

Registered number: 02760212

OBJECTWAY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018



OBJECTWAY LIMITED

COMPANY INFORMATION

Directors	P Schramme A Traverso A Cuccu
Registered number	02760212
Registered office	Level 35 Mail Drop 25 Canada Square London E14 5LQ
Independent auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD

OBJECTWAY LIMITED

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OBJECTWAY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

Introduction

The Directors present their strategic report together with the audited financial statements for the year ended 30 June 2018.

Principal activities and business review

Revenues are generated from the licensing and maintenance of software products, the intellectual property is owned by the company or its parent. These products need to be implemented for use by a client, and implementation work is usually chargeable, either as a fixed price contract or time and materials. Sometimes clients who use products need bespoke developments to support their business, and these are charged as either fixed price or time and material projects. In other cases the Company provides hosting operations services to run the software products, if the client wants to outsource this rather than do it themselves. The Company also provides entirely bespoke services for clients who want to hire professional skills to work on their existing systems, or undertake new developments on their behalf.

The major cost in the Company is therefore the staff that create and maintain the software product, or provide the service. Costs include salary and bonus, travel and subsistence, as well as office accommodation and systems on which to work. In order to promote the products and services available, the Company employs sales staff and runs a range of marketing activities, targeting the prospective clients.

Generally, the Company provides products and services to the Financial Services Industry, in the EMEA market. The core sectors served are Banking, Insurance, Asset Management, Wealth management and Private Client stock broking.

Overall, the Company will strive to sell additional products and services to both current and new customers following the strategic goal to improve the market positioning as leading provider of innovative software solutions.

Principal risks and uncertainties

The Company has a strong position in the UK market in the Asset Management, Wealth Management and private client stock broking markets; this has proven to be a resilient sector, even during the past financial downturn albeit with limited growth potential.

The major future uncertainty for the Company is the capability and confidence of the European Financial Services industry to invest in, or enhance, their systems infrastructure. The global financial down turn and economic recession experienced in the past has had a material impact on the business and the rate at which the market recovers confidence is a future uncertainty.

The Company's credit risk, which is mainly attributable to its trade debtors, is under control, with debtor days averaging between 25 - 31 days.

Cash flows are monitored daily as part of normal control procedures. Regularly updated forecasts assist in controlling the Company's working capital requirements.

OBJECTWAY LIMITED

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

Financial key performance indicators

The Company's management regularly reviews various KPIs but in the main concentrate on variances between actual revenues and net margins against expectations, also on a monthly basis against prior month forecasts.

In the year ended June, 30th 2018 the Company's turnover was £13,734k with respect to £13,136k in the previous fiscal year ended June, 30th 2017. The increase in turnover of about 5% is mainly ascribed to higher volumes of services provided to both existing and new clients.

The Company achieved a profit on activities before taxation and before exceptional items of £1,619k in line with previous fiscal year (2017: £2,397k) carrying on cost optimisation programs that have started in previous years.

Cash flow is monitored on a daily basis as part of normal control procedures. Regular forecasts control the Company's working capital requirements.

Events after the reporting date

Following the referendum held in June 2016 with the decision to exit from EU, the scenarios for the UK economy and the relationships with the other EU countries are still uncertain and barely predictable.

However, the increase in turnover experienced in the present fiscal year confirms that the Company's business is highly resilient being above all focused on local market trends and dynamics with limited influence from external decisions taken from foreign countries.

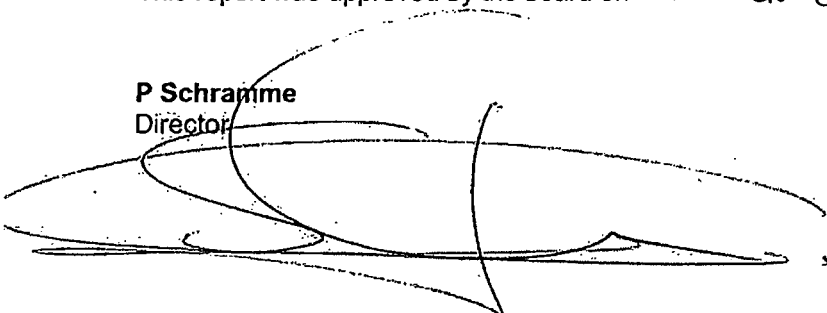
With regard to local currency fluctuations, the sterling is still close to the highest negative peaks against the Euro even though the economic trends are still quite positive and inflation is under control at around 2.5% with a target at 2% as recently stated by the Bank of England. In this scenario, there is no apparent reason why the sterling should keep on dwindling except for external speculative actions. In any case, nearly the whole Company's business is denominated in sterling for both revenues and costs so the accounts result naturally hedged from currency risks.

In this perspective, we keep a moderate positive outlook about the performances of the fiscal year closing at the end of June 2019.

The Company will continue to monitor the economic situation and market trends closely and act accordingly should future material developments or any other relevant conditions alter.

This report was approved by the board on 12th October 2018 and signed on its behalf.

P Schramme
Director

A large, stylized handwritten signature in black ink, appearing to be 'P Schramme', written over the printed name and title.

OBJECTWAY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

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

Principal activity

The Company's principal activity is the provision of software services to the international banking and securities markets, particularly with regard to its investment management and stockbroking products.

The Company has a strong leading position in its market and the annual revenue growth mostly comes from the increase in software solutions and services provided to the existing client's portfolio. The vast majority of the commercial relationships with clients are long-standing, confirming a strong business stickiness.

Dividends

On 8 November 2017 the Company paid a dividend of £1,500,000 (2017: £1,000,000) being an interim dividend of £1,500,000 (2017: £1,000,000) per share. The Directors do not recommend the payment of a final dividend in respect of the financial statements for the year ended 30 June 2018 (2017: £1,500,000).

Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

In addition, the parent entity, Objectway S.p.A, has undertaken to provide full financial support as and when required for the foreseeable future.

Research and development

During the present fiscal year the Company carried on the development costs started in 2014. Overall, they refer to the proprietary software platforms which also include a newly designed software product launched in 2016.

Overall, the Company concentrates a structural part of its efforts to development costs in order to constantly provide innovative software platforms to customers adding new features and improving performances.

Financial Instruments

The Company's operations may expose it to a variety of financial risks that mainly include the effect of changes in credit, liquidity and interest rate.

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 in order to manage interest rate risk and credit risk, and circumstances where it would be appropriate to use financial institutions to manage these.

Price Risk

The Company is barely exposed to commodity price risk as the vast majority of costs refer to employment agreements and the rest is related to general and administration expenses including, among others, lease and rent costs. The Company has no exposure to equity securities price risk as it has no listed or other equity investments.

Credit Risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only prominent and major providers are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other

OBJECTWAY LIMITED

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

factors.

Liquidity Risk

The Company is traditionally cash positive and the excess liquidity is designed to ensure that the Company has sufficient available funds for operations and planned expansions. Furthermore, the parent company has put in place a group cash pooling structure which ensure minimum levels of cash to run the Company's operations also providing financial support in case of need.

Directors

The Directors who served during the year were:

P Schramme
A Traverso
A Cuccu

Future developments

With regard to future developments, the Company will keep on striving to improve and innovate its digital software solutions and services aiming at offering a complete product range, which could fully supply and meet the market demand.

Future growth drivers will follow two main clear market trends: the former refers to the business opportunities coming from regulatory changes such as the adoption of MIFID II. The latter is the quest for digital services from ultimate customers who are increasingly pushing stockbrokers and all the other main financial institutions to implement a digital transformation of their business. Financial players have put off such a process following the additional uncertainty triggered after Brexit but they are aware that this is inevitable in order to remain competitive in their business environment.

In light of the above, we will keep on unifying and integrating our modular products in order to sell them either as single modules or in bundle as integrated solutions. In addition, we will nurture and upgrade the digital portal proposition as well in order to improve customer experience.

Therefore, the Company confirms the intention to address a relevant part of efforts on the seamless evolution and upgrade of its offering stack as structural limb of its long-term strategies.

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.

Post balance sheet events

No relevant events occurred after the fiscal year end...Please refer to the strategic report for Brexit considerations.

Auditors

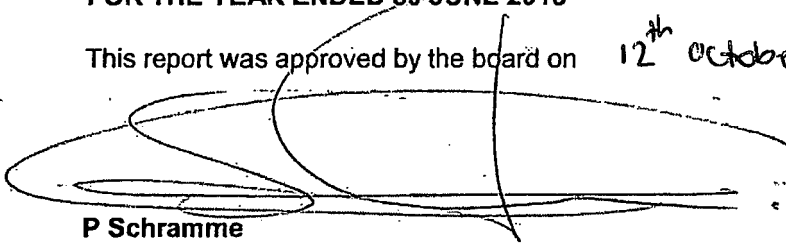
The auditors, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

OBJECTWAY LIMITED

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

This report was approved by the board on 12th October 2018

and signed on its behalf.

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over the text 'P Schramme'.

P Schramme
Director

OBJECTWAY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

The Directors are responsible for preparing the Strategic report, 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 to 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.

OBJECTWAY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OBJECTWAY LIMITED

Opinion

We have audited the financial statements of Objectway Limited for the year ended 30 June 2018, which comprise: the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

OBJECTWAY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OBJECTWAY LIMITED (CONTINUED)

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' report.

OBJECTWAY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OBJECTWAY LIMITED (CONTINUED)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

PKF Littlejohn LLP

Timothy Herbert (Senior statutory auditor)

for and on behalf of
PKF Littlejohn LLP

Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

Date: *12th October 2018*

OBJECTWAY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £	2017 £
Turnover		13,733,706	13,135,681
Gross profit		13,733,706	13,135,681
Administrative expenses		(12,117,184)	(10,738,303)
Operating profit	5	1,616,522	2,397,378
Interest receivable and similar income		2,128	2,316
Interest payable and similar charges		-	(2,736)
Profit before tax		1,618,650	2,396,958
Tax on profit	9	(306,109)	(490,340)
Profit for the financial year		1,312,541	1,906,618

There was no other comprehensive income for 2018 (2017:£NIL).

The accounting policies and notes on pages 13 to 29 form part of these Financial Statements.

OBJECTWAY LIMITED
REGISTERED NUMBER: 02760212

BALANCE SHEET
AS AT 30 JUNE 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible fixed assets	11	2,662,629	3,499,288
Tangible fixed assets	12	210,094	222,263
Investments	13	1	-
		<u>2,872,724</u>	<u>3,721,551</u>
Current assets			
Debtors: amounts falling due within one year	14	3,874,821	2,950,381
Cash at bank and in hand	15	3,163,953	3,176,338
		<u>7,038,774</u>	<u>6,126,719</u>
Creditors: amounts falling due within one year	16	(5,084,109)	(4,900,663)
Net current assets		<u>1,954,665</u>	<u>1,226,056</u>
Total assets less current liabilities		<u>4,827,389</u>	<u>4,947,607</u>
Creditors: amounts falling due after more than one year	17	(1,369,525)	(1,302,284)
Net assets		<u><u>3,457,864</u></u>	<u><u>3,645,323</u></u>
Capital and reserves			
Called up share capital	21	1	1
Profit and loss account	22	3,457,863	3,645,322
		<u><u>3,457,864</u></u>	<u><u>3,645,323</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12th October 2018.


P Schramme
 Director

The accounting policies and notes on pages 13 to 29 form part of these financial statements.

OBJECTWAY LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2016	1	2,738,704	2,738,705
Profit for the year	-	1,906,618	1,906,618
	<hr/>	<hr/>	<hr/>
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
	<hr/>	<hr/>	<hr/>
At 1 July 2017	1	3,645,322	3,645,323
Profit for the year	-	1,312,541	1,312,541
	<hr/>	<hr/>	<hr/>
Dividends: Equity capital	-	(1,500,000)	(1,500,000)
	<hr/>	<hr/>	<hr/>
At 30 June 2018	1	3,457,863	3,457,864
	<hr/>	<hr/>	<hr/>

The accounting policies and notes on pages 13 to 30 form part of these financial statements.

OBJECTWAY LIMITED

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

1. General information

Objectway Limited is a private Company, limited by shares and incorporated and domiciled in England. The Company's principal activity during the year was the provision of software services to the international banking and securities markets, particularly with regard to its investment management and stockbroking products. It is a wholly owned subsidiary of Objectway S.p.A, a Company registered and domiciled in Italy. The address of its registered office is Level 35 Maildrop, 25 Canada Square, London, E14 5LQ. The Company's registered number is 02760212.

2. Accounting policies

2.1 Basis of preparation of financial statements and statement of compliance

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of available exemption for qualifying entities, as follows:

- The Company is a wholly owned subsidiary of Objectway S.p.A. The Company's accounts are included in the consolidated financial statements of Objectway S.p.A 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.

- The Company has taken exemption from preparing a cash flow statement under Section 1.12 (b) of FRS 102, as the Company is a subsidiary undertaking where 100% or more of the voting rights are controlled within the group and consolidated financial statements in which those subsidiary undertakings are included are publicly available.

- The Company has not disclosed transactions entered into between wholly owned group companies in line with Section 33.1A of FRS 102.

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

2. Accounting policies (continued)

2.4 Revenue

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

Revenue from licences are recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Where a perpetual licence is in place, the revenue is recognised over a ten year period.

Service revenue comprises revenues for maintenance, transaction processing and professional services. Maintenance and support contracts are recognised evenly over the period of the contract. Where multiple element contracts are entered into and the constituent parts do not stand alone, all revenues are spread over the period of the contract. Electronic data interchange and remote processing services are recognised monthly as work is performed. Professional services, such as implementation, training and consultancy, are recognised when the services are performed.

Revenue 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 revenue 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.

2.5 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.

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

2. Accounting policies (continued)

2.6 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

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 Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, from when the asset became available.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.9 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

2.10 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

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

2. Accounting policies (continued)

2.11 Current and deferred 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 balance sheet 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 Balance sheet 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 balance sheet date.

2.12 Interest income

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

2.13 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.

2.14 Intangible assets

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.

Amortisation is provided on the following bases:

Development expenditure	-	20 % Straight line
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2. Accounting policies (continued)

2.15 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, using the straight-line method.

Depreciation is provided on the following basis:

S/Term Leasehold Property	- Straight line over the life of the lease
Office equipment	- 3 years 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.

2.16 Leased assets

Assets obtained under hire purchase contract 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.

2.17 Operating leases

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

2.18 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.19 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.

2.20 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Bank overdrafts are shown within current liabilities.

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

2. Accounting policies (continued)

2.21 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of 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.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

2.22 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.

2.23 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 Balance sheet 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 Balance sheet.

2.24 Share capital

Ordinary shares are classified as equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**
2. Accounting policies (continued)
2.25 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of assets:

In evaluating the valuation and recoverable amount of an intangible asset, management based its assumptions on the estimate of the value-in use of the cash generating unit. Management made an estimate of the expected future cashflows from the cash-generating unit and applied an appropriate discount rate in order to determine the present value of those cash flows.

Useful economic life of intangible assets:

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the condition of the assets. See note 11 for the carrying amount of the intangible assets.

4. Turnover

	2018 £	2017 £
Analysis of turnover by geography:		
United Kingdom	11,523,325	11,295,981
Rest of Europe	107,099	75,600
Rest of the world	1,269,925	834,118
Channel Islands	833,357	929,983
	<u>13,733,706</u>	<u>13,135,682</u>

OBJECTWAY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018****Turnover (continued)**

	2018 £	2017 £
Analysis of turnover by category:		
Licence revenue	1,975,122	1,523,897
Service revenue	10,435,714	10,357,109
Other services	1,215,771	1,179,076
Intercompany charges	107,099	75,600
	<u>13,733,706</u>	<u>13,135,682</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	142,400	122,734
Exchange differences	392	635
Other operating lease rentals	483,484	495,817
Amortisation of intangible assets	1,177,285	1,109,160
	<u>1,799,561</u>	<u>1,728,346</u>

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	17,500	15,900
Fees payable to the Company's auditor for corporation tax work	3,500	4,500
Fees payable to the Company's auditor for other non audit services	6,200	6,000
Other services relating to taxation	14,725	-
	<u>41,925</u>	<u>26,400</u>

OBJECTWAY LIMITED

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

7. Employees

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

	2018 £	2017 £
Wages and salaries	4,457,098	4,464,815
Social security costs	494,521	497,668
Cost of defined contribution pension scheme	614,723	567,698
	<u>5,566,342</u>	<u>5,530,181</u>

Not included in the amounts above are £263,608 (2017: £672,716) of wages and salaries, £32,810 (2017: £82,548) of social security costs and £40,444 (2017: £94,164) of defined contribution expenses. These amounts have been capitalised and included in the total value of the intangible asset held at the year end. See note 11 for further details regarding the intangible asset.

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

	2018 No.	2017 No.
Programming and support	80	85
Sales and marketing	2	2
Administration and management	10	8
	<u>92</u>	<u>95</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	18,000	24,000
	<u>18,000</u>	<u>24,000</u>

During the year retirement benefits were accruing to no Directors (2017: 0) in respect of defined contribution pension schemes.

Other than Directors there are no other key management personnel.

OBJECTWAY LIMITED

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

9. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	268,238	418,101
Adjustments in respect of previous periods	-	7,083
	268,238	425,184
	268,238	425,184
Deferred tax		
Origination and reversal of timing differences	37,871	65,156
Total deferred tax	37,871	65,156
	306,109	490,340
Taxation on profit on ordinary activities	306,109	490,340

OBJECTWAY LIMITED

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

9. Taxation (continued)

Factors affecting tax charge for the year

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

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,618,650</u>	<u>2,396,958</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	307,544	473,416
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,021	2,173
Adjustments to tax charge in respect of prior periods	-	7,083
Effect of increase/decrease in tax rates on deferred tax assets	(4,456)	7,668
Total tax charge for the year	<u>306,109</u>	<u>490,340</u>

Factors that may affect future tax charges

During 2015, the government announced legislation setting the corporation tax main rate at 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These rates became substantively enacted on 26 October 2015. The government further announced on 16 March 2016 as part of its Budget that a rate of 17% will apply from 1 April 2020 instead of 18%.

The Group has a deferred tax asset £158,417 (2017: £196,288) in relation to tax losses and decelerated capital allowances. The deferred tax asset has been calculated at 17% being the rate of corporation tax substantively enacted by the Balance sheet date.

The amount of the net reversal of deferred tax expected to occur next year is £10,091, relating to the reversal of existing differences on tangible fixed assets.

10. Dividends

	2018 £	2017 £
Dividends paid to parent company	<u>1,500,000</u>	<u>1,000,000</u>
	<u>1,500,000</u>	<u>1,000,000</u>

OBJECTWAY LIMITED

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

11. Intangible assets

	Development costs £
Cost	
At 1 July 2017	5,545,801
Additions	340,625
	<hr/>
At 30 June 2018	5,886,426
	<hr/>
Amortisation	
At 1 July 2017	2,046,512
Charge for the year	1,177,285
	<hr/>
At 30 June 2018	3,223,797
	<hr/>
Net book value	
At 30 June 2018	2,662,629
	<hr/>
At 30 June 2017	3,499,289
	<hr/>

The development costs relate to the continuous improvement and innovation of the existing product platforms through additional functions and features to cater for additional customers' needs and to improve performances in light of any regulatory changes. In details, a great part of these developments also relate to a newly designed software product which was in the final stage of development in 2015 and during 2016 it became available to the market. The costs mainly relate to staff time involved in development, directly.

Based on the value and timings of future cashflows from sales, the Directors consider that no impairment is required although they believe that there could be some uncertainty related to exact timings.

The asset is amortised over 5 years being the estimated life of the software due to potential future technological advances.

Amortisation has been included in the Statement of Comprehensive Income under 'administrative expenses'.

OBJECTWAY LIMITED

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

12. Tangible fixed assets

	S/Term Leasehold Property £	Office equipment £	Total £
Cost or valuation			
At 1 July 2017	708,712	1,526,410	2,235,122
Additions	-	130,232	130,232
At 30 June 2018	<u>708,712</u>	<u>1,656,642</u>	<u>2,365,354</u>
Depreciation			
At 1 July 2017	708,712	1,304,148	2,012,860
Charge for the year on owned assets	-	142,400	142,400
At 30 June 2018	<u>708,712</u>	<u>1,446,548</u>	<u>2,155,260</u>
Net book value			
At 30 June 2018	<u>-</u>	<u>210,094</u>	<u>210,094</u>
At 30 June 2017	<u>-</u>	<u>222,262</u>	<u>222,262</u>

The net book value of office equipment held under finance or hire purchase lease at the period end is £nil (2017: £3,997). Depreciation charged on these assets for the period was £3,997 (2017: £9,531).

OBJECTWAY LIMITED

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

13. Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 July 2017	-
Additions	1
	<hr/>
At 30 June 2018	1
	<hr/>
At 1 July 2017	-
Net book value	
At 30 June 2018	1
	<hr/> <hr/>
At 30 June 2017	-
	<hr/> <hr/>

Fixed asset investments comprise an equity share in Objectway Financial Software NV, a company which is not publicly traded.

Objectway Financial Software NV

The Company owns 1% of the equity share capital of Objectway Financial Software NV. During the year the Company received £Nil dividends from Objectway Financial Software NV. The address of the registered office of Objectway Financial Software NV is Zandvoortstraat C45, B-2800 Mechelen, Belgium.

14. Debtors

	2018 £	2017 £
Trade debtors	2,643,008	1,930,883
Amounts owed by group undertakings	31,499	-
Other debtors	19,169	20,956
Prepayments and accrued income	1,022,728	802,254
Deferred taxation	158,417	196,288
	<hr/>	<hr/>
	3,874,821	2,950,381
	<hr/> <hr/>	<hr/> <hr/>

OBJECTWAY LIMITED

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

15. Cash

	2018 £	2017 £
Cash at bank and in hand	3,163,953	3,176,338
	<u>3,163,953</u>	<u>3,176,338</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	505,913	415,201
Amounts owed to group undertakings	837,494	848,893
Corporation tax	55,839	200,101
Other taxation and social security	382,280	756,609
Other creditors	215,900	231,915
Accruals and deferred income	3,086,683	2,447,944
	<u>5,084,109</u>	<u>4,900,663</u>

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

	2018 £	2017 £
Accruals and deferred income	1,369,525	1,302,284
	<u>1,369,525</u>	<u>1,302,284</u>

18. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at amortised cost	3,360,346	2,348,028
	<u>3,360,346</u>	<u>2,348,028</u>

Financial assets measured at amortised cost comprise trade debtors, accrued income and other debtors.

OBJECTWAY LIMITED

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

	2018 £	2017 £
Financial liabilities		
Financial liabilities measured at amortised cost	6,015,515	5,246,237
	<u>6,015,515</u>	<u>5,246,237</u>

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

19. Deferred taxation

	2018 £	2017 £
At beginning of year	196,288	261,444
Charged to profit or loss	(37,871)	(65,156)
At end of year	<u>158,417</u>	<u>196,288</u>
	2018 £	2017 £
Accelerated capital allowances	158,417	196,288
	<u>158,417</u>	<u>196,288</u>

20. Pension commitments

The Company operated a defined contributions pensions scheme. The total pension contributions during the period amounted to £655,166 (2017: £572,734). Contributions totaling £56,619 (2017: £56,556) were outstanding and payable at the period end.

OBJECTWAY LIMITED

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

21. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

22. Reserves

Profit and loss account

The profit and loss account comprises profits and losses that have accumulated year on year since the Company began trading.

23. Commitments under operating leases

At 30 June 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	281,435	336,893
Later than 1 year and not later than 5 years	289,009	570,444
	<u>570,444</u>	<u>907,337</u>

24. Related party transactions

As at 30 June 2018 the Company owed Objectway S.p.A £369,346 (2017: £616,399). Objectway S.p.A owns 100% of the ordinary share capital of Objectway Limited.

As at 30 June 2018 the Company owed Objectway Financial Software NV £468,148 (2017: £232,494). Objectway Financial Software NV is a fully owned subsidiary within the Group, and a Company which this entity has an investment in.

As at 30 June 2018, the Company was owed £31,499 from Objectway Ireland Ltd (2017: £Nil). Objectway Ireland Ltd is a fully owned subsidiary within the Group.

25. Controlling party

The immediate and ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Objectway S.p.A, a Company incorporated in Italy, and its registered office is Via G. da Procida, 24 20149 Milan, Italy. Copies of the consolidated financial statements can be obtained from www.italchamind.eu.

The ultimate controlling party is L. Marciano by virtue of owning 68.59% of the share capital of Objectway.