

# Financial Statements

## Astea (UK) Limited

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For the year ended 31 December 2016

**Registered number: 02715377**



**Astea (UK) Limited**

## Company Information

<b>Directors</b>	F Etskovitz J Tobin (deceased 7 July 2016)
<b>Registered number</b>	02715377
<b>Registered office</b>	North Suite, Ground Floor The Place Bridge Avenue Maidenhead Berkshire SL6 1AF
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS

**Astea (UK) Limited**

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**Astea (UK) Limited**

## **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.

### **Directors**

The directors who served during the year were:

F Etskovitz

J Tobin (deceased 7 July 2016)

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

### **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'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's auditor is aware of that information.

**Astea (UK) Limited**

## **Directors' Report (continued)**

**For the Year Ended 31 December 2016**

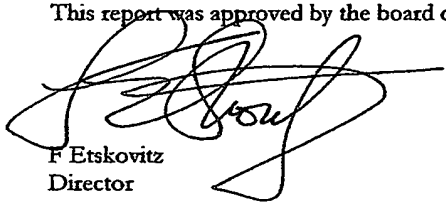
### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### **Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 26<sup>th</sup> September, 2017 and signed on its behalf.

  
F Etskovitz  
Director



## Independent Auditor's Report to the Members of Astea (UK) Limited

We have audited the financial statements of Astea (UK) Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of financial position, the Statement of changes in equity 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 1, 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](http://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 Company's affairs as at 31 December 2016 and of its 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 Astea (UK) 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 Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' report has 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 the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

*Amrith Shah*

Amrith Shah FCA (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Reading  
Date: 28 September 2017

**Astea (UK) Limited**

## Statement of Comprehensive Income

For the Year Ended 31 December 2016

		2016	As restated 2015
	Note	£	£
Turnover	4	3,941,678	3,012,159
Cost of sales		(987,391)	(1,231,821)
<b>Gross profit</b>		<b>2,954,287</b>	<b>1,780,338</b>
Administrative expenses		(5,004,426)	(3,026,462)
<b>Operating loss</b>	5	<b>(2,050,139)</b>	<b>(1,246,124)</b>
Interest receivable and similar income		857	210
Interest payable and expenses	8	(165,135)	(165,135)
<b>Loss before tax</b>		<b>(2,214,417)</b>	<b>(1,411,049)</b>
Tax on loss	9	-	39
<b>Loss for the year</b>		<b>(2,214,417)</b>	<b>(1,411,010)</b>
<b>Total comprehensive income for the year</b>		<b>(2,214,417)</b>	<b>(1,411,010)</b>



Astea (UK) Limited  
Registered number:02715377

## Statement of Financial Position

As at 31 December 2016

	Note	2016 £	As restated 2015 £
<b>Fixed assets</b>			
Tangible assets	10	10,075	23,413
		<u>10,075</u>	<u>23,413</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	1,067,711	1,735,081
Cash at bank and in hand	12	83,841	222,478
		<u>1,151,552</u>	<u>1,957,559</u>
Creditors: amounts falling due within one year	13	(8,909,043)	(4,418,741)
<b>Net current liabilities</b>		<u>(7,757,491)</u>	<u>(2,461,182)</u>
<b>Total assets less current liabilities</b>		<u>(7,747,416)</u>	<u>(2,437,769)</u>
Creditors: amounts falling due after more than one year	14	-	(3,095,230)
<b>Net liabilities</b>		<u>(7,747,416)</u>	<u>(5,532,999)</u>
<b>Capital and reserves</b>			
Called up share capital	16	2	2
Profit and loss account	17	(7,747,418)	(5,533,001)
		<u>(7,747,416)</u>	<u>(5,532,999)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



F Etskovitz  
Director

The notes on pages 8 to 21 form part of these financial statements.

**Astea (UK) Limited**

## 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 (as previously stated)	2	(5,033,489)	(5,033,487)
Prior year adjustment	-	(499,512)	(499,512)
At 1 January 2016 (as restated)	2	(5,533,001)	(5,532,999)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(2,214,417)	(2,214,417)
<b>Total comprehensive income for the year</b>	-	(2,214,417)	(2,214,417)
<b>At 31 December 2016</b>	2	(7,747,418)	(7,747,416)

## 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	2	(4,121,991)	(4,121,989)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(1,411,010)	(1,411,010)
<b>Total comprehensive income for the year</b>	-	(1,411,010)	(1,411,010)
<b>At 31 December 2015</b>	2	(5,533,001)	(5,532,999)

The notes on pages 8 to 21 form part of these financial statements.

**Astea (UK) Limited**

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2016**

### **1. General information**

Astea UK Limited is a private company limited by shares and registered in England and Wales. Its registered head office is located at North Suite Ground Floor The Place, Bridge Avenue, Maidenhead, Berkshire, SL6 1AF.

### **2. Accounting policies**

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

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the first time adoption of FRS 102 is given in note 23.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management and exercise judgements 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 Astea International Inc. as at 31 December 2016 and these financial statements may be obtained from 240 Gibraltar Road, Horsham, Pennsylvania, 19044, United States of America.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.3 Going concern

In the year to 31 December 2016 the company reported a loss before taxation of £2,214,417 (2015 after restatement: loss before taxation of £1,411,049) and a net liabilities position of £7,747,416 (2015: £5,532,999). The net liabilities position includes an amount of £6,772,603 (2015: £5,354,513) owed to group undertakings and an amount of £nil (2015: £892,862) due from group undertakings and so the 'external' net liabilities position is therefore £974,813 (2015: £1,071,348).

Furthermore, included in creditors is an amount of £1,819,575 (2015: £1,881,323). This balance comprises amounts received in advance with turnover deferred until the service has been provided. There is no cashflow associated with this balance.

The company has full support from its ultimate parent undertaking, Astea International Inc., to continue trading for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

As with any company placing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty that the support will continue, although as of the date of approval of these financial statements, they have no reason to believe that this support will not continue to be available.

The directors continue to control the cost base in line with the expected growth and current economic factors.

For these reasons the directors considers it appropriate to prepare the financial statements on a going concern basis.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.4 Revenue

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:

##### Sale of goods

Turnover from the sale of goods 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 ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

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.

License sales are recognised on acceptance of delivery of the software. Software support is invoiced annually and taken as revenue rateably over the period covered.

#### 2.5 Prior year adjustment

The directors have revisited the accounting treatment of the foreign exchange difference arising on the retranslation of the loan from the ultimate parent undertaking Astea International Inc., which is denominated in US\$. Previously the difference was taken directly to reserves. Having reconsidered the nature of this loan as being a monetary item, such differences should have been taken to the Income Statement. This has therefore resulted in an increase of £499,512 in the prior year reported loss. There is no impact on the profit and loss reserve at 31 December 2015.

#### 2.6 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.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.6 Tangible fixed assets (continued)

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:

Long Term Leasehold Property	- straight line over the term of the lease
Fixtures & fittings	- written off over 3 to 5 years
Office equipment	- 33% straight line
Computer equipment	- 33% straight line

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 Statement of comprehensive income.

#### 2.7 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.

#### 2.8 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.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.9 Financial instruments

The Company only enters into basic financial instruments 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.

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 debtors and creditors, 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 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 of the recoverable amount, which is an approximation of the amount that the Company 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.

#### 2.10 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

### 2. Accounting policies (continued)

#### 2.11 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.

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

#### 2.12 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.

#### 2.13 Operating leases: the Company as lessee

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.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.



## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.14 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.

#### 2.15 Interest income

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

#### 2.16 Borrowing costs

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

#### 2.17 Taxation

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 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.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 3. Judgments 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 assumptions and estimates made. Changes will be recorded, with corresponding effect in the 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:

### Provisions for bad and doubtful debts

Provisions are made for significantly overdue items on the debtors ledger with specific provision for debtors in financial difficulty.

### Depreciation

The company exercises judgement to determine useful lives and residual values for tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives.

## 4. Turnover

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	809,139	876,314
Rest of Europe	2,873,958	1,896,751
Rest of the world	258,581	239,094
	<u>3,941,678</u>	<u>3,012,159</u>

## 5. Operating loss

The operating loss is stated after charging:

	2016 £	2015 Restated £
Depreciation of tangible fixed assets	18,234	17,633
Exchange differences	807,559	625,197
Other operating lease rentals	75,385	80,200
Provision against amounts receivable from group undertakings	1,365,198	-
Defined contribution pension cost	<u>43,714</u>	<u>43,932</u>

**Astea (UK) Limited**

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2016**

**6. Auditor's remuneration**

**Fees payable to the Company's auditor and its associates in respect of:**

Audit	<b>19,350</b>	17,325
Non-audit	<b>5,050</b>	3,800
	<b>24,400</b>	21,125

**7. Employees**

The average monthly number of employees, including directors, during the year was 18 (2015 - 16). During the year, no director received emoluments for services to the company (2015: £Nil).

**8. Interest payable and similar charges**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Loans from group undertakings	<b>165,135</b>	165,135

**9. Taxation**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(39)
	-	(39)
<b>Total current tax</b>	-	(39)
<b>Deferred tax</b>		
<b>Total deferred tax</b>	-	-
<b>Taxation on profit/(loss) on ordinary activities</b>	-	(39)

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 9. Taxation (continued)

### Factors affecting tax charge for the year

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

	2016 £	Restated 2015 £
Loss on ordinary activities before tax	<u>(2,214,417)</u>	<u>(1,411,049)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(442,883)	(285,737)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	273,393	286,253
Capital allowances for year in excess of depreciation	-	(1,885)
Adjustments to tax charge in respect of prior periods	-	(39)
Fixed asset differences	1,186	1,369
Adjustment of trade losses in the prior year	(33,028)	-
Unrelieved tax losses carried forward	<u>201,332</u>	<u>-</u>
<b>Total tax charge for the year</b>	<u>-</u>	<u>(39)</u>

The deferred tax asset not recognised in the financial statements in relation to trading losses carried forward is £611,470 (2015: £466,240)

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 10. Tangible fixed assets

	Long Term Leasehold Property £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2016	44,674	21,405	6,789	63,230	136,098
Additions	-	-	-	4,896	4,896
At 31 December 2016	44,674	21,405	6,789	68,126	140,994
<b>Depreciation</b>					
At 1 January 2016	34,994	16,492	6,326	54,873	112,685
Charge for the period on owned assets	8,935	3,712	288	5,299	18,234
At 31 December 2016	43,929	20,204	6,614	60,172	130,919
<b>Net book value</b>					
At 31 December 2016	745	1,201	175	7,954	10,075
At 31 December 2015	9,680	4,913	463	8,357	23,413

### 11. Debtors

	2016 £	2015 £
Trade debtors	1,002,390	808,764
Amounts owed by group undertakings	-	892,862
Other debtors	44,970	16,586
Prepayments and accrued income	20,351	16,869
	<u>1,067,711</u>	<u>1,735,081</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 12. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	83,841	222,478
Less: bank overdrafts	(854)	(2,442)
	<u>82,987</u>	<u>220,036</u>

The cash balance includes a restricted balance of £43,920 (2015: £43,920).

### 13. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	854	2,442
Trade creditors	143,422	189,612
Amounts owed to group undertakings	6,772,603	2,259,283
Other taxation and social security	112,687	61,224
Accruals and deferred income	1,879,477	1,906,180
	<u>8,909,043</u>	<u>4,418,741</u>

### 14. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	-	3,095,230
	<u>-</u>	<u>3,095,230</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 15. Financial instruments

	2016 £	2015 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>1,047,360</u>	<u>1,718,212</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>8,796,356</u>	<u>4,357,517</u>
	<u>8,796,356</u>	<u>4,357,517</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise other loans, trade creditors, other creditors, accruals and amounts owed to group undertakings.

## 16. Share capital

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Authorised</b>		
1,000 Ordinary Shares of £1 each shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
2 Ordinary Shares of £1 each shares of £1 each	<u>2</u>	<u>2</u>

## 17. Reserves

Profit & loss account

Includes all current and prior periods retained profits and losses.

## 18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £43,714 (2015: £43,932) and accrued pension costs at the year end amounted to £7,967 (2015: £nil).

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 19. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Within 1 year	-	72,775

### 20. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 not to disclose transactions with members of the group headed by Astea International Inc. on the grounds that at least 100% of voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

### 21. Post balance sheet events

The company has renewed their property lease agreement on the 5th September 2017 to replace the lease that ended in January 2017, at an annual rental of £77,500 per annum, commencing at that date. The lease expires on 23 January 2022.

### 22. Ultimate parent undertaking and controlling party

The company is a subsidiary of Astea Service & Distribution Systems BV, incorporated in the Netherlands. This is the smallest group in which the company's results are consolidated. The financial statements of Astea Service & Distribution Systems BV are available from Karner van Koophandel, Utrecht, Kroonstraat 50, 3511 RC Utrecht, The Netherlands (registration number 98543).

The ultimate parent company is Astea International Inc., a company incorporated in the United States of America. This is the largest group in which the Company's results are consolidated. The financial statements of Astea International Inc. are available from 240 Gibraltar Road, Horsham, Pennsylvania, 19044, United States of America.

### 23. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.