Limited on 19 October 2018 and VRD Group Limited on 20 November 2018. All 4 companies are UK based Software focused companies and continue to broaden the scope of the companies software offering.

#### Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 December 2018 and signed on its behalf.



Mr S Blundell  
Director

# ***Independent auditors' report to the members of Access UK Ltd***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Access UK Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

## Responsibilities for the financial statements and the audit

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

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### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Christopher Maw (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cambridge

11 December 2018

**ACCESS UK LTD**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 £000	2017 £000
Turnover	4	115,906	91,096
Cost of sales		(32,662)	(27,185)
<b>Gross profit</b>		<b>83,244</b>	<b>63,911</b>
Distribution costs		(8,051)	(7,697)
Administrative expenses		(39,876)	(32,421)
Other operating income	5	875	750
<b>Earnings before interest, tax, depreciation, amortisation and exceptional items</b>		<b>36,192</b>	<b>24,543</b>
Exceptional items	6	(4,091)	(2,138)
Depreciation and amortisation	7	(19,590)	(12,314)
<b>Operating profit</b>	7	<b>12,511</b>	<b>10,091</b>
Income from shares in group undertakings	10	9,158	373
Interest receivable and similar income	11	-	6
Amounts written off investments	16	(8,343)	-
Interest payable and similar expenses	12	(1,164)	(153)
<b>Profit before taxation</b>		<b>12,162</b>	<b>10,317</b>
Tax on profit	13	(3,905)	(1,057)
<b>Profit for the financial year</b>		<b>8,257</b>	<b>9,260</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>8,257</b>	<b>9,260</b>

The notes on pages 13 to 46 form part of these financial statements.

**ACCESS UK LTD**  
**REGISTERED NUMBER: 02343760**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	14	172,663	94,113
Tangible assets	15	7,765	5,674
Investments	16	100,690	93,686
		<u>281,118</u>	<u>193,473</u>
<b>Current assets</b>			
Debtors (including £11,322k (2017: £11,621k) due after more than 1 year)	17	48,995	36,753
Cash at bank and in hand	18	6,551	7,491
		<u>55,546</u>	<u>44,244</u>
Creditors: amounts falling due within one year	19	(84,865)	(59,060)
<b>Net current liabilities</b>		<u>(29,319)</u>	<u>(14,816)</u>
<b>Total assets less current liabilities</b>		<u>251,799</u>	<u>178,657</u>
Creditors: amounts falling due after more than one year	20	(163,488)	(107,053)
<b>Provisions for liabilities</b>			
Deferred tax	21	(15,236)	(6,786)
<b>Net assets</b>		<u><u>73,075</u></u>	<u><u>64,818</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	26	26
Share premium account	22	72	72
Capital redemption reserve	22	5	5
Profit and loss account		72,972	64,715
<b>Total equity</b>		<u><u>73,075</u></u>	<u><u>64,818</u></u>

The financial statements on pages 10 to 46 were approved and authorised for issue by the board and were signed on its behalf on *21 December 2018*

*Steven Blundell*

**Mr S Blundell**  
Director

The notes on pages 13 to 46 form part of these financial statements.

ACCESS UK LTD

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2016	26	72	5	55,455	55,558
Profit for the financial year	-	-	-	9,260	9,260
<b>Total comprehensive income for the year</b>	-	-	-	9,260	9,260
At 30 June 2017 and 1 July 2017	26	72	5	64,715	64,818
Profit for the financial year	-	-	-	8,257	8,257
<b>Total comprehensive income for the year</b>	-	-	-	8,257	8,257
<b>At 30 June 2018</b>	<b>26</b>	<b>72</b>	<b>5</b>	<b>72,972</b>	<b>73,075</b>

The notes on pages 13 to 46 form part of these financial statements.

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## ACCESS UK LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 1. General information

The Company provides a range of integrated business management solutions that can be installed on premise or delivered through the cloud to best suit customers' requirements and enable them to benefit from a fully-integrated combination of configured work flow applications, on-premise and SaaS (Software as a Service) solutions.

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is The Old School, School Lane, Stratford St Mary, Colchester, Essex, CO7 6LZ.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Accolade Topco Limited as at 30 June 2018 and these financial statements may be obtained from The Old School, School Lane, Stratford St Mary, Colchester, Essex, CO7 6LZ.

##### 2.3 Going concern

At 30 June 2018 the Company had net current liabilities of £29,319k (2017: £14,816k) and made a profit before taxation of £12,162k (2017: £10,317k) during the year then ended. Accolade Topco Limited, the Company's intermediate parent undertaking, has undertaken to provide financial support to the Company for a period of at least twelve months from the date of the approval of the financial statements so as to allow the Company to pay its debts as they fall due. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.



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## ACCESS UK LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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## 2. Accounting policies (continued)

### 2.4 Consolidated financial statements

The Company is a wholly owned subsidiary of Access Technology Group Limited and of its intermediate parent, Accolade Topco Limited. It is included in the consolidated financial statements of Accolade Topco Limited which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

### 2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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## ACCESS UK LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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## 2. Accounting policies (continued)

### 2.6 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 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 Statement of comprehensive income over its estimated useful economic life of 20 years.

#### Other intangible assets

Other 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.

The estimated useful lives range as follows:

Technology	-	10	years
Development costs	-	5	years
Customer base	-	11	years
Trade name	-	5	years
Acquired software	-	3	years

### 2.7 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows:

Short-term leasehold property	- 10% - 20% straight line
Hosting equipment	- Straight line over the life of the lease
Motor vehicles	- 25% straight line
Office equipment	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 Statement of comprehensive income.

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## ACCESS UK LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 2. Accounting policies (continued)

##### 2.8 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.

##### 2.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.10 Debtors

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

##### 2.11 Cash and cash equivalents

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

##### 2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

##### 2.13 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 30 JUNE 2018

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2. Accounting policies (continued)

2.14 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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

2.15 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Operating leases

Rentals paid under operating leases are charged to the 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.

2.17 Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**2. Accounting policies (continued)**

**2.18 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the 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 Company in independently administered funds.

**2.19 Holiday pay accrual**

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.

**2.20 Interest income**

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

**2.21 Provisions for liabilities**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**2. Accounting policies (continued)**

**2.22 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 operates and generates income.

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired (other than goodwill) 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.

**2.23 Business combinations**

The cost of an acquisition is the fair value of the consideration given plus the costs directly attributable to the acquisition.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the acquisition.

Deferred consideration is measured at the present value of the consideration amount using an appropriate discount rate. The balance is unwound and recognised as interest in the statement of comprehensive income.

The transfer of the business acquired into the Company (referred to as 'hive-up') is accounted for using acquisition accounting. The assets and liabilities of the subsidiary are transferred to the Company at the fair value, with a corresponding intercompany balance.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**2. Accounting policies (continued)**

**2.24 Exceptional items**

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Company's financial performance. Transactions that give rise to exceptional costs are principally staff restructuring costs, onerous contracts and leases and expenses relating to the integration of acquired businesses. Company policy is to recognise staff costs as exceptional from the date that the individual has been notified of the termination of their employment.

**2.25 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.26 Related parties**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group that are wholly owned.

**2.27 Development costs**

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it is available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Expenditure on research and development activities which does not meet the above criteria is charged to the statement of comprehensive income as incurred.

Amortisation is charged to the statement of comprehensive income on a straight line basis over the anticipated life of the benefits arising from the completed product or project, which is deemed to be 5 years.

Deferred development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related development is written off to the statement of comprehensive income.

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ACCESS UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**3.1 Fair Value on acquisition (note 23)**

The fair value of tangible and intangible assets acquired on each business combination involves the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. In addition the estimation of the contingent consideration payable requires estimation of the level of profitability of the business acquired. The estimation of the fair values requires the combination of assumptions including revenue growth, sales mix and volumes, and customer attrition rates. In addition the use of discount rates requires judgement.

**3.2 Intangible assets and goodwill (note 14)**

The Company considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs), where this is possible to separately identify. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

**3.3 Provision for doubtful debts (note 17)**

The Company considers whether Debtors are recoverable and makes an estimate based on the value and age of the debt at the balance sheet date, to determine a suitable provision. This is done by reviewing the debt profile of each customer with a material level of debt and information available at the time.

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Provision of software and related services	115,906	91,096
	<u>115,906</u>	<u>91,096</u>

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	110,895	86,686
Rest of Europe	3,363	4,410
Rest of the world	1,648	-
	<u>115,906</u>	<u>91,096</u>



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ACCESS UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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5. Other operating income

	2018 £000	2017 £000
Research and development tax credit	875	750
	<u>875</u>	<u>750</u>

6. Exceptional items

	2018 £000	2017 £000
Restructuring expenses	1,881	1,058
Onerous contracts	1,152	590
Integration expenses	1,058	490
	<u>4,091</u>	<u>2,138</u>

During the current and prior year the Company underwent a restructuring programme and the termination and redundancy costs, plus any legal fees incurred, have been charged through the Statement of comprehensive income as exceptional.

Onerous contracts represents the contracts for which the aggregate cost required to fulfill the agreement is higher than the economic benefit obtained from it.

Integration expenses represents costs incurred outside of the normal course of business as a result of the acquisition and integration of businesses acquired.

**ACCESS UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**7. Operating profit**

Operating profit is stated after charging/(crediting):

	2018 £000	2017 £000
Research and development charged as an expense	8,900	7,268
Depreciation of tangible assets	2,961	2,049
Amortisation of intangible assets, including goodwill	16,629	10,265
Exchange differences	(159)	(63)
Operating lease rentals	2,048	1,423
Fees payable to the Group's auditors and their associates for the audit of the Company's annual financial statements	163	20
Impairment of trade debtors	1,666	566
	<u>1,666</u>	<u>566</u>

Access UK Ltd paid for the Group's total audit fee, without recharge.

Included within professional fees capitalised as part of acquisition costs is £650k (2017: £305k) in relation to due diligence services provided by the Company's auditors.

**8. Employees and directors**

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

	2018 £000	2017 £000
Wages and salaries	51,053	41,993
Social security costs	6,427	5,018
Other pension costs	1,654	1,397
	<u>59,134</u>	<u>48,408</u>

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

	2018 No.	2017 No.
Selling and distribution staff	502	482
Production staff	258	198
Administrative and support staff	396	314
	<u>1,156</u>	<u>994</u>

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ACCESS UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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9. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	1,441	1,088
Company contributions to defined contribution pension schemes	31	28
	<u>1,472</u>	<u>1,116</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £360k (2017 - £293k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7k (2017 - £5k).

10. Income from shares in group undertakings

During the year the Company received dividends of £9,158k (2017: £373k from Access Accounting Ireland Limited), £833k from HCSS Education Limited, £703k from Stratogen UK Limited, £705k from Changework Now Limited, £327k from First Software Solutions Limited, £540k from Intelligent Software Systems Inc and £6,050k from First Choice Software Limited.

11. Interest receivable and similar income

	2018 £000	2017 £000
Interest receivable	-	6

12. Interest payable and similar expenses

	2018 £000	2017 £000
Finance leases and hire purchase contracts	108	153
Imputed interest arising from deferred consideration	1,056	-
	<u>1,164</u>	<u>153</u>

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ACCESS UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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13. Income tax

	2018 £000	2017 £000
<b>Corporation tax</b>		
Current tax on profits for the year	3,274	1,257
Adjustments in respect of previous periods	37	227
<b>Total current tax</b>	<u>3,311</u>	<u>1,484</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	849	303
Changes to tax rates	-	(191)
Adjustment in respect of prior periods	-	(177)
Effect of revaluation of Intangible assets	(255)	(362)
<b>Total deferred tax</b>	<u>594</u>	<u>(427)</u>
<b>Total tax expense</b>	<u>3,905</u>	<u>1,057</u>

**ACCESS UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**13. Income tax (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.75%). The differences are explained below:

	2018 £000	2017 £000
Profit before tax	12,162	10,317
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.75%)	2,311	2,038
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,636	266
Fixed asset differences	3,407	1,148
Other tax adjustments, reliefs and transfers	3	-
Higher rate taxes on overseas earnings	-	50
Adjustments to tax charge in respect of prior periods	37	280
Non-taxable income	(1,740)	(74)
R and D expenditure credits	-	(18)
Deferred tax released on change in Intangibles	(255)	-
Adjust closing deferred tax to reflect change in tax rate	(98)	(270)
Other tax charge/(relief) on exceptional items	-	(22)
Group relief claimed	(1,424)	(2,341)
Deferred tax not recognised	28	-
<b>Total tax charge for the year</b>	<b>3,905</b>	<b>1,057</b>

**Factors that may affect future tax charges**

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

ACCESS UK LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

14. Intangible assets

	Technology £000	Development costs £000	Customer base and Trade names £000	Goodwill £000	Acquired Software £000	Total £000
<b>Cost</b>						
At 1 July 2017	12,071	12,701	28,606	63,612	3,577	120,567
Additions	16,013	4,646	33,806	39,144	1,570	95,179
At 30 June 2018	28,084	17,347	62,412	102,756	5,147	215,746
<b>Accumulated Amortisation</b>						
At 1 July 2017	2,212	5,507	5,308	12,152	1,275	26,454
Charge for the year	2,456	2,764	5,219	4,366	1,824	16,629
At 30 June 2018	4,668	8,271	10,527	16,518	3,099	43,083
<b>Net book value</b>						
At 30 June 2018	23,416	9,076	51,885	86,238	2,048	172,663
At 30 June 2017	9,859	7,194	23,298	51,460	2,302	94,113

Additions includes adjustments to deferred consideration on previously hived acquisitions of £10,764k.

**ACCESS UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**15. Tangible fixed assets**

	Short-term leasehold property £000	Hosting equipment £000	Motor vehicles £000	Office equipment £000	Total £000
<b>Cost</b>					
At 1 July 2017	1,385	2,875	-	5,287	9,547
Additions	730	1,579	-	2,549	4,858
Arising on business combinations	-	-	124	70	194
At 30 June 2018	2,115	4,454	124	7,906	14,599
<b>Accumulated Depreciation</b>					
At 1 July 2017	295	1,386	-	2,192	3,873
Charge for the year on owned assets	172	-	26	1,602	1,800
Charge for the year on financed assets	-	1,161	-	-	1,161
At 30 June 2018	467	2,547	26	3,794	6,834
<b>Net book value</b>					
At 30 June 2018	1,648	1,907	98	4,112	7,765
At 30 June 2017	1,090	1,489	-	3,095	5,674

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £000	2017 £000
Hosting equipment	1,907	1,489
	<u>1,907</u>	<u>1,489</u>

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ACCESS UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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16. Investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 July 2017	96,321
Additions	85,458
Amounts written off	(8,343)
Eliminated on hive up	(70,111)
	<hr/>
At 30 June 2018	103,325
	<hr/>
<b>Provision for Impairment</b>	
At 1 July 2017	2,635
	<hr/>
At 30 June 2018	2,635
	<hr/>
<b>Net book value</b>	
At 30 June 2018	100,690
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At 30 June 2017	93,686
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## ACCESS UK LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 16. Investments (continued)

On the 9th November 2017 Access UK Ltd acquired the entire share capital of P.P.M and Associates Limited for a total consideration of £10,631k.

On the 17th November 2017 Access UK Ltd acquired the entire share capital of W.F.L Media Limited for a total consideration of £23,319k.

On the 20th February 2018 Access UK Ltd acquired the entire share capital of Intelligent Software Systems Inc. for a total consideration of £13,913k.

On the 28th February 2018 Access UK Ltd acquired the entire share capital of Procure Wizard Limited for a total consideration of £32,923k.

On the 31st May 2018 Access UK Ltd acquired the entire share capital of Inaspect Technology Limited for a total consideration of £3,499k.

In addition, adjustments to deferred consideration in respect of prior period additions amounted to £1,173k.

Amounts written off in the year relate to companies that were put into members' voluntary liquidation as part of the continued group simplification process.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

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**ACCESS UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**16. Investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Access France SAS	Ordinary	100 %	Dormant
First Software Solutions Limited	Ordinary	100 %	Dormant
First Software (Holdings) Limited	Ordinary	100 %	Dormant
StratoGen Internet Limited	Ordinary	100 %	Dormant
StratoGen Inc.	Ordinary	100 %	Consulting, software and solutions
First Choice Software Limited	Ordinary	100 %	Dormant
HCSS Education Limited	Ordinary	100 %	Dormant
SCH 2014 Limited	Ordinary	100 %	Holding Company
Safe Computing Holdings Limited	Ordinary	100 %	Holding Company
Safe Computing Limited	Ordinary	100 %	Consulting, software and solutions
Intersoftware Recruitment Solutions Limited	Ordinary	100 %	Dormant
Safe Emcom Services Limited	Ordinary	100 %	Dormant
Selima Limited	Ordinary	100 %	Dormant
Selima Group Limited	Ordinary	100 %	Dormant
Selima Holding Company Limited	Ordinary	100 %	Dormant
Intelligent Business Services Limited	Ordinary	100 %	Dormant
P.P.M. and Associates Limited	Ordinary	100 %	Dormant
WFL Media Ltd	Ordinary	100 %	Consulting, software and solutions
Procure Wizard Limited	Ordinary	100 %	Dormant
Intelligent Software Systems SRL	Ordinary	100 %	Consulting, software and solutions
Inaspect Technology Limited	Ordinary	100 %	Dormant

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ACCESS UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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**16. Investments (continued)**

The Company also holds a 26% interest in thankQ Solutions PTY Ltd, a company registered in Australia at Level 14, 275 Alfred Street North Sydney NSW 2060. The investment is not deemed to be material to the Company.

With the exception of Changework Technologies Limited, StratoGen Inc, Selima Group Limited, Selima Limited, Safe Computing Holdings Limited, Safe Computing Limited, Intersoftware Recruitment Solutions Limited, Safe Emcom Services Limited, and AHL Management Limited which are indirectly held, all other investments are directly held.

All of the above subsidiaries, with the exception of StratoGen Inc, Procure Wizard Limited, Intelligent Software Systems SRL and Access France SAS; have a registered office address at The Old School, School Lane, Stratford St Mary, Colchester, Essex, CO7 6LZ.

Procure Wizard is registered at 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ.

StratoGen Inc. is registered at 254 36th Street, Suite B332, Mailbox 49, New York 11232.

Intelligent Software Systems SRL is registered at Becicherecu Mic village, Becicherecu Mic commune, 320/B PRINCIPALA Street, Timis county, Romania.

Access France SAS has its registered office address at 33 Avenue du Maine, Paris, France.

**17. Debtors**

	2018 £000	2017 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	11,322	11,621
<b>Due within one year</b>		
Trade debtors	22,947	15,499
Other debtors	1,391	709
Corporation tax	216	879
Prepayments and accrued income	13,119	8,045
	<u>48,995</u>	<u>36,753</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand. The Company has confirmed to the counter party that at the balance sheet date they have no current intention to demand repayment of the amount due for a period of at least 12 months from the date of signing these financial statements.

Trade debtors are stated after provisions for impairment of £2,669k (2017: £1,794k).

**ACCESS UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**18. Cash at bank and in hand**

	2018 £000	2017 £000
Cash at bank and in hand	6,551	7,491
	<u>6,551</u>	<u>7,491</u>

**19. Creditors: Amounts falling due within one year**

	2018 £000	2017 £000
Trade creditors	6,065	3,366
Amounts owed to group undertakings	11,687	-
Other taxation and social security	5,279	4,061
Obligations under finance lease and hire purchase contracts	1,142	852
Other creditors	1,980	1,934
Deferred consideration	12,528	12,115
Accruals and deferred income	46,184	36,732
	<u>84,865</u>	<u>59,060</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

**20. Creditors: Amounts falling due after more than one year**

	2018 £000	2017 £000
Net obligations under finance leases and hire purchase contracts	997	843
Amounts owed to group undertakings	141,511	103,610
Deferred consideration	20,980	2,600
	<u>163,488</u>	<u>107,053</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand. The counter party has confirmed that at the balance sheet date they have no current intention to demand repayment of the above amounts for a period of at least 12 months from the date of signing these financial statements. Net obligations under finance leases are due between 1 - 2 years. Deferred consideration of £6.2m (2017: £1.6m) is due between two and five years, the balance being due between 1 - 2 years.

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ACCESS UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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21. Deferred tax

	2018 £000	2017 £000
At beginning of year	(6,787)	(7,276)
Credited to profit or loss	(594)	427
Arising on business combinations	(7,855)	63
At end of year	<u>(15,236)</u>	<u>(6,786)</u>

The provision for deferred taxation is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(2,311)	(3,736)
Arising on business combinations	(12,925)	(3,051)
	<u>(15,236)</u>	<u>(6,787)</u>

22. Called up share capital and other reserves

	2018 £000	2017 £000
Allotted, called up and fully paid		
26,392 (2017 - 26,392) Ordinary shares of £1.00 each	<u>26</u>	<u>26</u>

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The capital redemption reserve consists of shares that have been repurchased by the Company and subsequently cancelled.

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ACCESS UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
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23. Acquisitions

**Acquisition of Selima Holding Company Limited**

The whole of the issued share capital of Selima Holding Company Limited was acquired on 18 May 2017 for total consideration of £14,416k. The net assets were hived into Access UK on 30 June 2017. The following schedule sets out the net assets acquired, and there was no material difference between the assets acquired at the date of acquisition and the date of hive.

**Net assets of Selima Holding Company Limited on acquisition:**

	Book value £000	Adjustments £000	Fair value £000
Tangible Fixed Assets	51	-	51
Technology (1)	-	2,870	2,870
Trade Name and Customer Base (1)	-	6,059	6,059
Debtors	1,304	-	1,304
Cash at Bank	429	-	429
Other creditors	(1,917)	-	(1,917)
Deferred tax (2)	(9)	(1,386)	(1,395)
<b>Net assets acquired</b>	<b>(142)</b>	<b>7,543</b>	<b>7,401</b>
Consideration			14,416
<b>Goodwill</b>			<b>7,015</b>
<b>Consideration satisfied by:</b>			
Cash			10,816
Deferred consideration payable			3,600
			<b>14,416</b>

The adjustments arising on acquisition were in respect of the following:

- 1) Recognition of an intangible asset in respect of the technology, brand name and customer base
- 2) Deferred tax adjustment arising as a result of the acquisition adjustments.

In the Group's last financial year to 31 December 2016, The Selima Group made a loss after tax of £51k. For the period since that date to the date of acquisition, the management accounts of the Selima Group show the following:

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23. Acquisitions (continued)

Trading result of Selima Holding Company Limited to the date of acquisition:

	Period ended 18 May 2017 £'000
Turnover	805
Cost of sales	(35)
Gross profit	770
Net operating expenses	(768)
Operating profit before tax	2
Tax	36
Profit for financial period	38

The trade and assets of the Selima Group were transferred into Access UK Ltd on 30 June 2017. As such, during the period since acquisition, the contribution that this company made to the Company has not been separated from the main trading entity.

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23. Acquisitions (continued)

**Acquisition of Intelligent Business Services Limited**

The whole of the issued share capital of Intelligent Business Services Limited was acquired on 16 June 2017 for total consideration of £18,377k. The net assets were hived into Access UK on 31 July 2017. The following schedule sets out the net assets acquired, and there was no material difference between the assets acquired at the date of acquisition and the date of hive.

**Net assets of Intelligent Business Services Limited on acquisition:**

	Book value £000	Adjustments £000	Fair value £000
Technology (1)	-	2,307	2,307
Trade Name and Customer Base (1)	-	4,871	4,871
Tangible Fixed Assets	139	-	139
Debtors	574	-	574
Cash at Bank	6,900	-	6,900
Stock	79	-	79
Other creditors	(1,019)	-	(1,019)
Deferred tax (2)	-	(1,114)	(1,114)
<b>Net assets acquired</b>	<b>6,673</b>	<b>6,064</b>	<b>12,737</b>
Consideration			<b>18,377</b>
<b>Goodwill</b>			<b>5,640</b>
<b>Consideration satisfied by:</b>			
Cash			<b>16,377</b>
Deferred consideration payable			<b>2,000</b>
			<b>18,377</b>

The adjustments arising on acquisition were in respect of the following:

- 1) Recognition of an intangible asset in respect of the technology, brand name and customer base
- 2) Deferred tax adjustment arising as a result of the acquisition adjustments.

In the Company's last financial year to 30 September 2016, Intelligent Business Services Limited made a profit after tax of £1,657k. For the period since that date to the date of acquisition, the management accounts of Intelligent Business Services Limited show the following:



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**23. Acquisitions (continued)**

**Trading result of Intelligent Business Services Limited to the date of acquisition:**

	Period ended 16 June 2017 £'000
Turnover	3,210
Cost of sales	(765)
<b>Gross profit</b>	<b>2,445</b>
Net operating expenses	(888)
<b>Operating profit before tax</b>	<b>1,557</b>
Tax	69
<b>Profit for financial period</b>	<b>1,626</b>

The trade and assets of Intelligent Business Services Limited were transferred into Access UK Ltd on 31 July 2017. As such, during the period since acquisition, the contribution that this company made to the Company has not been separated from the main trading entity.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Acquisitions (continued)**

**Acquisition of P.P.M. and Associates Limited**

The whole of the issued share capital of P.P.M. and Associates Limited was acquired on 09 November 2017 for total consideration of £10,631k. The following schedule sets out the net assets acquired.

**Net assets of P.P.M. and Associates Limited on acquisition:**

	Book value £000	Adjustments £000	Fair value £000
Existing intangible fixed Assets	455	(455)	-
Technology (1)	-	1,868	1,868
Trade Name and Customer Base (1)	-	3,944	3,944
Tangible Fixed Assets (2)	3	(3)	-
Debtors	496	-	496
Cash at Bank	1,185	-	1,185
Other creditors	(528)	-	(528)
Deferred tax (3)	-	(902)	(902)
<b>Net assets acquired</b>	<b>1,611</b>	<b>4,452</b>	<b>6,063</b>
Consideration			10,631
<b>Goodwill</b>			<b>4,568</b>
<b>Consideration satisfied by:</b>			
Cash			8,806
Deferred consideration payable			1,825
			<b>10,631</b>

The adjustments arising on acquisition were in respect of the following:

- 1) Recognition of an intangible asset in respect of the technology, brand name and customer base
- 2) Fair value adjustment to fixtures and fittings.
- 3) Deferred tax adjustment arising as a result of the acquisition adjustments.

In the Company's last financial year to 31 October 2016, P.P.M. and Associates Limited made a profit after tax of £1,657k. For the period since that date to the date of acquisition, the management accounts of P.P.M. and Associates Limited show the following:

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23. Acquisitions (continued)

Trading result of P.P.M. and Associates Limited to the date of acquisition:

	Period ended 09 November 2017 £'000
Turnover	172
Gross profit	172
Net operating expenses	(162)
Operating profit before tax	10
Tax	(24)
Loss for financial period	(14)

The trade and assets of P.P.M and Associates Limited were transferred into Access UK Ltd immediately following their acquisition. As such, during the period since acquisition, the contribution that this company made to the Company has not been separated from the main trading entity.

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23. Acquisitions (continued)

**Acquisition of Procure Wizard Limited**

The whole of the issued share capital of Procure Wizard Limited was acquired on 28 February 2018 for total consideration of £32,923k. The following schedule sets out the net assets acquired.

**Net assets of Procure Wizard Limited on acquisition:**

	Book value £000	Adjustments £000	Fair value £000
Technology (1)	-	6,050	6,050
Trade Name and Customer Base (1)	-	12,772	12,772
Debtors	1,390	-	1,390
Cash at Bank	2,502	-	2,502
Other creditors	(1,658)	-	(1,658)
Deferred tax (2)	-	(2,922)	(2,922)
<b>Net assets acquired</b>	<b>2,234</b>	<b>15,900</b>	<b>18,134</b>
Consideration			32,923
<b>Goodwill</b>			<b>14,789</b>
<b>Consideration satisfied by:</b>			
Cash			26,468
Deferred consideration payable			6,455
			<b>32,923</b>

The adjustments arising on acquisition were in respect of the following:

- 1) Recognition of an intangible asset in respect of the technology, brand name and customer base
- 2) Deferred tax adjustment arising as a result of the acquisition adjustments.

In the Company's last financial year to 31 March 2016, Procure Wizard Limited made a profit after tax of £1,049k. For the period since that date to the date of acquisition, the management accounts of Procure Wizard Limited show the following:

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23. Acquisitions (continued)

Trading result of Procure Wizard Limited to the date of acquisition:

	Period ended 28 February 2018 £'000
Turnover	1,074
Cost of sales	(409)
<b>Gross profit</b>	<b>665</b>
Net operating expenses	(456)
<b>Operating profit before tax</b>	<b>209</b>
Tax	(41)
<b>Profit for financial period</b>	<b>168</b>

The trade and assets of Procure Wizard Limited were transferred into Access UK Ltd immediately following their acquisition. As such, during the period since acquisition, the contribution that this company made to the Company has not been separated from the main trading entity.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Acquisitions (continued)**

**Acquisition of Inaspect Technology Limited**

The whole of the issued share capital of Inaspect Technology Limited was acquired on 31 May 2018 for total consideration of £ 3,499k. The following schedule sets out the net assets acquired.

**Net assets of Inaspect Technology Limited on acquisition:**

	Book value £000	Adjustments £000	Fair value £000
Technology (1)	-	746	746
Trade Name and Customer Base (1)	-	1,576	1,576
Tangible Fixed Assets	4	-	4
Debtors	70	-	70
Cash at Bank	46	-	46
Other creditors	(294)	-	(294)
Deferred tax (2)	-	(473)	(473)
<b>Net assets acquired</b>	<b>(174)</b>	<b>1,849</b>	<b>1,675</b>
Consideration			3,499
<b>Goodwill</b>			<b>1,824</b>
<b>Consideration satisfied by:</b>			
Cash			261
Deferred consideration payable			3,238
			<b>3,499</b>

The adjustments arising on acquisition were in respect of the following:

- 1) Recognition of an intangible asset in respect of the technology, brand name and customer base
- 2) Deferred tax adjustment arising as a result of the acquisition adjustments.

In the Company's last financial year to 31 March 2018, Inaspect Technologies Limited made a loss after tax of £155k. For the period since that date to the date of acquisition, the management accounts of Inaspect Technology Limited show the following:

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23. Acquisitions (continued)

Trading result of Inaspect Technology Limited to the date of acquisition:

	Period ended 31 May 2018 £'000
Turnover	92
Cost of sales	(47)
<b>Gross profit</b>	<b>45</b>
Net operating expenses	(88)
<b>Operating loss before tax</b>	<b>(43)</b>
<b>Loss for financial period</b>	<b>(43)</b>

The trade and assets of Inaspect Technology Limited were transferred into Access UK Ltd immediately following their acquisition. As such, during the period since acquisition, the contribution that this company made to the Company has not been separated from the main trading entity.

In addition to the acquisitions above, adjustments to deferred consideration amounting to £10,796k (increase) have been reflected in these financial statements in respect of acquisitions made in prior periods, reflecting the directors' latest assessment of the amount of deferred consideration to be paid.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,654k (2017 - £1,397k). Contributions totalling £384k (2017 - £259k) were payable to the fund at the balance sheet date.

25. Guarantees and financial commitments

Armstrong Topco Limited has secured its guarantee obligations in respect of credit agreements entered into, comprising a £310m senior facilities agreement, a £75m acquisition facility, a £20m Revolving Credit Facility and a £115m PIK facility, by granting a mortgage debenture containing fixed and floating charges over certain assets of the Group. Armstrong Topco Limited has also made share pledges in respect of its investments, namely: Armstrong MidCo Limited, Armstrong BidCo Limited, Accolade TopCo Limited, Accolade PFSCo Limited, Accolade Midco Limited, Accolade Bidco Limited, Ingleby (1863) Limited, Ingleby (1861) Limited, Access Technology Group Limited and Access UK Ltd.

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**26. Commitments under operating leases**

At 30 June the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
<b>Land and buildings</b>		
Not later than 1 year	1,353	1,248
Later than 1 year and not later than 5 years	3,607	3,318
Later than 5 years	1,413	1,622
	<u>6,373</u>	<u>6,188</u>
	2018 £000	2017 £000
<b>Motor vehicles</b>		
Not later than 1 year	1,212	1,422
Later than 1 year and not later than 5 years	973	1,009
	<u>2,185</u>	<u>2,431</u>

**27. Related party transactions**

During the year the Company incurred £123k (2017: £123k) in respect of rent and expenses to Armstrong Properties, a partnership whose members include Mr CAA Bayne, a director of the Company. Amounts outstanding at 30 June 2018 were £NIL (2017: £NIL).

The Company is exempt from disclosing related party transactions with other companies that are wholly owned within the Group.

**28. Post balance sheet events**

Access UK Ltd a subsidiary of the Group acquired the entire share capital of Microdec UK Limited on 8 October 2018, iCarehealth (UK) Limited on 12 October 2018, ConQuest Limited on 19 October 2018 and VRD Group Limited on 20 November 2018. All 4 companies are UK based Software focused companies and continue to broaden the scope of the company's software offering.



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**29. Controlling party**

The intermediate parent undertaking is Access Technology Group Limited.

Up to 22 June 2018, the ultimate parent undertaking was Accolade Topco Limited, a company incorporated in England and Wales. On 22 June 2018, Accolade Topco Limited was acquired by Armstrong Bidco Limited, a subsidiary of Armstrong Topco Limited the ultimate parent undertaking as at 30 June 2018.

The Directors do not consider there to be an Ultimate Controlling party, control is jointly exercised by funds managed by TA Associates L.P. and Hg Capital LLP.

Access Technology Group Limited is the parent undertaking of the smallest group to consolidate these financial statements. Accolade Topco Limited is the parent undertaking of the largest group to consolidate these financial statements. Copies of the group financial statements are available from The Old School, School Lane, Stratford St Mary, Colchester, Essex, CO7 6LZ.