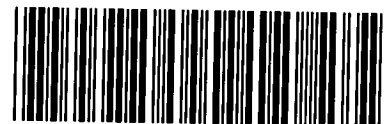


EFRONT LTD

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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COMPANIES HOUSE

EFRONT LTD
COMPANY INFORMATION

Directors Mr Tarek Chouman
Mr Matthew Bagley

Secretary Mr Matthew Bagley

Company number 03650489

Registered office 5th Floor
40 Strand
London
WC2N 5RW

Auditors Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers HSBC plc
196 Oxford Street
London
W1A 1EZ

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EFRONT LTD
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The profit for the year amounted to £741,861 (2016 restated - £1,212,257).

There were no interim dividends paid in the period. The directors do not recommend a final dividend (2016 - £nil).

PRINCIPAL ACTIVITIES

The company is a software provider of solutions, developed by its parent company, dedicated to the financial services industry with recognised expertise in Alternative Investments and Risk Management. The company's main activities are the publication and distribution of software products and implementation consulting, training, integration and development services in respect of these products. eFront's solutions serve major companies in the Private Equity, Real-Estate Investment, Banking, and Insurance sectors.

REVIEW OF THE BUSINESS

The company's key financial and other performance indicators during the financial year were as follows:

	2017	2016	
		(restated)	
	£'000	£'000	Change
Turnover	10 882	10 709	+2%
Gross profit	9 663	9 182	+5%
Profit after tax	742	(1 212)	+162%
Equity Shareholders funds	8 496	7 856	+8%
Average no. of employees	53	54	-2%

The company generated revenue of £10.9m in 2017, an increase of 2% compared with the prior year on a like for like basis.

Gross profit and profit after tax have increased as a result of the above revenue movement.

PRINCIPAL RISKS AND UNCERTAINTIES

Identification and management of risk is an integral part of the day-to-day activities of the company.

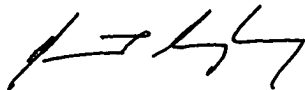
There are a number of potential risk factors which could have a material adverse financial effect on the business as well as on the value and liquidity of the company, some of which have been identified below although the list may not be exhaustive (see schedule below).

EFRONT LTD
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

NATURE OF RISK	IMPACT	RISK REDUCTION MEASURES
The business undertaken does not generate sufficient margin	Negative impact on the business, financial position and cash flows	Business review process is conducted
Partial or total non-recovery of trade receivables	Negative impact on realisable and available assets, financial position, profit and cash flows	Weekly review process is conducted. Accounting teams dedicate time to monitor the collection of trade receivables and to ensure the efficiency of invoicing / recovery process
Legal and regulatory risk	Negative impact on the business, financial position and cash flows	The company endeavours to comply with laws and regulations with the help of financial, tax and legal advisors where necessary
Foreign exchange risk	Negative impact on realisable and available assets, financial position, profit and cash flows	Regular review and monitoring of foreign exchange rates. Most business transactions sought to be in functional currency of entity thereby reducing risk of adverse currency movements
Liquidity risk	Negative impact on the cost of credit	The company has set up an active management of its liquidity optimization process based on management of the cash surpluses.

This report was approved by the Board and signed on its behalf by:



Matthew Bagley

Director

Date: 14th September 2018

EFRONT LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and financial statements for the year ended 31 December 2017.

Directors

Except as noted below, the following were directors of the company who served throughout the year and were still directors at the date of this report:

Mr Tarek Chouman (appointed 6 June 2018)
Mr Matthew Bagley
Mr Olivier Dellenbach (resigned 6 June 2018)

Dividends

There were no interim dividends paid in the period. The directors do not recommend a final dividend (2016 - £nil).

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with eFront Holding SAS and fellow subsidiaries.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

Post balance sheet events

There is no significant post balance sheet event that has occurred after the year-end.

Future developments

The company intends to continue operating in the areas of financial software, consolidating its positions in APAC region and to increase profitability.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the company launched anonymous Employees Engagement Survey in order to receive their feedback and commitment. The participating rate was over 90% and results were shared in focus Group per department. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes.

EFRONT LTD
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

Research and development

Research and development effort focused on our new product "Insight", an intuitive platform centered on digitizing private market data exchanges and streamlining communications between General Partners and Limited Partners.

Disclosure of information to auditors

The directors who were members of the Board at the time of approving the Strategic Report and Directors' Report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirm that:

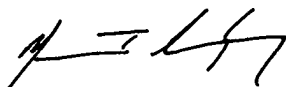
- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

The Auditors, Ernst & Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board



Matthew Bagley

Director

Date: 14th September 2018

EFRONT LTD
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS101 – *Reduced Disclosure Framework*. 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- *make judgements and estimates that are reasonable and prudent;*
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

**AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF eFRONT LTD

Opinion

We have audited the financial statements of eFront Ltd for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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 below. 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 auditor's 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 directors' report have been prepared in accordance with applicable legal requirements.

AUDITOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF eFRONT LTD (continued)

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 or the Director's 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 set out on page 5, 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.

Auditor's 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 auditor's 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Ernst & Young LLP

Andrew Davison (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 17th September 2018

EFRONT LTD
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

		31 December 2017	31 December 2016 (restated)
	Notes	£	£
Turnover	2	10 881 776	10 709 396
Cost of sales		<u>(1 218 733)</u>	<u>(1 527 530)</u>
Gross profit		9 663 043	9 181 866
Administrative expenses		<u>(8 759 401)</u>	<u>(10 121 668)</u>
Operating profit / (loss)	3	903 642	(939 802)
Other interest receivable and similar income		19 818	-
Interest payable and similar charges	7	<u>(154 157)</u>	<u>(259 513)</u>
Profit / (loss) on ordinary activities before taxation		769 303	(1 199 315)
Tax on profit on ordinary activities	8	<u>(27 442)</u>	<u>(12 942)</u>
Profit / (loss) for the year		<u>741 861</u>	<u>(1 212 257)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There were no items of other comprehensive income for the period or the preceding period, other than those included in the profit and loss account above and therefore no Other Comprehensive Income has been presented.

The notes on pages 11 to 24 form part of these financial statements.

EFRONT LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>SBP reserves</u>	<u>Total equity</u>
At 1 Jan 2017	6	6 884 430	870 158	101 500	7 856 094
Share based payments	-	-	-	(101 500)	(101 500)
Profit for the financial year	-	-	741 861	-	741 861
At 31 December 2017	6	6 884 430	1 612 019	-	8 496 455
(Restated)					
	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>SBP reserves</u>	<u>Total equity</u>
At 1 Jan 2016	6	6 884 430	2 082 415	-	8 966 851
Loss for the financial year	-	-	(1 212 257)	-	(1 212 257)
Share based payments*	-	-	-	101 500	101 500
At 31 December 2016	6	6 884 430	870 158	101 500	7 856 094

* Please see note 1.14 Prior Year adjustment

EFRONT LTD
BALANCE SHEET
AS AT 31 DECEMBER 2017

		31 December 2017	31 December 2016 (restated)
	Notes	£	£
Non-current assets			
Tangible assets	9	112 833	155 166
Other financial assets		566 877	0
Investments	10	6 885 059	6 885 059
		<u>7 564 769</u>	<u>7 040 225</u>
Current assets			
Debtors	11	19 589 089	15 769 352
Deferred Tax Asset		153 559	0
Cash at bank and in hand		925 073	988 731
		<u>20 667 721</u>	<u>16 758 083</u>
TOTAL ASSETS		<u>28 232 490</u>	<u>23 798 308</u>
Current liabilities			
Creditors: amounts falling due within one year	12	11 950 569	8 359 140
Deferred Tax Liability		0	3 134
		<u>11 950 569</u>	<u>8 362 274</u>
Non-current liabilities			
Creditors: amounts falling due after one year	12	7 785 467	7 579 940
		<u>7 785 467</u>	<u>7 579 940</u>
NET ASSETS		<u>8 496 455</u>	<u>7 856 094</u>
Capital reserves			
Called up share capital	15	6	6
Share Premium		6 884 430	6 884 430
SBP Reserves		0	101 500
Profit and loss account		1 612 019	870 158
Shareholders' funds		<u>8 496 455</u>	<u>7 856 094</u>

The notes on pages 11 to 24 form part of these financial statements

Approved by the Board and authorised for the issue on 04th September 2018.



Matthew Bagley

Director

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting Policies

1.1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of eFront Ltd (the 'Company') for the year ended 31 December 2017 were authorised for issue by the board of directors on 04th September 2018 and the balance sheet was signed on the board's behalf by Matthew Bagley. eFront Ltd is incorporated and domiciled in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The company's financial statements are presented in pounds sterling.

1.2 Basis of preparation

The financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- presentation of financial statements, accounting policies, changes in accounting estimates and errors, financial instruments, fair value measurements, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, share based payments, impairment of assets, related party transactions and standards not yet effective.

The company is exempt from preparing group financial statements under Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking. Accordingly, these financial statements present information about the company and not its Group. eFront Holding SAS (France) the parent company publishes consolidated financial statements which includes the cash flows of the company. The company has therefore taken advantage of the exemption granted by Financial Reporting Standard 101 – 'Reduced Disclosure Framework', to not present a cash flow statement.

Where relevant, equivalent disclosures have been given in the group consolidated accounts of eFront Holding SAS (France). The group consolidated financial statements are available to the public and can be obtained as set out in note 19.

The principal accounting policies adopted are set out under the notes below.

1.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Services revenue recognition

Revenue from fixed-price contracts is recognised based on the labour costs incurred to date as a percentage of the total estimated labour costs to fulfil the contract.

Management exercises judgment in determining the percentage of completion and the total cost of implementation. Estimates are continually revised based on changes in the facts relating to each contract. In recognising revenue on contracts where losses are expected the quantum of the loss has to be estimated based on the latest facts available and judgment applied to factors that are still variable.

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting Policies (continued)

1.3 Judgements and key sources of estimation uncertainty (continued)

Operating lease commitments

The company has entered into operating leases. The classification of such leases as operating or finance lease requires management to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

1.4 Revenue recognition

Revenue represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue is recognised according to revenue types:

- Perpetual license is recognised according to project completion or recognised in line with the requirements for selling goods;
- Annual license is recognised on a subscription basis over the period that the client is entitled to use the license;
- Maintenance is recognised on a straight-line basis over the period such services are provided;
- SaaS (Software as a Service) is recognised on a straight-line basis over the period such services are provided;
- Hosting is recognised on a straight-line basis over the terms of the contracts or over the period such items are delivered; and
- Professional services: Revenue from time-and-material contracts is recognised as labour hours are delivered and direct expenses are incurred. Revenue from fixed-price contracts is recognised based on the labour costs incurred to date as a percentage of the total estimated labour costs to fulfil the contract.

Management exercises judgment in determining the percentage of completion and the total cost of implementation. Estimates are continually revised based on changes in the facts relating to each contract. In recognising revenue on contracts where losses are expected the quantum of the loss has to be estimated based on the latest facts available and judgment applied to factors that are still variable.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset is expected useful life, as follows:

Leasehold improvements	Over the term of the lease
Plant and machinery	10% straight line
Fixtures, fittings & equipment	20% straight line
Office equipment	25% straight line

1.6 Operating leases

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.7 Investments

Fixed asset investments are stated at a cost less provision for any diminution in value.

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting Policies (continued)

1.8 Pensions

The company makes defined contributions into its employees' private pension schemes. Contributions payable are charged to the profit and loss account in the year they are payable.

1.9 Deferred taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

A deferred tax liability is generally recognised in respect of existing taxable temporary differences, except for exemptions set by IAS 12.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

1.10 Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions and balances Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1.11 Group financial statements

The company is exempt from preparing Group financial statements under Section 400 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking and the group's financial statements are publicly available (see note 19). Accordingly, these financial statements present information about the company and not its Group.

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting Policies (continued)

1.12 Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

1.13 Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market vesting condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market vesting condition or non-vesting condition is satisfied, provided that all other non-market vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity. Where the terms of an equity-settled award are modified, or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period.

In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting Policies (continued)

1.13 Share-based payments (continued)

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Intragroup recharge levied by the parent company in respect of the shared based payments is charged to share based payment reserve.

1.14 Prior year adjustment

In May 2016, Efront Holding SAS, the company's parent implemented an equity settled share-based management incentive plan for employees of the group, including employees of the company. However, the company did not recognise any expense in respect of the management incentive plan in the financial statements for December 2016. As a consequence, administrative expenses were understated.

This error was discovered in the current year and has been corrected by restating each of the affected financial statement line items for the prior period, as follows:

- Impact on balance sheet (Increase /(Decrease) in equity) :

	2016
	£
Capital reserves	
SBP Reserves	101 500
Profit and loss account	(101 500)

- Impact on income statement (Increase/(Decrease) in profit:

	2016
	£
Administrative expenses	(101 500)
Operating profit / (loss)	(101 500)
Profit / (loss) on ordinary activities before taxation	(101 500)
Profit / (loss) for the year	(101 500)

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

2 Turnover

	Turnover	
Geographical market	2017	2016
	£	£
UK	3 121 403	3 755 683
Europe	7 040 561	6 727 640
Rest of the World	719 812	226 073
	<u>10 881 776</u>	<u>10 709 396</u>

3 Operating profit

	2017	2016
	£	£
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	53 349	60 987
Loss on foreign exchange transactions	379 857	22 904
Operating lease rentals	442 194	345 395
Auditors' remuneration	35 000	30 000
R&D expense	982 359	841 132

4 Directors' emoluments

	2017	2016
	£	£
Emoluments for qualifying services	423 647	371 647
Company pension contributions to money purchase schemes	8 600	7 400
	<u>432 247</u>	<u>379 047</u>
Number of directors who received shares in respect of qualifying services	1	1
In respect of the highest paid director:		
Emoluments for qualifying services	423 647	371 647
Company pension contributions to money purchase schemes	8 600	7 400
	<u>432 247</u>	<u>379 047</u>

The highest paid director received shares under the group's Management Incentive Plan.

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

5 Employees

The average monthly number of employees (including director) during the year was:

	2017	2016
	Number	Number
Office and Management	<u>53</u>	<u>54</u>

Employment costs

	2017	2016
	£	(restated)
		£
Wages and salaries	4 709 589	5 010 910
Social security costs	482 426	665 084
Other pension costs	157 573	144 456
	<u>5 349 588</u>	<u>5 820 450</u>

6 Interest receivable and similar income

	2017	2016
	£	£
Interest receivable from group undertakings	19 818	-
	<u>19 818</u>	<u>-</u>

7 Interest payable

	2017	2016
	£	£
On amounts payable to group undertakings	154 157	259 513
	<u>154 157</u>	<u>259 513</u>

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

8 Taxation

	2017	2016 (restated)
	£	£
<i>(a) Tax charged in the income statement</i>		
Current income tax:		
UK corporation tax	81 952	-
Withholding tax	151 561	-
Tax (over)/under provided in previous years	<u>(49 378)</u>	<u>20 917</u>
	<u>184 135</u>	<u>20 917</u>
Deferred tax:		
Origination and reversal of temporary differences	(156 693)	(7 975)
Total deferred tax	<u>(156 693)</u>	<u>(7 975)</u>
Tax expense in the income statement	<u><u>27 442</u></u>	<u><u>12 942</u></u>

(b) Reconciliation of the total tax charge:

The tax expense in the income statement for the year 2017 is lower than the standard rate of corporation tax in the UK of 19.25%. The differences are reconciled below:

	2017	2016 (restated)
	£	£
Accounting profit / loss before income tax	<u>769 303</u>	<u>(1 199 315)</u>
Tax calculated at UK standard		
Rate of UK corporation tax of 19.25% (20% for 2016)	<u>148 091</u>	<u>(239 863)</u>
Expenses not tax deductible for tax purposes	9 751	6 633
Prior year adjustment	(205 070)	20 917
Tax rate changes	132	(7 975)
R&D tax relief	(61 000)	-
Foreign income	(16 023)	-
Withholding tax	151 561	-
Deferred tax not recognised	-	233 230
Total tax expense	<u><u>27 442</u></u>	<u><u>12 942</u></u>

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

8 Taxation (continued)

(c) Change in Corporation Tax rate

The UK corporation tax rate was reduced from 21% to 20% effective 1 April 2015. Further reductions to the corporation tax rate to 19% apply from 1 April 2017 and 17% from 1 April 2020.

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2017	2016 (restated)
	£	£
<i>Deferred tax liability</i>		
Accelerated capital allowances	(15 045)	(3 134)
	<u>(15 045)</u>	<u>(3 134)</u>
<i>Deferred tax asset</i>		
Tax loss	142 667	
Other short-term timing differences	25 937	
<i>Deferred tax asset</i>	<u>168 604</u>	<u>-</u>

Other short-term timing differences relate to MIP, an equity-settled share-based payment scheme. The costs are tax allowed when share options are exercised.

Disclosed on the balance sheet

Deferred tax asset/ liability	153 559	(3 134)
	<u>153 559</u>	<u>(3 134)</u>

<i>Deferred tax in the income statement</i>	2017	2016
Accelerated capital allowances	11 911	(7 975)
Recognized capital loss	(142 667)	-
Other short-term timing differences (MIP)	25 937	-
Deferred tax (credit)/expense	<u>(104 819)</u>	<u>(7 975)</u>

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

9 Tangible fixed assets

Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Office equipment	Total
	£	£	£	£
Cost				
At 1 January 2017	111 226	21 049	125 223	257 498
Disposals	0	0	0	0
Additions	0	0	11 016	11 016
At 31 December 2017	<u>111 226</u>	<u>21 049</u>	<u>136 239</u>	<u>268 514</u>
Depreciation				
At 1 January 2017	10 498	13 644	78 190	102 332
Disposals	0	0	0	0
Charge for the year	22 245	2 453	28 651	53 349
At 31 December 2017	<u>32 743</u>	<u>16 097</u>	<u>106 841</u>	<u>155 681</u>
Net book value				
At 31 December 2017	<u>78 483</u>	<u>4 952</u>	<u>29 398</u>	<u>112 833</u>
At 31 December 2016	<u>100 728</u>	<u>7 405</u>	<u>47 033</u>	<u>155 166</u>

10 Fixed asset investment

	2017 Unlisted £	2016 Unlisted £
Cost:		
At 1 January	6 885 059	6 885 059
Additions	-	-
Disposals	-	-
At 31 December	<u>6 885 059</u>	<u>6 885 059</u>
Amounts provided:		
At 31 December	-	-
Net book value	<u>6 885 059</u>	<u>6 885 059</u>

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

10 Fixed asset investment (continued)

Company	Country of registration or incorporation	Address	Class	Shares held	%
Subsidiary undertakings					
eFront (Jersey) Limited	Jersey	Olton House, 11/13 New Street, St Helier JE 3RA, Jersey	Ordinary	100	100
eFront Hong Kong Limited	Hong Kong	8/F Two exchange square 8 , Connaught place, Central / Hong Kong	Ordinary	10	100
eFront Beijing Limited	China	Room 040, 16th floor, building 8, No 91 Jinguo Road, Chaoyang district, Beijing, China	Ordinary	1	100
eFront FZ LLC	Dubai	Suite 2410, Al Shatha Tower, DUBAI, United Arab Emirates	Ordinary	50	100
eFront Singapore Pte Limited	Singapore	Ocean Financial Center, Level 40, 10 Collyer Quay, 049315 Singapore	Ordinary	1	100
eFront KK	Japan	Marunouchi Yusen Building, Level 1 Yusen Building, 2-3-2 Marunouchi 2 Chome-3 Marunouchi Chiyoda, Tokyo, 100-0005, Japan	Ordinary	400	100

11 Debtors

	2017	2016
	£	£
Trade debtors	1 044 477	1 119 081
Amounts owed by group undertakings	13 619 385	13 930 290
Other debtors	226 559	312 279
Prepayment and accrued income	4 698 668	380 192
Corporation tax	-	27 510
	<u>19 589 089</u>	<u>15 769 352</u>

12 Creditors: amounts falling due within one year

Trade creditors are non-interest bearing and are normally settled on 30 days terms. Amounts owed to group undertakings are settled upon demand and are interest bearing at a spread above Euribor, Libor and US AFR dependent upon the jurisdiction of the applicable group undertaking. Other creditors are non-interest bearing and have an average term of six months.

	2017	2016
	£	£
Trade creditors	307 030	480 575
Amounts owed to group undertakings	7 265 520	4 265 529
Corporation tax	31 945	-
Other taxes and social security costs	400 061	282 570
Other creditors	0	4 599
Accruals and deferred income	3 946 013	3 325 867
	<u>11 950 569</u>	<u>8 359 140</u>

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

Creditors: amounts falling due after one year

	2017	2016
	£	£
Amounts owed to group undertakings	7 785 467	7 579 940
	<u>7 785 467</u>	<u>7 579 940</u>

A credit facility agreement was signed between the company and the Group in order to receive line of credit for the purpose of financing a portion of its operations. The outstanding balance including all the accrued interest shall be repaid to the lender according to the terms of the contract schedule (from 2 to 4 years). The interest rates charged are in accordance with safe harbour rules plus a margin of 0.25%.

13 Deferred Tax Asset / (Liability)

	2017	2016
	£	£
Balance at 1 January 2017	(3 134)	(11 109)
Credit for the year	156 693	7 975
Balance at 31 December 2017	<u>153 559</u>	<u>(3 134)</u>

14 Pension

Defined contribution

The company makes defined contributions into its employees' private pension schemes. The pension cost charge represents contributions payable by the company. Total pension contributions paid during the year were £157,573 (2016: £144,456).

15 Called up share capital and share premium

	2017	2016
	£	£
Authorised, Allotted, called up and fully paid:		
Ordinary shares of 1p each	<u>6</u>	<u>6</u>
	2017	2016
	No.	No.
Authorised, Allotted, called up and fully paid:		
Ordinary shares of 1p each	<u>555</u>	<u>555</u>

EFRONT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

15 Called up share capital and share premium (continued)

	<u>Share Premium</u>
At 1 Jan 2016	6 884 430
Premium arising on issue of equity shares	-
Expenses of issue of equity shares	-
At 31 December 2016	<u>6 884 430</u>
	<u>Share Premium</u>
At 1 Jan 2017	6 884 430
Premium arising on issue of equity shares	-
Expenses of issue of equity shares	-
At 31 December 2017	<u>6 884 430</u>

16 Operating lease commitments

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<u>2017</u>	<u>2016</u>
	<u>£</u>	<u>£</u>
Not later than one year	410 711	479 631
Later than one year and not later than five years	<u>1 020 728</u>	<u>1 698 693</u>

The company has entered into commercial property leases as lessee for a period from 15th of June 2016 to 14th of July 2021.

17 Related party transactions

During the year, a loan of £414,375 (2016 – Nil) was granted to Matthew Bagley, a director of the company. An amount of £92,500 were repaid during the year in respect of this loan. Interest on the principal balance is applied at a rate of 3% per annum or such other rate as is specified by HMRC as the “official rate”.

At 31st December 2017 the outstanding balance was £321,875 (2016 – Nil).

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

18 Shared based payments

The company's parent, Efront Holding SAS operates a group wide share based management incentive plan for employees of the group, including employees of the company.

At 31 December 2017, the main features of the plan are as follows:

- the plan is equity-settled within the meaning of IFRS 2, particularly since the liquidity clauses are incumbent on the Group's majority shareholder, Bridgepoint;
- the beneficiaries' shares vest over a period of four years subject to the beneficiaries' continuing service with the group.
- the fair value of the plan related to the company's employees is estimated at £203,000. In accordance with IFRS 2, the fair value will be recognised in income over the vesting period. The share-based payment expense recognised in accordance with IFRS 2 was estimated at £50,750 for 2017.

19 Controlling parties

The immediate parent undertaking at 31 December 2017 is eFront Holding SAS (France).

The consolidated financial statements of eFront Holding SAS (France) comprise the largest group of which the company is a member that prepares consolidated financial statements. The consolidated financial statements for eFront Holding SAS (France) can be obtained from 2-4 Rue Louis David, 75116, Paris, France.

eFront Ltd's ultimate parent is Bridgepoint Europe IV Investments S.a.r.l (incorporated in Luxembourg), which owns via European PE Administrators S.a.r.l. the majority of the Group. The group's ultimate controlling party is the Bridgepoint Europe IV Fund, which is managed by Bridgepoint Advisors Limited.