TECHNOLOGY ONE UK LIMITED

technologyone

business software solutions

REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2017

COMPANY NUMBER 05234413

TECHNOLOGY ONE UK LIMITED
30 SEPTEMBER 2017

Directors

Mr Edward Chung
Mr Gareth Pye

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

TABLE OF CONTENTS

DIRECTORS' REPORT

The Board of Directors of Technology One UK Limited has pleasure in submitting its report and financial statements in respect of the twelve-month period ended 30 September 2017.

Results and dividends

The profit before tax for the year amounted to £96,000 (2016 £154,000). The directors do not recommend the payment of any dividends.

Principal activities

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 2017 (2016: nil).

The directors do not recommend a final dividend (2016: nil).

Directors

The directors who served the company during the year, and up to the date of this report, were Mr Gareth Pye and Mr Edward Chung.

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

There have been no significant events post the Statement of Financial Position date to affect the Company.

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 operations of Technology One UK Limited rely on the continued product and financial support of Technology One Limited (Australia), the parent entity of Technology One UK Limited. The directors of Technology One Limited (Australia) 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.

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 financial statements were approved by the Board of Directors' on 29 June 2018 and were signed on its behalf by:

Signed by____________________

Gareth Pye
Director
29 June 2018

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;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15, 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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare the strategic report.

Responsibilities of directors

As explained more fully in the 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

Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 29th of June 2018

STATEMENT OF COMPREHENSIVE INCOME

	Note	2017 £'000	2016 £'000
Total revenue	**2**	**5,994**	**4,212**
Cost of sales		(770)	(591)
Gross profit		**5,224**	**3,621**
Administrative expenses		(4,876)	(2,853)
Other expenses		(252)	(614)
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	3	**96**	**154**
Income tax expense attributable to ordinary activities	5	(133)	(58)
(LOSS) / PROFIT AND COMPREHENSIVE (LOSS) / PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(37)**	**96**

The accompanying notes form an integral part of this Statement of Comprehensive Income.

STATEMENT OF FINANCIAL POSITION

	Note	2017 £'000	Restated (see note 9) 2016 £'000
NON-CURRENT ASSETS			
Trade and other receivables	6	517	503
Fixed assets	7	242	65
Deferred tax assets	5	66	30
Total non-current assets		**825**	**598**
CURRENT ASSETS			
Cash		1,357	311
Trade and other receivables	6	3,234	2,500
Total current assets		**4,591**	**2,811**
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade and other creditors	8	1,391	1,400
Amounts due to related parties	9	3,545	1,586
Total creditors – amounts falling due within one year		**4,936**	**2,986**
NET CURRENT LIABILITIES		**(345)**	**(175)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**480**	**423**
CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR			
Deferred tax liability	5	143	49
Total creditors – amounts falling due after one year		**143**	**49**
NET ASSETS		**337**	**374**
CAPITAL AND RESERVES			
Called-up share capital	10	-	-
Retained earnings	11	337	374
EQUITY SHAREHOLDERS FUNDS		**337**	**374**

The accompanying notes form an integral part of this Statement of Financial Position.

Gareth Pye

Director
29 June 2018

STATEMENT OF CHANGES IN EQUITY

	Called-up share capital	Retained earnings	Total
At 1 October 2016	**-**	**374**	**374**
Loss and Comprehensive loss for the year	-	(37)	(37)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	**-**	**(37)**	**(37)**
At 30 September 2017	**-**	**337**	**337**
At 1 October 2015	**-**	**278**	**278**
Profit and comprehensive profit for the year	-	96	96
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**96**	**96**
At 30 September 2016	**-**	**374**	**374**

The accompanying notes form an integral part of this Statement of Changes in Equity.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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 29 June 2018. The Statement of Financial Position was signed on the board's behalf by Mr Gareth Pye. The Company is 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 transitioned from the FRSSE to FRS 101 for all periods presented. There were no material amendments on the adoption of FRS 101.

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 paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 *Business Combinations*;
c) the requirements of paragraph 33 (c) of IFRS 5 *Non current Assets Held for Sale* and *Discontinued Operations*;
d) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
e) the requirements of paragraphs 91 to 99 of IFRS 13 Fair *Value Measurement*;
f) 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*;
    iv. paragraphs 76 and 79(d) of IAS 40 *Investment Property*; and
    v. paragraph 50 of IAS 41 *Agriculture*
g) 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*;
h) the requirements of IAS 7 *Statement of Cash Flows*;
i) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
j) the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*;
k) 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
l) 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*.

Notes to the financial statements at 30 September 2017

1. Accounting policies - continued

The directors have prepared the financial statements on the going concern basis. At 30 September 2017, the company had net assets of £337,000 (2016: £374,000) and a net current liability position of £345,000 (2016: £175,000). 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. The directors therefore consider that the going concern basis of accounting remains appropriate. Refer to Note 12.

Revenue recognition

Software licence fee revenue

Revenue from licence fees due to software sales is recognised on the transferring of significant risks and rewards of ownership of the licensed software under an agreement between the company and the customer.

Implementation and consulting services revenue for licensed software

Revenue from implementation and consulting services attributable to licensed software is recognised in proportion to the stage of completion.

Post sales customer support revenue for licensed software

Post sales customer support (PSCS) revenue for licensed software comprises fees for ongoing upgrades, minor software revisions and helpline support. PSCS revenue is allocated between annual fees for helpline support, fees for rights of access to ongoing upgrades and minor software patches. At each reporting date the unearned portion of help line support fees is assessed and deferred to be recognised over the period of service. Fees for rights of access to ongoing upgrades and minor software revisions are recognised at the commencement of the period to which they relate on the basis that the company has no ongoing obligations or required expenditure related to this revenue.

Project services revenue

Revenue from project services agreements is recognised in proportion to their stage of completion, typically in accordance with the achievement of contract milestones and/or hours expended.

Cloud services

Revenue from cloud services is recognised as the services are performed.

Unearned services revenue

Amounts received from customers in advance of provision of services are accounted for as a liability in Accruals and deferred income..

Notes to the financial statements at 30 September 2017

1. Accounting policies - continued

Revenue recognition - continued

Earned and unbilled revenue

Amounts recorded as Earned and Unbilled Revenue represent revenues recorded on Software Licence fees and PSCS fees not yet invoiced to customers. These amounts have met the revenue recognition criteria of the company, but have not reached the payment milestones contracted with customers. These are recorded in Trade and other receivables.

SaaS revenue

Software as a Service (SaaS) revenue is separable into each of its components of software licence fees, post sales customer support and cloud services. At each reporting date, the unearned portion is assessed and deferred to be recognised over the period of service.

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

Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. The provision for doubtful debts is measured as the difference between the carrying amount of trade debtors and the estimated future cash flows expected to be received from the relevant debtors.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

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.

Notes to the financial statements at 30 September 2017

1. Accounting policies - continued

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

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.

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.

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.

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.

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.

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 profit and loss account.

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.

Notes to the financial statements at 30 September 2017

1. Accounting policies – continued

New and amended standards and interpretations adopted by the Company

The Company has adopted the following relevant new and amended IFRS and IFRIC interpretations as of 1 October 2016. There were no material impacts on the results or financial position of the Company as a result of adopting these standards:

- Annual improvements to IFRS; 2012-2014 cycle
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Disclosure Initiative (Amendments to IAS 1)

New and amended standards and interpretations issued but not yet effective for the Company

The following relevant standards and interpretations have been issued but are not yet effective for the Company:

Title	Effective date for the Company	Description
IFRS 9 Financial Instruments	1 October 2018	IFRS 9 includes requirements for the classification and measurement of financial assets and financial liabilities. The Company has not yet assessed how it will be affected by the new standard.
IFRS 15 Revenue from Contracts with Customer	1 October 2018	IFRS 15 replaces all previous revenue recognition requirements and contains a single model that applies to all revenue arising from contracts, unless the contracts are in the scope of other standards (e.g. leases). IFRS 15 will apply to the Company initially in the financial report for the financial year ended 30 September 2019. No decision on whether to adopt a retrospective approach has been made. The contracting arrangements of the Company are complex and involve a number of performance obligations which in some cases may be interdependent. The Company has not yet finalised its position on the impact of IFRS 15 across all revenue streams, however to date some differences in the timing of revenue recognition (based on current contract terms) have been noted. Our impact assessment is on-going and still requires additional analysis to confirm if ultimately differences exist. The Company is also working with its existing customers on the terms of current agreements and agreements with new customers, as our product offerings evolve, which

Notes to the financial statements at 30 September 2017

1. Accounting policies – continued

New and amended standards and interpretations issued but not yet effective for the Company - continued

Title	Effective date for the Company	Description
		may vary contract terms and influence the impact of adoption, or cause there to be no ongoing impact. As a result of this, an overall impact assessment on reported results going forward has not been determined. The Company notes this will not impact cash flows.
IFRS 16 Leases	1 October 2019	IFRS 16 Leases was issued in February 2016. The standard introduces a single lessee accounting model and requires lessees 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 clarification of leases as either operating or finance leases for the lessee and effectively treats all leases as finance leases. There are also changes in the accounting over the life of the lease. IFRS 16 substantially carries forward the lessor accounting requirements from previous standards. Accordingly, lessor accounting will remain similar to current practice. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16. The Company has not yet assessed how it will be affected by the new standard and has not yet decided when to adopt it

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.

Notes to the financial statements at 30 September 2017

1. Accounting policies – continued

Critical accounting estimates and judgements - continued

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.

2. Total operating 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.

	2017 £'000	2016 £'000
Provision of services – United Kingdom	5,781	3,789
Marketing support fees from Technology One Limited (Australia)	213	423
Total revenues	5,994	4,212

3. Profit from ordinary activities before taxation

This is stated after charging:

	2017 £'000	2016 £'000
Auditors' remuneration – audit services	8	8
Depreciation of owned fixed assets	28	25
Building operating lease rentals (refer note 13)	119	37

Auditors' remuneration is in respect of the audit of the financial statements and for other services provided to the Company.

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of its parent Technology One Limited.

Notes to the financial statements at 30 September 2017

4. 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 £869,578 (2016: £742,302), all of which was paid by the parent company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the parent company 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.

ii) Staff costs

	2017 £'000	**2016 £'000**
Wages and salaries	3,431	2,041
Social security costs	336	262
Other post-retirement benefit costs	84	53
Total revenues	3,851	2,356

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

	2017 No.	**2016 No.**
Sales	11	9
Customer support	26	21
Research and development	9	3
Administration	3	2
Total	49	35

Notes to the financial statements at 30 September 2017

5. Tax

	2017 £'000	2016 £'000
a) Tax on profit on ordinary activities:	133	58

The tax charge is made up as follows:

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax – Current year	81	27
UK corporation tax – Prior year	110	31
Total current tax	191	58
Deferred tax:		
Amount credited in the year	(58)	-
Tax on profit on ordinary activities (note 5(b))	133	58

b) Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of small corporation tax in the UK of 19.5% for year ended 30 September 2017 (2016: 20%). The differences are reconciled below:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	96	154
Profit on ordinary activities multiplied by standard rate of small corporation tax in UK of 19.5% (2016: 20%)	19	31
Expenses not deductible	3	-
Exchange rate differences	3	(4)
Prior year under provision	108	31
Tax on profit on ordinary activities	133	58

Notes to the financial statements at 30 September 2017

5. Tax - Continued

c) Deferred tax

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

	2017 £'000	2016 £'000
Deferred tax asset	66	30
Deferred tax liability	(143)	(49)
	(77)	(19)
Accelerated capital allowances	-	2
Other timing differences	(77)	(21)
	(77)	(19)

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.

6. Trade and other receivables

	2017 £'000	2016 £'000
Current		
Trade debtors - gross	3,178	2,455
Provision for unrecoverable trade debtors	(30)	-
Trade debtors – net	3,148	2,455
Prepayments	86	45
Current trade and other receivables	3,234	2,500
Non-current		
Trade debtors	456	503
Prepayments	61	-
Non-current trade and other receivables	517	503

Non-current trade debtors relates to license fees to be billed over the next 2 to 5 years. Non-current prepayments relate to a deposit on rental property expected to be recovered in 5 years' time.

Notes to the financial statements at 30 September 2017

7. Fixed assets

	2017			2016		
	£'000	£'000	£'000	£'000	£'000	£'000
	Office Furniture and Equipment	Make good asset	Total	Office Furniture and Equipment	Make good asset	Total
Cost:						
Opening balance	242	-	242	196	-	196
Additions	171	34	205	46	-	46
Closing balance	413	34	447	242	-	242
Depreciation:						
Opening balance	177	-	177	152	-	152
Provided during the year	20	8	28	25	-	25
Closing balance	197	8	205	177	-	177
Net book value	216	26	242	65	-	65

8. Trade and other creditors - current

	2017 £'000	2016 £'000
Trade creditors	379	209
Other creditors – Employee bonus	84	152
Accruals and deferred income	476	677
Corporation tax	82	27
Other taxes and social security costs	370	335
	1,391	1,400

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

Notes to the financial statements at 30 September 2017

9. Amounts due to related parties

	2017	Restated 2016
	£'000	£'000
Amounts due to related parties	3,545	1,586
	3,545	1,586

Amounts due to Technology One Limited (Australia) do not bear interest and are repayable on demand. Therefore, the Company presents this balance as current and has reclassified this balance in comparative figures.

10. Share capital

	2017	2016
	£	£
Authorised, allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

11. Reconciliation of movement in shareholders' funds

	2017	2016
	£'000	£'000
Opening shareholders' funds	374	278
(Loss) / profit for the year	(37)	96
Closing shareholders' funds	337	374

12. Support of controlling entity

The operations of Technology One UK Limited rely on the continued product and financial support of Technology One Limited (Australia), the parent entity of Technology One UK Limited. The directors of Technology One Limited (Australia) 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.

Notes to the financial statements at 30 September 2017

13. 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.

	2017 £'000	2016 £'000
Annual commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	122	46
Later than one year but not later than five years	418	-
	540	**46**

14. 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 4. 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. Amounts outstanding at year end are disclosed in note 9.

15. 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.