

**STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016  
FOR  
RECKON SOFTWARE LIMITED**



**RECKON SOFTWARE LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 2016**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>4</b>
<b>Report of the Independent Auditors</b>	<b>6</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11</b>
<b>Reconciliation of Equity</b>	<b>19</b>
<b>Reconciliation of Profit</b>	<b>21</b>
<b>Trading and Profit and Loss Account</b>	<b>22</b>

**RECKON SOFTWARE LIMITED**

**COMPANY INFORMATION**  
**for the Year Ended 31 December 2016**

**DIRECTORS:**

M P Woolley  
B Oliver  
C A Rabie  
C Hagglund  
M Zlotnick

**REGISTERED OFFICE:**

Unit G  
South Cambridge Business Park  
Babraham Road  
Sawston  
Cambridgeshire  
CB22 3JH

**REGISTERED NUMBER:**

03574066 (England and Wales)

**AUDITORS:**

Stewart Fletcher and Barrett  
Chartered Accountants  
Statutory Auditor  
Manor Court Chambers  
Townsend Drive  
Nuneaton  
Warwickshire  
CV11 6RU

## RECKON SOFTWARE LIMITED

### STRATEGIC REPORT for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

#### REVIEW OF BUSINESS

The directors aim to present a balanced and comprehensive review of the performance of the company during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

The directors continue to believe that combining in-depth expertise with innovative document management technology is what makes Reckon Software Limited one of the UK's leading developers of electronic document management software for industry and commerce.

To deliver this strategy our focus has been to improve and build upon the services currently offered by us. In order to do this the company has invested in extensive research and development to keep ahead of competition.

The directors are also pleased to note that the company has achieved the KPI performance measures on which the business is managed by as set out below:-

KPI	2016	2015	Definition and Analysis
Sales	£4,863,307	£4,807,253	This shows the level of sales made by the company during the relevant accounting period. Sales have remained consistent this year and this is in line with expectations.
Gross profit margin	44.24%	52.03%	Gross profit margin reflects the amount of the gross profit made for every £1 of sales. The gross profit margin has decreased and this is also in line with expectations.
Net profit before tax	16.67%	39.69%	Net profit margin reflects the amount of profit made for every £1 of sales after all expenses have been taken into consideration. Net profit has decreased due to significant increase amortisation charges.
Debtor days	49	34	This measure shows the average number of days our customers take to pay each invoice, from date of invoice.
Cash held at bank	£120,958	£340,140	This includes cash held at bank, this has decreased slightly in comparison to last year.

**RECKON SOFTWARE LIMITED**

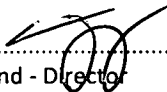
**STRATEGIC REPORT  
for the Year Ended 31 December 2016**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The external environment is expected to remain competitive, the directors remain confident of the continued success of the company as Reckon Software Limited is a recognised leading provider of IT consultancy and developing new IT software.

The management of the company has an established reputation and track record of successful delivery in the sector which contributes to the overall success.

**ON BEHALF OF THE BOARD:**

  
.....  
C Hagglund - Director

Date: 20/3/17  
.....

## **RECKON SOFTWARE LIMITED**

### **REPORT OF THE DIRECTORS for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of provision of software solutions and IT consultancy and the development of new IT solutions.

#### **DIVIDENDS**

Interim dividends totalling £5.00 per share were paid during the year. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2016 will be £500,000.

#### **RESEARCH AND DEVELOPMENT**

Expenditure on research and development is capitalised on a basis that expenditure will provide a future economic benefit.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

M P Woolley  
B Oliver  
C A Rabie  
C Hagglund  
M Zlotnick

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.


**RECKON SOFTWARE LIMITED**

**REPORT OF THE DIRECTORS  
for the Year Ended 31 December 2016**

**AUDITORS**

The auditors, Stewart Fletcher and Barrett, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
C Hagglund - Director

Date: ..... 30/3/17 .....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RECKON SOFTWARE LIMITED**

We have audited the financial statements of Reckon Software Limited for the year ended 31 December 2016 on pages eight to twenty one. The financial reporting framework that has been applied in their preparation is 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'.

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 a Report of the Auditors 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 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.

### **Other Matter**

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
RECKON SOFTWARE LIMITED**

**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.



Paul Carvell (Senior Statutory Auditor)  
for and on behalf of Stewart Fletcher and Barrett  
Chartered Accountants  
Statutory Auditor  
Manor Court Chambers  
Townsend Drive  
Nuneaton  
Warwickshire  
CV11 6RU

Date: 30/03/2017

**RECKON SOFTWARE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
for the Year Ended 31 December 2016**

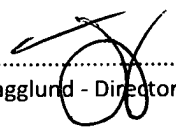
	Notes	2016 £	2015 £
<b>TURNOVER</b>		4,863,307	4,807,253
Cost of sales		<u>2,711,746</u>	<u>2,306,052</u>
<b>GROSS PROFIT</b>		2,151,561	2,501,201
Administrative expenses		<u>1,841,279</u>	<u>617,479</u>
		310,282	1,883,722
Other operating income	3	<u>500,371</u>	<u>-</u>
<b>OPERATING PROFIT</b>	5	810,653	1,883,722
Interest receivable and similar income		<u>16,040</u>	<u>24,724</u>
		826,693	1,908,446
Interest payable and similar expenses	6	<u>16,273</u>	<u>574</u>
<b>PROFIT BEFORE TAXATION</b>		810,420	1,907,872
Tax on profit	7	<u>236,161</u>	<u>338,666</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		574,259	1,569,206
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>574,259</u></u>	<u><u>1,569,206</u></u>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 December 2016**

		2016	2015
	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	9	4,612,780	828,956
Tangible assets	10	159,563	166,706
		<u>4,772,343</u>	<u>995,662</u>
<b>CURRENT ASSETS</b>			
Debtors	11	1,136,651	1,136,580
Cash at bank and in hand		120,958	340,140
		<u>1,257,609</u>	<u>1,476,720</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	449,104	451,097
<b>NET CURRENT ASSETS</b>		<u>808,505</u>	<u>1,025,623</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,580,848</u>	<u>2,021,285</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(3,200,000)	-
<b>PROVISIONS FOR LIABILITIES</b>	17	(256,699)	(93,101)
<b>ACCRUALS AND DEFERRED INCOME</b>	18	(1,979,791)	(1,858,085)
<b>NET ASSETS</b>		<u>144,358</u>	<u>70,099</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	100,000	100,000
Retained earnings	20	44,358	(29,901)
<b>SHAREHOLDERS' FUNDS</b>		<u>144,358</u>	<u>70,099</u>

The financial statements were approved by the Board of Directors on 30/03/2017 and were signed on its behalf by:

  
 .....  
 C Hagglund - Director

The notes form part of these financial statements

**RECKON SOFTWARE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
for the Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2015</b>	100,000	164,893	264,893
<b>Changes in equity</b>			
Dividends	-	(1,764,000)	(1,764,000)
Total comprehensive income	-	1,569,206	1,569,206
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2015</b>	100,000	(29,901)	70,099
	<hr/>	<hr/>	<hr/>
<b>Changes in equity</b>			
Dividends	-	(500,000)	(500,000)
Total comprehensive income	-	574,259	574,259
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	<u>100,000</u>	<u>44,358</u>	<u>144,358</u>

The notes form part of these financial statements

## RECKON SOFTWARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2016

#### 1. STATUTORY INFORMATION

Reckon Software Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

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

This is the first year in which the financial statements have been prepared under FRS 102, details of the transition can be found following the notes to the financial statements.

The financial statements are presented in Sterling (£).

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

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

- the requirements of Section 7 Statement of Cash Flows.

##### **Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

##### **Changes in accounting policies**

No changes in accounting policies have arisen as a consequence of adopting FRS 102.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

##### **Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intellectual property is being amortised evenly over its estimated useful life of four years.

Development costs are being amortised evenly over their estimated useful lives of three or four years.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

- |                       |   |
|-----------------------|---|
| Fixtures and fittings | - 33% on reducing balance, 25% on reducing balance, 20% on reducing balance and Straight line over 3 to 8 years |
| Motor vehicles        | - 25% on reducing balance   |

RECKON SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

2. ACCOUNTING POLICIES - continued

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

Expenditure on research and development is capitalised on a basis that expenditure will provide a future economic benefit. Expenditure on research and development is shown in intangible assets in the financial statements as development costs.

Amortisation is provided straight line over three and four years in order to write off development costs over its estimated useful life.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Holiday pay accrual**

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

3. OTHER OPERATING INCOME

	2016	2015
	£	£
Sundry receipts	500,371	-

Other operating income comprises royalties received.

RECKON SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

4. EMPLOYEES AND DIRECTORS

	2016 £	2015 £
Wages and salaries	2,325,457	1,892,321
Social security costs	261,128	208,366
Other pension costs	54,587	64,844
	<u>2,641,172</u>	<u>2,165,531</u>

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

	2016	2015
Support	13	10
Development	18	15
Delivery	15	15
Sales	10	6
Accounts	1	1
Administrative	2	1
	<u>59</u>	<u>48</u>

	2016 £	2015 £
Directors' remuneration	340,686	243,835
Directors' pension contributions to money purchase schemes	<u>13,588</u>	<u>18,465</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2016 £	2015 £
Emoluments etc	166,437	100,500
Pension contributions to money purchase schemes	<u>6,000</u>	<u>1,665</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2016 £	2015 £
Depreciation - owned assets	46,293	46,421
Depreciation - assets on hire purchase contracts	1,565	-
Loss on disposal of fixed assets	1,899	14,399
Intellectual property amortisation	604,317	-
Development costs amortisation	792,736	423,648
Auditors' remuneration	9,500	9,000
Foreign exchange differences	<u>(16,370)</u>	<u>-</u>

RECKON SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£	£
Bank loan interest	16,119	-
Hire purchase	154	574
	<u>16,273</u>	<u>574</u>

7. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	66,377	261,205
Deferred tax	169,784	77,461
Tax on profit	<u>236,161</u>	<u>338,666</u>

8. DIVIDENDS

	2016	2015
	£	£
Interim	<u>500,000</u>	<u>1,764,000</u>

9. INTANGIBLE FIXED ASSETS

	Intellectual property £	Development costs £	Totals £
<b>COST</b>			
At 1 January 2016	-	2,155,512	2,155,512
Additions	2,398,148	2,782,729	5,180,877
At 31 December 2016	<u>2,398,148</u>	<u>4,938,241</u>	<u>7,336,389</u>
<b>AMORTISATION</b>			
At 1 January 2016	-	1,326,556	1,326,556
Amortisation for year	604,317	792,736	1,397,053
At 31 December 2016	<u>604,317</u>	<u>2,119,292</u>	<u>2,723,609</u>
<b>NET BOOK VALUE</b>			
At 31 December 2016	<u>1,793,831</u>	<u>2,818,949</u>	<u>4,612,780</u>
At 31 December 2015	<u>-</u>	<u>828,956</u>	<u>828,956</u>



RECKON SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 January 2016	168,250	164,446	332,696
Additions	27,234	19,380	46,614
Disposals	-	(10,167)	(10,167)
At 31 December 2016	<u>195,484</u>	<u>173,659</u>	<u>369,143</u>
<b>DEPRECIATION</b>			
At 1 January 2016	133,640	32,350	165,990
Charge for year	17,481	30,377	47,858
Eliminated on disposal	-	(4,268)	(4,268)
At 31 December 2016	<u>151,121</u>	<u>58,459</u>	<u>209,580</u>
<b>NET BOOK VALUE</b>			
At 31 December 2016	<u>44,363</u>	<u>115,200</u>	<u>159,563</u>
At 31 December 2015	<u>34,610</u>	<u>132,096</u>	<u>166,706</u>

The net book value of tangible fixed assets includes £17,815 in respect of assets held under hire purchase contracts.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	652,618	448,856
Other debtors	316,925	545,457
Taxation	1,524	-
Prepayments	165,584	142,267
	<u>1,136,651</u>	<u>1,136,580</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Hire purchase contracts (see note 15)	14,746	-
Trade creditors	42,420	101,792
Taxation	-	95,354
Social security and other taxes	196,749	163,576
Other creditors	43,529	37,733
Accrued expenses	151,660	52,642
	<u>449,104</u>	<u>451,097</u>

RECKON SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Bank loans (see note 14)	<u>3,200,000</u>	<u>-</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due between two and five years:		
Bank loans due in 2-5 years	<u>3,200,000</u>	<u>-</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2016 £	2015 £
Net obligations repayable:		
Within one year	<u>14,746</u>	<u>-</u>
	Non-cancellable operating leases	
	2016 £	2015 £
Within one year	118,376	20,581
Between one and five years	<u>286,075</u>	<u>-</u>
	<u>404,451</u>	<u>20,581</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2016 £	2015 £
Bank loans	3,200,000	-
Hire purchase contracts	<u>14,746</u>	<u>-</u>
	<u>3,214,746</u>	<u>-</u>

The bank loans are secured with a debenture which created fixed and floating charges over the assets of the company.

RECKON SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

17. PROVISIONS FOR LIABILITIES

	2016 £	2015 £
Deferred tax		
Accelerated capital allowances	<u>256,699</u>	<u>93,101</u>
		Deferred tax £
Balance at 1 January 2016		93,101
Charge to Statement of Comprehensive Income during year		<u>163,598</u>
Balance at 31 December 2016		<u>256,699</u>

18. ACCRUALS AND DEFERRED INCOME

	2016 £	2015 £
Accruals and deferred income	<u>1,979,791</u>	<u>1,858,085</u>

19. CALLED UP SHARE CAPITAL

Allotted and issued:				
Number:	Class:	Nominal value:	2016 £	2015 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

20. RESERVES

	Retained earnings £
At 1 January 2016	(29,901)
Profit for the year	574,259
Dividends	<u>(500,000)</u>
At 31 December 2016	<u>44,358</u>

21. ULTIMATE PARENT COMPANY

Reckon Limited (incorporated in Australia) is regarded by the directors as being the company's ultimate parent company.

Reckon Limited is listed on the Australian Stock Exchange and prepares consolidated financial statements which are publicly available from Level 12, 65 Berry Street, North Sydney, NSW 2060, Australia. Reckon Limited owns 100% of the company's ordinary share capital.

**RECKON SOFTWARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016**

**22. RELATED PARTY DISCLOSURES**

**Linden House Property LLP**

Mr M Woolley is a designated member of the LLP

Reckon Software Limited paid £59,575 (2015 £49,795) during the year to Linden House Property LLP for the rent of the freehold premises.

**Mrs A J Jackson**

Mrs A J Jackson was a director and shareholder of the company.

During the comparative year a dividend of £178,700 was paid to Mrs A J Jackson.

During the comparative year sales of £7,139 were made to Mrs A J Jackson.

**G Stewart**

Mr G Stewart was a director and shareholder of the company.

During the comparative year a dividend of £52,200 was paid to Mr G Stewart.

During the comparative year purchases of £7,485 were made from 3DW Enterprise Ltd a company where Mr G Stewart was a director.

**M P Woolley**

Mr M P Woolley is a director and was shareholder of the company.

During the comparative year a dividend of £104,400 was paid to Mr M P Woolley.

**Key Management Personnel**

All directors who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is disclosed within note 4.

**23. ULTIMATE CONTROLLING PARTY**

The company is under the control of Reckon Limited.

**24. FIRST YEAR ADOPTION**

The company has adopted FRS 102 for the year ended 31 December 2016.

No accounting policies have changed as a result of this and no amounts in the comparative period required restating due to the conversion to FRS 102.

RECKON SOFTWARE LIMITED

RECONCILIATION OF EQUITY  
1 January 2015  
(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Intangible assets		602,731	-	602,731
Tangible assets		95,395	-	95,395
		<u>698,126</u>	<u>-</u>	<u>698,126</u>
<b>CURRENT ASSETS</b>				
Debtors		1,440,539	-	1,440,539
Cash at bank and in hand		428,961	-	428,961
		<u>1,869,500</u>	<u>-</u>	<u>1,869,500</u>
<b>CREDITORS</b>				
Amounts falling due within one year		(557,598)	-	(557,598)
<b>NET CURRENT ASSETS</b>		<u>1,311,902</u>	<u>-</u>	<u>1,311,902</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,010,028	-	2,010,028
<b>PROVISIONS FOR LIABILITIES</b>		(15,641)	-	(15,641)
<b>ACCRUALS AND DEFERRED INCOME</b>		<u>(1,729,494)</u>	<u>-</u>	<u>(1,729,494)</u>
<b>NET ASSETS</b>		<u>264,893</u>	<u>-</u>	<u>264,893</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital		100,000	-	100,000
Retained earnings		164,893	-	164,893
<b>SHAREHOLDERS' FUNDS</b>		<u>264,893</u>	<u>-</u>	<u>264,893</u>

The notes form part of these financial statements

RECKON SOFTWARE LIMITED

RECONCILIATION OF EQUITY - continued  
31 December 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Intangible assets		828,956	-	828,956
Tangible assets		166,706	-	166,706
		<u>995,662</u>	<u>-</u>	<u>995,662</u>
<b>CURRENT ASSETS</b>				
Debtors		1,136,580	-	1,136,580
Cash at bank and in hand		340,140	-	340,140
		<u>1,476,720</u>	<u>-</u>	<u>1,476,720</u>
<b>CREDITORS</b>				
Amounts falling due within one year		(451,097)	-	(451,097)
<b>NET CURRENT ASSETS</b>		<u>1,025,623</u>	<u>-</u>	<u>1,025,623</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,021,285	-	2,021,285
<b>PROVISIONS FOR LIABILITIES</b>		(93,101)	-	(93,101)
<b>ACCRUALS AND DEFERRED INCOME</b>		<u>(1,858,085)</u>	<u>-</u>	<u>(1,858,085)</u>
<b>NET ASSETS</b>		<u>70,099</u>	<u>-</u>	<u>70,099</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital		100,000	-	100,000
Retained earnings		(29,901)	-	(29,901)
<b>SHAREHOLDERS' FUNDS</b>		<u>70,099</u>	<u>-</u>	<u>70,099</u>

The notes form part of these financial statements

**RECKON SOFTWARE LIMITED**

**RECONCILIATION OF PROFIT  
for the Year Ended 31 December 2015**

	<b>UK GAAP £</b>	<b>Effect of transition to FRS 102 £</b>	<b>FRS 102 £</b>
<b>TURNOVER</b>	4,807,253	-	4,807,253
Raw materials and consumables	(344,474)	-	(344,474)
Other external expenses	(134,223)	-	(134,223)
Staff costs	(2,165,531)	-	(2,165,531)
Depreciation	(484,468)	-	(484,468)
Other operating expenses	205,165	-	205,165
	<hr/>	<hr/>	<hr/>
<b>OPERATING PROFIT</b>	1,883,722	-	1,883,722
Interest receivable and similar income	24,724	-	24,724
Interest payable and similar expenses	(574)	-	(574)
	<hr/>	<hr/>	<hr/>
<b>PROFIT BEFORE TAXATION</b>	1,907,872	-	1,907,872
Tax on profit	(338,666)	-	(338,666)
	<hr/>	<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<u>1,569,206</u>	<u>-</u>	<u>1,569,206</u>

The notes form part of these financial statements

RECKON SOFTWARE LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT  
for the Year Ended 31 December 2016

	2016		2015	
	£	£	£	£
<b>Sales</b>		4,863,307		4,807,253
<b>Cost of sales</b>				
Purchases	286,540		344,474	
Wages	1,984,771		1,648,486	
Social security	220,413		178,869	
Consultancy and fees	220,022		134,223	
		<u>2,711,746</u>		<u>2,306,052</u>
<b>GROSS PROFIT</b>		2,151,561		2,501,201
<b>Other income</b>				
Sundry receipts	500,371		-	
Other interest received	16,040		24,724	
		<u>516,411</u>		<u>24,724</u>
		2,667,972		2,525,925
<b>Expenditure</b>				
Rent	107,328		59,815	
Rates and water	54,146		34,270	
Insurance	22,743		33,630	
Light and heat	6,840		4,564	
Directors' salaries	227,900		243,835	
Directors' bonuses	112,786		-	
Directors' social security	40,715		29,497	
Directors' pension contributions	13,588		18,465	
Pensions	40,999		46,379	
Telephone	15,297		19,052	
Post and stationery	8,459		2,593	
Advertising	189,439		61,753	
Travelling	88,825		82,940	
Motor expenses	54,464		53,563	
Repairs and renewals	17,871		24,262	
Sundry expenses	124,885		63,144	
Management charges	287,000		-	
Legal and professional fees	48,033		47,746	
Auditors' remuneration	9,500		9,000	
Foreign exchange losses	(16,370)		-	
Amortisation of intangible fixed assets				
Development costs	1,397,053		423,648	
Depreciation of tangible fixed assets				
Fixtures and fittings	17,481		12,339	
Motor vehicles	30,376		34,082	
Profit/loss on sale of tangible fixed assets	1,899		14,399	
Entertainment	23,705		18,764	
Bad debts	8,737		7,295	
Development costs capitalised	(1,102,935)		(730,692)	
		<u>1,830,764</u>		<u>614,343</u>
<b>Carried forward</b>		837,208		1,911,582

This page does not form part of the statutory financial statements



RECKON SOFTWARE LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT  
for the Year Ended 31 December 2016

	2016		2015	
	£	£	£	£
Brought forward		837,208		1,911,582
<b>Finance costs</b>				
Bank charges	4,053		3,136	
Other interest	6,462		-	
Bank loan interest	16,119		-	
Hire purchase	154		574	
		<u>26,788</u>		<u>3,710</u>
<b>NET PROFIT</b>		<u><u>810,420</u></u>		<u><u>1,907,872</u></u>

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