EASYLINK SERVICES INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Company Number 04031754

Content

Corporate information

Company number	04031754
Directors	Gordon Davies Christian Waida John Doolittle, appointed 1 March 2017 Oliver Gallienne, appointed 1 March 2017
Registered office	420 Thames Valley Park Drive Thames Valley Park Reading Berkshire RG6 1PT
Independent auditor	KPMG LLP Arlington Business Park Theale Berkshire RG7 4SD

Strategic report

Strategic report for the year ended 30 June 2017
The directors present their strategic report and audited financial statements for the year ended 30 June 2017.

Business review
Easylink Services International Limited, "the Company", is part of a group of companies which regard Open Text Corporation (OTC) as the ultimate parent company. The financial statements of the Company are included in the consolidated financial statements of OTC. OTC was founded in 1991. Its initial public offering was on NASDAQ in 1996 and subsequently it was listed on the Toronto Stock Exchange (TSX) in 1998. Both of these are North American stock exchanges.

The Company is a global provider of cloud messaging and business integration services that help companies optimize relationships with their partners, suppliers, customers, and other stakeholders. The Company's 100% outsourced one-stop shopping solution spans both on-demand business messaging, with cloud fax, EDI/B2B services and supply chain solutions, creating attractive economies of scale with unparalleled quality and a single point of accountability. From Desktop Fax and Production Messaging to EDI, Managed File Transfer, Document Capture and Management, Secure Messaging and Notifications, the company's services help companies to drive costs out of their operation.

On 1 August 2016 the Company sold its Irish branch Easylink Services International Ltd to a group company, Open Text Ireland Ltd, for a cash consideration of €141k.

Results
During the year ended 30 June 2017 the Company made a profit before tax of £1,075k (2016: £2,086k) on an annual revenue of £5,788k (2016: £5,661k).

Key Performance Indicators
The Company evaluates the business using both financial and non-financial performance indicators. These performance indicators include sales, operations, and human resources.

The Company's key performance indicators during the year were as follows:

	2017	2016	Delta	Delta
	£000	£000	£000	%
Turnover	5,788	5,661	127	2.2%
Gross profit	4,322	3,984	338	8.5%
Operating profit	831	2,056	(1,224)	(58.6%)
Profit before taxation	1,075	2,086	(1,011)	(48.5%)

Turnover increased 2.2% in 2017 which can be contributed to a higher usage by customers.

Gross profit increased by £338k mainly due to the increase in revenues of £127k.

Strategic report *(continued)*

Important performance indicators *(continued)*

The Company achieved its objective to maintain its profitability and will continue to review cost levels and implementing operational efficiencies.

The Company maintains a strong financial position with net assets of £9,345k (2016: £8,493k) and a cash balance of £3,074k (2016: £3,599k).

The experience and knowledge of its employees are an essential part of a successful business. Therefore, the Company continuously invests in the education and professional development of its employees. A measurable criterion for employee satisfaction is the number of voluntary resignation during the year. The company expects a value in the range of 5% to 8%. In the past financial year, the figure stood at 0.6%.

Going concern

After making appropriate enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors have adopted the going concern basis in preparing the Company's financial statements.

Risks

The main risk facing the Company is that the market for its products is highly competitive, subject to rapid technological change, shifting customer needs, and economic pressure. Additionally, new competitors or alliances among existing competitors may emerge and could rapidly acquire additional market shares. It is also expected that competition will increase as a result of on-going software industry consolidation.

The directors monitor and manage the performance of the Company by the review of monthly and quarterly reports.

Signed on behalf of the board of the Company on 3 May 2018.

John Doolittle, Director

Directors' report

Directors' report for the year ended 30 June 2017
The directors present their report and audited financial statements for the year ended 30 June 2017.

Directors of the Company
The directors who served the Company during the year were as follows:

Gordon Davies
Christian Waida
John Doolittle, appointed 1 March 2017
Oliver Gallienne, appointed 1 March 2017

Dividends
The directors have not recommended a dividend (2016: £nil).

Political and charitable contributions
The Company made no political or charitable contributions (2016: £nil).

Principal risks and uncertainties
The Company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Independent Auditor
Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will therefore continue in office.

Disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

That in the case of each of the persons who were directors of the Company at the date of approval of this directors' report that they confirm, that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that s/he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Signed on behalf of the board of the Company on 3 May 2018.

John Doolittle, Director

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the member of Easylink Services International Limited

We have audited the financial statements of Easylink Services International Limited for the year ended 30 June 2017 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

24 May 2018

Simon Baxter (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Berkshire
RG7 4SD

EasyLink Services International Limited
Profit and Loss Account and Other Comprehensive Income
For the year ended 30 June 2017

	Note	2017 £	2016 £
Turnover	2	5,787,639	5,660,793
Cost of sales		(1,465,857)	(1,677,115)
Gross profit		**4,321,782**	3,983,678
Administrative expenses		(4,342,073)	(4,141,944)
Other operating income	3	851,512	2,213,940
Operating profit	4	**831,221**	2,055,674
Interest receivable and similar income	7	243,860	65,655
Interest payable and similar expenses	8	(234)	(35,061)
Profit before taxation		**1,074,847**	2,086,268
Taxation on profit	9	(225,701)	(420,820)
Profit for the year		**849,146**	1,665,448
Other comprehensive income		-	-
Total comprehensive income		**849,146**	1,665,448

All of the activities of the Company are classed as continuing.

The notes on pages 13 to 24 form part of these financial statements.

EasyLink Services International Limited
Balance sheet
As at 30 June 2017

	Note	2017 £	2017 £	2016 £	2016 £
ASSETS					
Fixed assets					
Tangible assets	10		**112,205**		142,616
Current assets					
Debtors	11	**8,090,169**		6,566,699	
Cash at bank and in hand		**3,073,600**		3,598,758	
		11,163,769		10,165,457	
Creditors: amounts falling due within one year	13	**(1,924,487)**		(1,813,255)	
Net current assets			**9,239,282**		8,352,202
Creditors: amounts falling due after more than one year	14		**(6,227)**		(1,961)
Total assets less current liabilities			**9,345,260**		8,492,857
Capital and reserves					
Called up share capital	17		**549,392**		549,392
Other reserves			**151**		-
Profit and loss account			**8,795,717**		7,943,465
Total shareholders' funds			**9,345,260**		8,492,857

The notes on pages 13 to 24 form part of these financial statements.

These financial statements were signed on behalf of the board of directors of the Company on 3 May 2018.

J Doolittle

John Doolittle
Director
Registered Number: 04031754

EasyLink Services International Limited
Statement of changes in equity
For the year ended 30 June 2017

	Called up share capital £	Other reserve £	Profit and loss account £	Total £
At 1 July 2015	549,392	-	6,266,888	6,816,280
Profit for the year	-	-	1,665,448	1,665,448
Currency translation	-	-	11,129	11,129
At 30 June 2016	549,392	-	7,943,465	8,492,857
Profit for the year	-	-	849,146	849,146
Share-based payments	-	151	-	151
Currency translation	-	-	3,106	3,106
At 30 June 2017	549,392	151	8,795,717	9,345,260

The notes on pages 13 to 24 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Easylink Services International Limited is a company limited by shares and incorporated and domiciled in England and Wales, registration number 04031754. The registered office is 420 Thames Valley Park Drive, Thames Valley Park, Reading, Berkshire, RG6 1PT.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

In accordance with Section 1.8 of FRS 102, the Company is a "qualifying entity" entitled to avail of certain disclosure exemptions (as set out in Section 1.12 of FRS 102) as it is member of a group whose parent ("Open Text Corporation") prepares publicly available consolidated financial statements in which the Company is included. These financial statements are publically available from 275 Frank Tompa Drive, Waterloo, Ontario, N2L OA1, Canada or at www.opentext.com. The exemptions the Company has availed of are set out below:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Open Text Corporation include the equivalent disclosures, the Company has also taken the exemption under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments Issues* in respect of financial instruments not falling within the fair value accounting rules of Schedule 3, paragraph 39 of the *Companies Act 2014*.

The Company has availed of the exemption available under "Section 33 Related Party Disclosures" of Financial Reporting Standard 102 from disclosing transactions entered into between members of the group, where the Company as a party to the transaction is a wholly owned member.

The presentation currency of these financial statements is Sterling.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern

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 consolidated financial statements.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition, they are measured at transaction price less any impairment losses. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits.

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and accumulated impairment losses. Cost represents purchase price together with any incidental costs of acquisition.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Leasehold improvements	shorter of 5 years or the life of the lease
Plant and equipment	3 years
Fixtures and fittings	5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment *(continued)*

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits
Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Termination benefits
Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Employee Stock Purchase Plan
Eligible employees are allowed to purchase Open Text shares through payroll deductions at a discounted rate.

Notes *(continued)*

1 Accounting policies *(continued)*

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount to settle the obligation at the reporting date.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

The Company derives its revenue from the provision of facsimile broadcasting services and messages services. Revenue is recognised when the broadcast or message service has been delivered. Income from the provision of teleconferencing and web related communication solutions services is recognised at the point of delivery of the service, provided all obligations relating to the provision of services are complete.

Other operating income

Other operating income relates to intercompany transactions for R&D, management fees, and rental income. The revenues from these services are recognised in the period in which the services are performed. Operating income also include exchange gains and losses arising from trading transactions. Foreign currency gains and losses are reported on a net basis.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Foreign exchange gains and losses

Foreign exchange losses arising from trading transactions are recognised in the profit and loss account. Foreign currency gains and losses are reported on a net basis.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable on intercompany trade and loan balances.

Interest receivable and similar income include interest receivable on operating bank accounts, intercompany trade and loan balances.

Interest income and interest payable are recognised in profit or loss as they accrue.

Management charges

The company incurs management charges from group companies in respect of costs incurred on its behalf.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion on income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

2 Turnover

Rendering of services by activity	**2017**	2016
	£	£
Cloud Services Revenues	**5,787,639**	5,660,793

By geographic market	**2017**	2016
	£	£
United Kingdom	**4,027,078**	3,931,497
EMEA	**1,440,418**	1,520,338
Asia Pacific	**135,701**	121,072
Americas	**184,442**	87,886
	5,787,639	5,660,793

3 Other operating income

	2017	2016
	£	£
Rental income	**104,661**	135,006
Group company research and development	**517,354**	535,148
Group company management fees	**112,958**	1,197,678
Foreign currency translation	**116,539**	346,108
	851,512	2,213,940

Notes *(continued)*

4 Operating expenses and auditor's remuneration

	2017	2016
Included in profit are the following:	£	£
Research expensed as incurred	483,508	500,138
Depreciation of owned fixed assets	89,032	136,170
Loss on sale of internal intangible assets	19,320	-

	2017	2016
Auditor's remuneration:	£	£
Audit of these financial statements	30,068	27,889

	2017	2016
Operating lease costs:	£	£
Plant and machinery	327	19
Other	70,110	52,294
	70,437	52,313

5 Staff numbers and costs

The aggregate payroll costs were:	2017	2016
	£	£
Wages and salaries	1,034,620	1,550,203
Social security costs	152,060	225,689
Other pension costs	43,693	48,992
	1,230,373	1,824,884

Particulars of employees
The average monthly number of staff (including executive directors) employed by the Company during the financial year amounted to:

	2017	2016
	Number	Number
Sales	2	2
Operations	10	4
Marketing	-	1
Customer service	1	23
General and administration	1	2
Systems support	-	1
	14	33

Notes *(continued)*

6 Directors' remuneration

The emoluments of the directors have been borne by the parent company Open Text Corporation and another company within the group, Open Text UK Ltd. The directors of the Company are also directors or officers of a number of companies within the Open Text Group. The directors' services to the Company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the Company for the year ended 30 June 2017 (2016: £nil).

7 Interest receivable and similar income

	2017	2016
	£	£
Interest income and similar income	1,134	17,202
Interest receivable on group loans and balances	242,726	48,453
	243,860	65,655

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest expense and similar expenses	234	29
Interest payable on group loans and balances	-	35,032
	234	35,061

Notes *(continued)*

9 Taxation on profit

(a) Analysis of expense in the year	**2017**		2016	
	£	**£**	£	£
Current tax:				
UK Corporation tax		**211,293**		403,563
Under provision in prior year		**2,608**		7,927
Total current tax		**213,901**		411,490
Deferred tax:				
Origination and reversal of timing differences	**11,800**		9,330	
Total deferred tax (note 12)		**11,800**		9,330
Total tax		**225,701**		420,820

(b) Factors affecting current tax expense

The tax assessed on the profit for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.75% (2016: 20%).

The Company's profits for this accounting period are taxed at an effective rate of 19.75%.

	2017	2016
	£	£
Profit before taxation	**1,074,847**	2,086,268
Current tax rate of 19.75% (2016: 20%)	**212,282**	417,254
Effects of:		
Expenses not deductible for tax purposes	**4,448**	(12,830)
Capital allowances for period in excess of depreciation	**6,414**	10,754
Temporary differences	**(51)**	(2,285)
Under provision in prior year	**2,608**	7,927
Total tax	**225,701**	420,820

The Company also has a deferred tax asset of £79,100 (2016: £90,900) in respect of utilised capital allowances which will also reduce future tax payments.

Notes *(continued)*

10 Tangible assets

	Leasehold improvements £	Computer network and equipment £	Total £
Cost			
At 1 July 2016	46,425	707,980	754,405
Additions	-	58,622	58,622
Disposals	(47,959)	(77,193)	(125,152)
Exchange adjustments	1,534	3,989	5,523
At 30 June 2017	-	693,398	693,398
Accumulated depreciation			
At 1 July 2016	33,725	578,064	611,789
Charge for the year	12,700	76,332	89,032
On disposals	(47,959)	(77,192)	(125,151)
Exchange adjustments	1,534	3,989	5,523
At 30 June 2017	-	581,193	581,193
Net book amount			
At 30 June 2017	-	112,205	112,205
At 30 June 2016	12,700	129,916	142,616

11 Debtors

	2017 £	2016 £
Trade debtors	**1,462,926**	1,009,842
Amounts owed by group undertakings	**6,478,953**	5,425,826
Prepayments and accrued income	-	25,759
Sales taxation	-	14,372
Corporation tax	**69,190**	-
Deferred taxation (note 12)	**79,100**	90,900
	8,090,169	6,566,699
Due within one year	**2,690,169**	4,566,699
Due after more than one year	**5,400,000**	2,000,000
	8,090,169	6,566,699

Amounts owed by group undertakings include a loan of £5.4m with a maturity date of 31 May 2021 and annual interest rate of 1 year GBP Libor plus 2.5%. Remaining amounts owed by group undertakings are unsecured and have no fixed date of repayment and are repayable on demand with annual interest charges of 3%.

Notes *(continued)*

12 Deferred taxation

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

	2017	2016
	£	£
Included in debtors (note 11)	**79,100**	90,900

The movement in the deferred taxation account during the year was:	2017	2016
	£	£
At beginning of the period	**90,900**	100,230
Profit and loss account movement arising during the year (note 9a)	**(11,800)**	(9,330)
At end of the period	**79,100**	90,900

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Capital allowances in excess of depreciation	**79,100**	90,900

The deferred tax asset has been recognised as the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

13 Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	**104,612**	120,383
Other creditors	**-**	36,777
Amounts owed to group undertakings	**1,369,750**	1,101,763
Social security and other taxes	**79,174**	30,246
Corporation tax	**-**	134,542
Sales taxation	**-**	10,014
Accruals and deferred income	**370,951**	379,530
	1,924,487	1,813,255

Amounts owed to group undertakings are unsecured and have no fixed date of repayment and are repayable on demand with annual interest charges of 3%.

14 Creditors: amounts falling due after more than one year	2017	2016
	£	£
Trade creditors	**6,227**	1,961

Notes *(continued)*

15 Commitments under operating leases

At 30 June 2017, the Company had no commitments under non-cancellable operating leases.

16 *Pension scheme*

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £43,784 (2016: £48,992). Pension contributions of £3,474 were outstanding at the year end (2016: £3,734).

17 Called up share capital

Share capital:

	2017 Number	2016 Number	**2017 £**	2016 £
Ordinary shares of £0.01 each	**54,939,200**	54,939,200	**549,392**	549,392

Allotted, called up and fully paid:

	2017 Number	2016 Number	**2017 £**	2016 £
Ordinary shares of £0.01 each	**54,939,200**	54,939,200	**549,392**	549,392

18 Accounting estimates and judgements

In the opinion of the directors, there are no significant sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

19 Ultimate parent company and controlling party

The directors regard Open Text UK Limited to be the immediate parent undertaking. The directors also regard Open Text Corporation, a company registered in Canada, as the ultimate controlling parent company, and the largest group for which consolidated financial statements, which include Open Text UK Ltd, are available. The consolidated financial statements can be found at www.opentext.com. Open Text Corporation is located at 275 Frank Tompa Drive, Waterloo, Ontario, N2L 0A1, Canada.