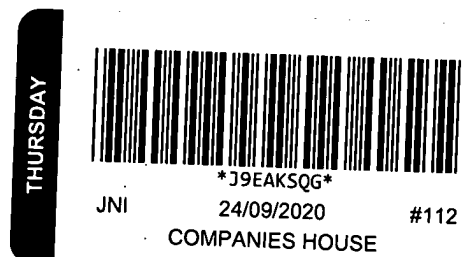


TECHNOLOGY ONE UK LIMITED
COMPANY NUMBER 05234413

technologyone

Transforming business, making life simple

Financial Statements As at 30 September 2019
Together with Directors' and Auditors' Reports



TECHNOLOGY ONE UK LIMITED

30 SEPTEMBER 2019

Directors

Mr Edward Chung
Mr Paul Jobbins

Registered Office

Fourth Floor
Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Bankers

HSBC
Thames Valley Corporate Banking Centre
Apex Plaza
Reading
RG1 1AX

Solicitors

Boyes Turner
Fourth Floor
Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

Office

Technology One UK Limited
Chatsworth House
29 Broadway
Maidenhead
Berkshire
SL6 1LY

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DIRECTORS' REPORT

The board of directors of Technology One UK Limited has pleasure in submitting their report and audited financial statements in respect of the twelve-month period ended 30 September 2019.

Results and dividends

The profit before tax for the year amounted to £80,000 (2018: loss of £621,000 restated). The directors do not recommend the payment of any dividends (2018: Nil). At 30 September 2019, the Company had net current liabilities of £2,888,000 (2018: £3,318,000 restated) and net liabilities of £2,344,000 (2018: £2,424,000 restated).

Principal activity

The principal activity of Technology One UK Limited is the marketing, sales, implementation and support of fully integrated enterprise business software solutions.

Dividends

The directors have not declared any dividends during the year ended 30 September 2019 (2018: nil). The directors do not recommend a final dividend (2018: nil).

Directors

The director who served the Company during the year, and up to the date of this report, was Mr Edward Chung. Mr Gareth Pye resigned as director on 1 October 2019 and Paul Jobbins was appointed as director on 1 October 2019.

The directors who were members of the board at the time of approving the director's report are listed above. The directors confirm that:

- to the best of their 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 the 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.

Events after the reporting date

Having considered the possible impact of the COVID-19 pandemic, the Board has taken into account the nature of the Company's activities which consist of marketing, sales, implementation and support of fully integrated enterprise business software solutions. The Directors have determined that based on recent trading the pandemic is not expected to have a significant impact on the Company's business.

The Directors will monitor the situation constantly and take any necessary actions to minimise any possible impacts of COVID-19. The Technology One Group is in a strong financial position to navigate the economic impact of the current situation and will continue to provide financial support over the liabilities of the Company. As a consequence, the Company does not envisage that a material change in its ability to operate as a going concern within at least 12 months from the date of approval of the financial statements.

Corporate governance

The Company benefits from the corporate governance arrangements established by Technology One Limited, an entity listed on the ASX, full details of which can be found in Technology One Limited's own Annual Report, together with more detailed corporate governance disclosures.

The board has overall responsibility for the Company's system of internal control and for reviewing the effectiveness of these systems. It is responsible for ensuring the Company meets its obligations to its shareholders and meets from time to time to facilitate this.

Future developments

The directors intend to continue to grow the business of the Company in line with Technology One Limited's stated ambition for the UK business.

DIRECTORS' REPORT (CONTINUED)

Going concern

The directors have prepared the financial statements on the going concern basis as they believe that the Company can continue to meet its liabilities as and when they fall due. The company has the continuing financial support of its parent company, Technology One Ltd, for a period no shorter than twelve months from the date of approval of these financial statements.

The rapidly evolving situation regarding the coronavirus pandemic has created uncertainty. In particular, the uncertainty regarding the continued adverse effect on economic and market conditions indicates that uncertainty exists, however the management do not believe there to be a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

The company operates within a software service industry under the Technology One group. The directors believe the support will continue to be forthcoming from the parent company for a period at least 12 months from the date of approval of the financial statements, confirmed by a parent support letter, and so the financial statements have been prepared on a going concern basis.


Auditors


A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting. The directors have taken advantage of the small companies' exemption provided by Section 414B of the Companies Act 2006 not to provide a Strategic Report.

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

The directors have taken advantage of the small companies' exemption provided by section 414B of the Companies Act 2006 not to prepare a Strategic Report.

The financial statements were approved by the Board of Directors' on 18 September 2020 and were signed on its behalf by:


Edward Chung (Sep 18, 2020 14:20 GMT+10)
Edward Chung


Paul Jobbins (Sep 18, 2020 11:21 GMT+10)
Paul Jobbins

Brisbane, Australia
Dated: 18 September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice; 'UK GAAP'), including Financial Reporting Standard 101: 'Reduced Disclosure Framework' ('FRS 101').

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 United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper 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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF TECHNOLOGY ONE UK LIMITED

Opinion

We have audited the financial statements of Technology One UK Limited for the year ended 30 September 2019 which comprise of the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Change in Equity and related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including 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 30 September 2019 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.

Emphasis of matter – Effects of Covid-19

We draw attention to Note 2 and Note 20 of the financial statements, which describes the economic and social consequences the Company is facing as a result of COVID-19 which is impacting consumer demand, financial markets and personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF TECHNOLOGY ONE UK LIMITED (CONTINUED)

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Neil Warnock (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 18 September 2020

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £'000	Restated 2018 £'000
Revenue from contracts with customers	3	9,480	8,223
Cost of sales		(628)	(766)
Gross Profit		8,852	7,457
Administration Expense		(8,499)	(7,412)
Other expenses		(273)	(666)
Profit/(loss) before income tax	4	80	(621)
Income tax expense	6	-	-
Profit/(loss) for the year		80	(621)

All amounts relate to continuing operations.

The accompanying notes form an integral part of the financial statements

STATEMENT OF COMPREHENSIVE INCOME

There is no other comprehensive income or loss during the year ended 30 September 2019 and 30 September 2018 other than the profit attributable to the members of the company of £80,000 (2018: loss of £621,000).


STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Note	2019 £'000	Restated 2018 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	235	318
Trade and other receivables	7	78	418
Contract acquisition costs	10	231	158
Total non-current assets		544	894
Current assets			
Cash and cash equivalents		2,529	575
Trade and other receivables	7	2,109	5,191
Contract assets	8	163	264
Contract acquisition costs	10	98	61
Total current assets		4,899	6,091
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,435	1,117
Prepaid subscription revenue	12	3,382	3,989
Due to holding company	13	2,970	4,303
Total current liabilities		7,787	9,409
Net current liabilities		(2,888)	(3,318)
Net liabilities		(2,344)	(2,424)
EQUITY			
Contributed equity		-	-
Retained Earnings	15	(2,344)	(2,424)
Total equity		(2,344)	(2,424)

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 18 September 2020 by;


Edward Chung (Sep 18 2020 14:20 GMT+10)
Edward Chung

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Contributed equity	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 October 2017 as previously reported	-	337	337
Effect of adoption new accounting standard (Note 1)	-	(2,140)	(2,140)
At 1 October 2017 (restated)	-	(1,803)	(1,803)
Loss for the period (restated)	-	(621)	(621)
Other comprehensive income	-	-	-
Total comprehensive loss for the year (restated)	-	(621)	(621)
At 30 September 2018 (restated)	-	(2,424)	(2,424)
At 1 October 2018 (restated)	-	(2,424)	(2,424)
Profit for the period	-	80	80
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	80	80
At 30 September 2019	-	(2,344)	(2,344)

Contributed equity

Contributed equity is the total par value of called up and fully paid shares.

Retained earnings

Includes all current period profits and losses.

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. New and amended standards

(a) Issued and effective

IFRS 15 – Revenue from Contracts with Customers

The Company adopted IFRS 15 – *Revenue from Contracts with Customers* from 1 October 2018. The adoption of this accounting standard resulted in the restatement of comparative balances.

IFRS 15 supersedes IAS 11 *Construction Contracts* (which is not relevant to the Company) and IAS 18 *Revenue* and related interpretations. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company has adopted IFRS 15 using the full retrospective method of adoption. In applying this method of adoption, the Company has applied the practical expedients in paragraph C5 of IFRS 15, under which the Company does not disclose the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue for all reporting periods presented before the date of initial application. The transaction price allocated to performance obligations that are partially satisfied will be recognised over the remaining term of the individual contracts as the Company continues to satisfy the performance obligations.

The adoption of IFRS 15 has resulted in the following key revenue categories for the Company:

1. SaaS Fees
2. On Premises Initial Licence Fees
3. On Premises Annual Licence fees
4. Consulting Services

The accounting policies for each of these categories has been set out below in section 2(b). The impact of the restatement on the Income Statement as reported for the year ended 30 September 2018 is as follows:

	30 September 2018		30 September 2018
Statement of comprehensive income	IAS 18 reported	Remeasurements	IFRS 15 restated
increase/(decrease)	£'000	£'000	£'000
Revenue from contracts with customers	8,872	(649)	8,223
Profit before tax	-	(621)	(621)
Income tax expense	63	(63)	-
Profit after tax	63	(684)	(621)

The impact of the restatement on the Statement of Financial Position as at 30 September 2018 is as follows:

	30 September 2018		30 September 2018
Statement of financial position	IAS 18 reported	Remeasurements	IFRS 15 restated
increase/(decrease)	£'000	£'000	£'000
Assets			
Deferred tax	(57)	57	-
Contract assets	(434)	698	264
Contract acquisition assets	-	219	219
Liabilities			
Prepaid subscription revenue	(191)	(3,798)	(3,989)
Equity			
Equity	400	(2,824)	(2,424)

Opening transition adjustment as of 1 October 2017 is £2.14 m which is disclosed in the Statement of Changes in Equity.

1. New and amended standards

IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 9 supersedes IAS 39 *Financial Instruments: Recognition and Measurement*. The adoption of the accounting standard from 1 October 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies have been set out in section 2(d) below. In accordance with the transitional provisions in IFRS 9 (7.2.15) comparative figures have not been restated.

The standard provides guidance on recognition, classification, measurement and impairment for all financial instruments as well as guidance for hedge accounting.

Other than disclosure impacts driven by IFRS 7 *Financial Instruments: Disclosures*, the impact from adoption of IFRS 9 on the financial statements of the Company was a provision of £229,161 (2018: £169,466). (Note 7)

Classification and subsequent measurement

Financial assets

There are three categories of classification and measurement under IFRS 9:

1. Fair value through profit and loss (FVPL)
2. Amortised cost
3. Fair value through other comprehensive income (FVOCI)

For a financial instrument to be measured at amortised cost or FVOCI it must pass both the business model test and the SPPI test:

- Business model test
The objective of the entity's business model must be to hold the assets solely to collect cash flows (amortised cost), or to collect cash flows and to sell (FVOCI).
- SPPI test
In addition to satisfying the above test, the contractual payments must give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

If these tests are not satisfied, then the financial asset will be measured at FVPL.

Financial liabilities

IFRS 9 has not substantially changed the accounting for financial liabilities. In general, financial liabilities will be classified and measured at amortised cost unless they meet the criteria to be classified and measured at FVPL.

Impairment of financial assets

IFRS 9 introduces a new model for the recognition and measurement of impairment of financial assets - the expected credit loss model. The impairment model will only be applicable for those assets that are not classified and measured at FVPL. Based on an assessment of the Company's existing financial assets, the new impairment methodology has been applied to trade receivables and IFRS 15 contract assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

There were no changes in the measurement of the Company's financial instruments. The following has been identified as the Company's financial assets and liabilities at the date of initial application:

Financial Instrument	Measurement category	
	Original measurement category – IAS 39	Classification and measurement – IFRS 9
Financial assets		
Cash and cash equivalents	Amortised cost	Amortised cost
Trade and other receivables	Amortised cost	Amortised cost
Financial liabilities		
Trade and other payables	Amortised cost	Amortised cost
Borrowings	Amortised cost	Amortised cost

Comparative balances have not been restated on the adoption of IFRS 9 as the impact was deemed to be immaterial. Refer to section 2(d) for the Company's accounting policy.

1. New and amended standards (continued)

(b) Issued but not yet effective

Certain new accounting standards and interpretations that have been published but are not effective for the 30 September 2019 year end reporting period are outlined below.

IFRS 16 Leases

IFRS 16 Leases was issued in February 2016 and replaces IAS 17 *Leases* and is effective for the Company for the financial year commencing 1 October 2019. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard removes the classification of leases as either operating or finance leases for the lessee and effectively treats all leases as finance leases. Under the standard, a right of use (ROU) asset is recognised, representing the lessee's right to use the underlying leased asset. A corresponding liability is recognised, representing the obligation to make lease payments. The lease liability is measured as the present value of future lease payments discounted at the lessee's incremental borrowing rate, if the rate implicit in the lease cannot be readily determined. The profile of the lease related expense will change from being included in occupancy expenses to comprising depreciation on the ROU asset and interest on the lease liability.

IFRS 16 will also affect the classification of lease expenses in the statement of cash flows. Under prior accounting standards the full value of the lease payment was classified in operating cash flows in the statement of cash flows. Under *IFRS 16*, the lease payment is split between the principal repayment and the interest element. The repayment of the principal is presented as cash flows from financing activities and the payment of interest must be presented within cash flows from operating activities.

The Company intends to adopt the new standard using the modified retrospective approach. This method means that comparative amounts do not need to be restated for the year prior to the year of adoption. While the assessment of the impact of *IFRS 16* is significantly progressed at this point, there are several items that remain under consideration that may have a material impact on the final approach adopted and the calculations (such as discount rates and the assessments in relation to lease extension options) before the quantitative impact of this standard can be disclosed.

IFRIC 23

IFRIC 23 will be effective for the financial year commencing 1 October 2019. The interpretation clarifies how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company is currently assessing the impact of the Interpretation on its Financial Statements but does not anticipate a material impact upon adoption.

2. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies

a) Basis of preparation

The financial statements of Technology One UK Limited ("the Company") were authorised for issue in accordance with a resolution of the Directors' on 18 September 2020. The Statement of Financial Position was signed on the board's behalf by Mr Edward Chung. The Company is a private company, limited by shares -incorporated and domiciled in England and Wales.

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

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The principal accounting policies adopted by the Company are set out further in this note.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share based Payment*, because the share based payment arrangement concerns the instruments of another group entity;
- b) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- c) the requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*;
- d) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - iii. paragraph 118(e) of IAS 38 *Intangible Assets*;
- e) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*;
- f) the requirements of IAS 7 *Statement of Cash Flows*;
- g) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- h) the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*;
- i) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- j) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*.

The directors have prepared the financial statements on a going concern basis. At 30 September 2019, the Company had net liabilities of £2,344,000 (2018: £2,424,000 restated) and a net current liability position of £2,888,000 (2018: £3,318,000 restated). The ultimate parent company has issued a letter of support to the Company stating that it will continue to provide funding, as necessary and for at least the next 12 months from the date of authorisation of these financial statements, in order for the Company to meet all of its operational and capital requirements as they fall due. Please see further details in Note 16. The directors therefore consider that the going concern basis of accounting remains appropriate. As outlined in Note 20, the Directors do not anticipate a material impact on the going concern status of the company stemming from the Covid-19 pandemic.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Revenue recognition

As noted above, the adoption of IFRS 15 has resulted in the following key revenue categories for the Company:

1. SaaS Fees
2. On Premises Initial Licence Fees
3. On Premises Annual Licence fees
4. Consulting Services

The accounting policies for each of these categories has been set out below:

Revenue categories

1. SaaS Fees

Revenue from term SaaS contracts are recognised on a daily basis over the term of the contract. The Company considers that such contracts represent a right to access the Company's licenced intellectual property and as such the performance obligation is fulfilled over the contract term.

Payment terms in respect of SaaS Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables.

Unsatisfied performance obligations in respect of SaaS Fees are disclosed as prepaid subscription revenue in the consolidated statement of financial position. Unearned revenue represents a contract liability which is recognised on the customer being invoiced and unwound as revenue is earned.

2. On premise initial license fees

On Premise Initial Licence Fees are recognised on provision of the software. The Company considers that such contracts represent a right to use the Company's licenced intellectual property and as such the performance obligation is fulfilled at the point in time at which the customer receives the licence key.

Payment terms in respect of On Premise Initial Licence Fees are typically within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables.

As the performance obligation is satisfied at a point in time (i.e. at contract commencement), there are generally no unsatisfied performance obligations in respect of On Premise Licence Fees.

3. On premise annual license fees

On Premise Annual Licence Fees are recognised on a daily basis over the term of the contract. The Company considers that the performance obligation in respect of these services is satisfied over time.

Payment terms in respect of On Premise Annual Licence Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables.

Unsatisfied performance obligations in respect of On Premise Annual Licence fees are disclosed as prepaid subscription revenue in the consolidated statement of financial position. Prepaid subscription revenue represents a contract liability which is recognised on the customer being invoiced and unwound as revenue is earned.

4. Consulting Services

Consulting services includes implementation services for licenced software and project services revenue.

Revenue from these services is recognised as services are rendered, typically in accordance with the achievement of contract milestones and/or hours expended.

Directly related contract costs

Costs incurred in obtaining the customer contract are expensed, unless they are incremental to obtaining the contract and the Company expects to recover those costs. Costs that meet the criteria for capitalisation will be amortised over the life of the contract that they relate to. The Company has identified certain commission costs as meeting the criteria of directly related contract costs. These costs are capitalised in the month in which they are incurred and amortised over an average contract term of 5 years. The movement in the year and the closing balance of this asset is disclosed within note 10 as 'contract acquisition costs'. This balance is presented as 'contract acquisition costs' in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of transaction price to performance obligations

With regards to SaaS licences hosted on the Company's SaaS environment (cloud environment), the consideration is allocated to the performance obligation based on the relative stand-alone selling price which is generally the fee charged to the customer for the single performance obligation. This fee is net of any discounts which are generally applied evenly across the performance obligations.

Consideration in respect of On Premise contracts is allocated to separate performance obligations based on their relative stand-alone selling prices.

Fees charged are net of any discounts which are allocated as appropriate to each performance obligation. Given the relatively short term between billing and cash receipt, the Company has determined that there is not a significant financing component inherent in the transaction price.

Contract balances

The timing of revenue recognition under IFRS 15, customer invoicing and cash collections results in trade receivables, contract asset and prepaid subscription revenue (contract liability) on the Company's Consolidated statement of financial position.

c) Fixed assets

Fixed assets are measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful economic lives of the assets as follows:

	Life	Method
Office furniture and equipment	3-11 years	Straight line
Make good asset	5 years	Straight line

d) Financial assets and liabilities

Financial instruments recognised in the statement of financial position include; cash and cash equivalents, trade receivables, contract assets and trade payables.

(i) Classification

From 1 October 2018 the Company classifies its financial assets and financial liabilities into the following measurement categories;

- those to be measured at amortised cost (using the effective interest method) and;
- those to be measured at fair value with changes through the profit or loss (FVPL).

Classification into these categories is based on an assessment of the Company's business model for managing its financial instruments and the contractual terms of the cash flows.

(ii) Measurement

Amortised cost

Under this method the financial instrument is measured at the amount recognized at initial recognition minus principal repayments. Further adjustments to the carrying value of the financial instrument will arise if there is a modification to the contractual cash flows creating a gain/loss in the measurement or if there is no longer a reasonable expectation of recovery of a financial asset resulting in a write off.

FVPL

The financial instrument is measured at fair value. Changes in fair value are recognized in profit and loss as they arise.

(iii) Impairment

The Company recognises impairment losses on its financial assets using an expected credit losses (ECL) model in line with IFRS 9. The ECL model essentially aims to calculate the assets credit risk. It involves consideration of scenarios that would lead to default, calculating the shortfall between what is contractually due and what would be received under each scenario and then multiplying the shortfall/loss by the probability of the default situation occurring.

The Company has elected to apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets. The Company has also made use of the practical expedient available for calculating expected losses for short term receivables. This practical expedient involves using a "provision matrix" to calculate the loss allowance. This matrix is based on historical default rates over the expected life of the trade receivables and it is adjusted for forward-looking estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A four-year historical default rate is applied to the trade receivables balance to calculate the expected credit loss. This appears as a provision against the trade receivables balance. Movements in this provision are recognised as an expense in the consolidated income statement. If a receivable balance is identified as being unrecoverable it is written off against the allowance for expected credit losses.

e) Receivables

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less expected loss provision. Trade receivables are generally due for settlement within 14 to 30 days.

The Company uses the simplified approach to measuring expected credit losses. The amount of the expected credit loss is recognised in the income statement within corporate expenses.

f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred.

Deferred tax assets are recognised only to the extent that 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 differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

g) Leased assets

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases under which the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are included in the determination of the operating profit in equal instalments over the lease term.

h) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

i) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. Payables to related parties are carried at the principal amount.

j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

k) Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except where the amount of VAT incurred is not recoverable from the applicable taxing authority. In these circumstances, the VAT is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxing authority is included as a current asset or liability in the Statement of Financial Position.

l) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into Sterling at the average rate for the month in which the transaction occurs. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

m) Pensions and other post-employment benefits

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- i. Multiple Element Contracts SaaS contracts entered into by the Company require judgement in the identification and separation of contract components related to software licence fees, post sales customer support and cloud services. The Company assesses each customer contract individually into its components and considers if any components should be aggregated where they cannot be separately determined. Revenue is assigned to each component based upon the stand-alone fair value of the component relevant to the total contract value.
- ii. *Tangible fixed assets and depreciation*
The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property plant and equipment and note 1 (c) for the useful economic lives for each class of assets.

3. SALES REVENUE

Sales revenue, which is stated net of value added tax, is attributable to one continuing activity, the sale of, and provision of support for, software.

	2019	Restated 2018
	£'000	£'000
Revenue from contracts with customers		
SaaS fees*	2,795	2,187
On premise initial license fees**	22	33
On premise annual licence fees*	326	247
Consulting services*	2,745	2,555
Marketing support fees from TechnologyOne limited	3,592	3,201
Total revenue from contracts with customers	9,480	8,223

*Recognised over time / as services are rendered

**Recognised at a point in time

4. PROFIT/(LOSS) BEFORE INCOME TAX

This is stated after charging:

	2019	2018
	£'000	£'000
Auditors' remuneration - audit services	16	10
Depreciation of owned fixed assets	113	48
Building operating lease rentals	128	128
	257	186

Auditors' remuneration is in respect of the audit of the financial statements provided to the company.

5. SALARIES AND WAGES

i) Director's remuneration

The directors of the Company are also directors of the parent company and fellow subsidiaries. The directors received total remuneration for the year of \$1,605,763 (2018: \$1,396,604), all of which was paid by the parent company. The directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as directors of the parent company's and fellow subsidiary companies.

The directors of the Company, as employees of the Technology One Limited group, are subject to the following option arrangements provided by Technology One Limited.

The group provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares. The cost of share based payment transactions with employees are measured by reference to fair value of the equity instruments at the date at which they are granted. The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). No expense is recognised for awards that do not ultimately vest.

5. SALARIES AND WAGES (CONTINUED)

ii) Staff costs

	2019	2018
	£'000	£'000
Wages and salaries	5,130	4,883
Social security costs	604	540
Other post-retirement benefit costs	133	108
	<u>5,867</u>	<u>5,531</u>

The number of employees during the year was made up as follows:

	2019	2018
	No.	No.
Sales	14	10
Customer support	31	35
Research and development	15	12
Administration	3	3
	<u>63</u>	<u>60</u>

6. INCOME TAX EXPENSE

	2019	2018
	£'000	£'000
(a) Tax credit on loss from ordinary activities:	-	-

The tax credit is made up as follows:

	2019	2018
	£'000	£'000
Current tax:		
UK corporation tax - current year credit	-	-
UK corporation tax - prior year credit	-	-
Total current tax credit	<u>-</u>	<u>-</u>
Deferred tax:		
Amount expensed/(credited) in the year	-	-
Tax credit on loss on ordinary activities (note 5(b))	<u>-</u>	<u>-</u>

6. INCOME TAX EXPENSE (CONTINUED)

b) Factors affecting current tax charge:

The tax assessed on the loss from ordinary activities for the period differs from the standard rate of small corporation tax in the UK of 19% for year ended 30 September 2019 (2018: 19%). The differences are reconciled below:

	2019	Restated 2018
	£'000	£'000
Profit/(loss) from ordinary activities before tax	80	(621)
Profit/(loss) from ordinary activities multiplied by the applicable standard rate	15	(118)
Expenses not deductible	(16)	-
Other	1	118
Tax credit on loss from ordinary activities	-	-

c) Deferred tax

The deferred tax included in the Statement of Financial Position is as follows:

	2019	Restated 2018
	£'000	£'000
Deferred tax asset	28	37
Deferred tax liability	(28)	(37)
Net deferred tax	-	-
Accelerated capital allowances	-	-
Other timing differences	-	-
Movement in the period		
At 1 October	-	-
Deferred tax charged in the Statement of Comprehensive income for the period	-	-
At 30 September	-	-

c) Tax rate changes

The UK corporation tax rate decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reducing the company tax rate to 17% from 1 April 2020. Deferred taxes at the Statement of Financial Position date have been measured using the enacted tax rates and reflected in these financial statements.

7. TRADE AND OTHER RECEIVABLES

	2019	2018
	£'000	£'000
Trade debtors - gross	2,287	5,286
Provision for expected credit loss	(229)	(169)
Trade debtors - net	2,058	5,117
Prepayments	51	74
Current trade and other receivables	2,109	5,191
Non-current		
Trade debtors	-	357
Prepayments	78	61
Non-current trade and other receivables	78	418

Movements in the expected credit loss allowance:

	2019	2018
	£'000	£'000
Opening balance - 1 October	(169)	(30)
Increase in expected credit loss allowance recognised in profit and loss during the year	(229)	(169)
Unused amounts reversed	169	30
Closing balance - 30 September	(229)	(169)

The Company's normal trade credit term ranges from 15 to 45 days (2018: 15 to 45 days). Other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

There are debtors to the value of £315,000 (2018: £1,003,000) included in Trade Debtors that are considered past due.

8. CONTRACT ASSETS

	2019	Restated 2018
	£'000	£'000
Contract assets	164	264
Provision for expected credit loss	(1)	-
	163	264

Provision for expected credit loss

Movements in the provision are as follows:

	2019	2018
	£'000	£'000
Opening balance - 1 October	-	-
Increase/(decrease) in expected credit loss allowance recognised in profit and loss during the year	(1)	-
Unused amounts reversed	-	-
Closing balance - 30 September	(1)	-

9. PROPERTY, PLANT AND EQUIPMENT

	Office furniture & equipment	Make good asset	Total
2019	£'000	£'000	£'000
Cost			
At 1 October	537	34	571
Additions	35	-	35
Disposals	(12)	-	(12)
At 30 September	560	34	594
Accumulated depreciation			
At 1 October	(241)	(11)	(252)
Depreciation charge	(104)	(9)	(113)
Disposals	6	-	6
At 30 September	(339)	(20)	(359)
Net book value	221	14	235

	Office furniture & equipment	Make good asset	Total
2018	£'000	£'000	£'000
Cost			
At 1 October	413	34	447
Additions	124	-	124
At 30 September	537	34	571
Accumulated depreciation			
At 1 October	- 197	- 8	- 205
Depreciation charge	- 45	- 3	- 48
At 30 September	- 242	- 11	- 253
Net book value	295	23	318

10. CONTRACT ACQUISITION ASSETS

	Contract acquisition costs	Total
	£'000	£'000
2019		
At 1 October	219	219
Additions	184	184
Amortisation	(74)	(74)
At 30 September	<u>329</u>	<u>329</u>
2018		
At 1 October (restated)	191	191
Additions (restated)	80	80
Amortisation (restated)	(52)	(52)
At 30 September (restated)	<u>219</u>	<u>219</u>

Contract acquisition costs as at 30 September 2019 is made up of £98,000 (2018: £61,000) held in current assets and £231,000 (2018: £158,000) held in non-current assets in the statement of financial position. The current year portion of the balance will be amortised over the next 12 months.

11. TRADE AND OTHER PAYABLES

	2019	2018
	£'000	£'000
Trade creditors	380	359
Other creditors - employee bonus	146	98
Accruals	323	321
Corporation tax	-	19
Other taxes and social security costs	586	320
	<u>1,435</u>	<u>1,117</u>

Trade creditors are non-interest bearing and are normally settled on 40 days terms. Other creditors are non-interest bearing.

12. PREPAID SUBSCRIPTION REVENUE

	2019	Restated 2018
	£'000	£'000
Carrying amount at 1 October	3,989	3,954
Billings received	2,522	2,222
Transfer to revenue from contracts with customers	(3,129)	(2,187)
Carrying amount at 30 September	<u>3,382</u>	<u>3,989</u>

Prepaid subscription revenue is a contract liability under AASB 15 Revenue from contracts with customers. Prepaid subscription revenue represents payments received in advance from customers for SaaS fees and on-premise annual license fees which will be recognised as revenue in future periods. These amounts are non-refundable, and the operating costs to deliver these services are not significant.

13. AMOUNTS DUE TO RELATED PARTIES

	2019	2018
	£'000	£'000
Amounts due to related parties	2,970	4,303
	<u>2,970</u>	<u>4,303</u>

Amounts due to Technology One Limited do not bear interest and are repayable on demand.

The amount due to the ultimate holding company, Technology One Limited, is unsecured, interest free and repayable on demand. To support the going concern assumption, however, Technology One Limited has provided a letter of support which states that the loan will not be called upon within the next 12 months (refer to note 16)

14. SHARE CAPITAL

	2019	2018
	£	£
<i>Authorised, allotted, called up and fully paid</i>		
2 (2018: 2) ordinary shares of £1 each	2	2

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2019	Restated 2018
	£'000	£'000
Opening shareholders' funds	(2,424)	337
Restatement adjustment IFRS15	-	(2,140)
Profit/(loss) for the year	80	(621)
Closing shareholders funds	<u>(2,344)</u>	<u>(2,424)</u>

16. SUPPORT OF CONTROLLING ENTITY

The operations of Technology One UK Limited rely on the continued product and financial support of Technology One Limited, the parent entity of Technology One UK Limited. The directors of Technology One Limited have resolved to provide financial and product support as well as not call inter-company loans for a period of 12 months from the date of authorisation of these financial statements should this cause Technology One UK Limited not to be able to continue as a going concern and meet its debts as and when they fall due.

17. LEASE COMMITMENTS

Operating leases are entered into as a means of acquiring access to office property. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

Annual commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2019	2018
	£'000	£'000
Within one year	122	122
Later than one year but not later than five years	163	295
	<u>285</u>	<u>417</u>

18. RELATED PARTIES

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in note 5. The Company has taken advantage of the exemptions provided by FRS 101 regarding disclosure of transactions entered into between two or more members of the Technology One group. Copies of these group accounts are available from www.TechnologyOneCorp.com.

The Company is a wholly owned subsidiary of Technology One Limited, a company domiciled in Australia and listed on the Australian Securities Exchange, the consolidated financial statements of which are publicly available.

19. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is Technology One Limited, a company registered in Australia, which owns 100% of the issued share capital. Copies of these group accounts are available from www.TechnologyOneCorp.com.

20. EVENTS AFTER THE REPORTING DATE

Having considered the possible impact of the COVID-19 pandemic, the Board has taken into account the nature of the Company's activities which consist of marketing, sales, implementation and support of fully integrated enterprise business software solutions. The Directors have determined that based on recent trading that the pandemic is not expected to have a significant impact on the Company's business.

The Directors will monitor the situation constantly and take any necessary actions to minimise any possible impacts of COVID-19. The Technology One Group is in a strong financial position to navigate the economic impact of the current situation and will continue to provide financial support over the liabilities of the Company. As a consequence, the Company does not envisage that a material change in its ability to operate as a going concern within at least 12 months from the date of approval of the financial statements.