Company Registration No. R.C.S. Luxembourg B 152.063

Lumesse Holdings S.à r.l.

Annual Report and Financial Statements for the year ended 31 December 2015

TUESDAY
S5BJ37AF
SPE 19/07/2016 #69
COMPANIES HOUSE

Lumesse Holdings S.à r.l.

Annual Report and financial statements for the year ended 31 December 2015

Contents **Page**

Lumesse Holdings S.à r.l.

Management report

Introduction and History

Lumesse Holdings S à r l ("the Company") was incorporated under the laws of Luxembourg on 12 March 2010 and acquired a division of the StepStone Group These consolidated financial statements of the Company and its subsidiaries ("the Group") have been prepared for the year ended 31 December 2015 with full year comparatives for 2014

According to the register maintained by the company, a number of limited partnerships which are managed by HgCapital LLP (holding through a nominee company) held a significant interest in the ordinary shares of the company at 31 December 2015 The managers deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by HgCapital LLP has an ownership of more than 20% of the issued share capital of the company

The management of the Group is undertaken by professional managers with significant experience During 2015, Didier Bench joined the Board and assumed the role of Executive Chairman Thomas Volk, David Thorpe and Lisa Stone left the Board in 2015

Principal activities

The principal activity of the Group is as a global provider of Software-as-a-Service ("SaaS") talent management solutions SaaS is the method by which the Group delivers its multilingual products and services, which are hosted and then delivered on demand through the internet Talent management is the ongoing process that organisations use to attract appropriately skilled and motivated employees, integrate them into their organisations, assess and develop their competences and retain their commitment

Financial Review

In 2015 the Group recorded revenues of €79 2m (2014 €78 9m) being an increase of 0 5% from the prior year

The Group had an adjusted operating profit in 2015 of €4 0m (2014 profit of €1 6m) which was before non-recurring costs as per note 6 to the Consolidated Financial Statements

In the year there was a €2 0m (2014 €1 8m) charge for depreciation (note 9) and €8 9m (2014 €9 4m) for amortisation of intangible assets (note 10) Intangible assets primarily represent our developed technologies

The annual impairment review compares the calculated value in use to the carrying value of developed technologies The value in use calculation is based upon detailed projections from the 2016 plan, with cash flows beyond the 3 year period being extrapolated After reviewing the valuation, management has decided that no impairment is necessary

Net finance charges are presented in note 7 to the Consolidated Financial Statements and amounted to €39 2m (2014 €35 9m) Included within this figure is €33 5m (2014 €28 3m) of interest payable to HgCapital LLP The remainder is made up of amounts in relation to bank borrowings and amortisation of issue costs arising on those bank loans

There is a current tax expense of €2 5m (2014 €1 1m) which represents an effective tax rate of (5 1)% (2014 (2 6)%), which differs from the Group's effective blended rate of 21 3% (2014 21 4%) primarily due to losses incurred in the year and expenses which are not deductible The Group has recognised a deferred tax credit in the income statement of €2 0m (2014 €nil) The net income tax expense is €0 5m (2014 €1 1m)

September 2014 saw the completion of the successful re-financing of the Group debt The new facilities included €20m of long-term senior facility, €25m of mezzanine facility and a €10m revolving credit facility of which €5m was utilised at 31st December 2015 HgCapital LLP invested a further €10m at the time of the re-financing in September 2014 to provide additional strategic growth plan funds More details of the Group's borrowings can be found in note 22 to the Consolidated Financial Statements

No dividend was paid in 2015 and no final dividend is proposed

Lumesse Holdings S.à r.l.

Management report

Risk management

Lumesse faces a number of risks and attempts to mitigate these wherever possible, the key ones are summarised briefly below

- By the nature of the business in which it operates, Lumesse is exposed to risks around technology and technological innovation. Lumesse mitigates this risk by taking a proactive approach to technological trends, continuously developing its product offering, and where appropriate, makes strategic acquisitions and partnerships to enhance its product portfolio
- Lumesse would be negatively impacted by the loss of key personnel, particularly within certain product development and sales roles Lumesse alleviates this risk by ensuring that personnel are competitively remunerated and that high achievers are recognised and promoted
- As the Group has external floating rate debt it is also subject to interest rate risk and has a number of financial covenants which it must comply with This risk is mitigated with the use of financial instruments to provide greater certainty as to financial servicing costs and close management of costs to ensure adjusted operating profit is on target For more details regarding the risk of the Group see note 21

Future developments

The Group is committed to its principal products and in particular continues to invest in its principal Talent Management Products in each of its geographies The Human Capital market is a fast developing environment and product enhancement is a continuing feature of the Group's plans

Lumesse remains a major Human Capital Management systems provider within Europe and will continue to develop this market whilst at the same time focussing on increasing its investment in the US and Asian markets

For details regarding the going concern basis see note 1 1.

Research and development

The Group maintains a dedicated development team and continues to invest in the development of its product offerings to ensure product competitiveness

For more details regarding the Research and development activities of the Group see note 4

Nadia Dziwinski

21st April 2016

Deloitte.

Deloitte Audit
Société à responsabilité limitée
560 rue de Neudorf
L 2220 Luxembourg
B P 1173
L 1011 Luxembourg
Tel +352 451 451
Fax +352 451 452 992
www deloitte lu

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Lumesse Holdings S à r l, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information

Responsibility of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the *réviseur d'entreprises agréé*'s judgement including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Lumesse Holdings S à r l as at December 31, 2015, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements

For Deloitte Audit, *Cabinet de révision agréé*

Nick Tabone, *Réviseur d'entreprises agréé*
Partner

April 21, 2016

Société à responsabilité limitée au capital de 35 000 €
RCS Luxembourg B 67 895
VAT LU25101535
Autorisation d établissement 10022179

Lumesse Holdings S.à r.l.

Consolidated income statement
for the year ended 31 December 2015

	Notes	Adjusted operating profit 2015 €'000	Non-recurring costs, depreciation and amortisation 2015 €'000	Statutory for the year ending 31 December 2015 €'000	Adjusted operating profit 2014 €'000	Non-recurring costs, depreciation and amortisation 2014 €'000	Statutory for the year ending 31 December 2014 €'000
Revenue	3	79,217	-	79,217	78,856	-	78,856
Personnel costs	5	(50,099)	-	(50,099)	(49,615)	-	(49,615)
Depreciation and amortisation	9 & 10	-	(10,954)	(10,954)	-	(11,190)	(11,190)
Other operating expenses	4 & 6	(25,076)	(3,670)	(28,746)	(27,610)	(1,142)	(28,752)
Total operating expenses		(75,175)	(14,624)	(89,799)	(77,225)	(12,332)	(89,557)
Operating profit/(loss)		4,042	(14,624)	(10,582)	1,631	(12,332)	(10,701)
Finance income	7			-			23
Finance costs	7			(39,202)			(35,967)
Foreign exchange gains	7			1,159			2,448
Loss before tax				(48,625)			(44,197)
Income tax	8			(492)			(1,143)
Loss for the year				(49,117)			(45,340)
Attributed to							
Owners of the parent				(49,117)			(45,340)

All operations are continuing

The accompanying notes form an integral part of these financial statements

Lumesse Holdings S.à r.l.

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Notes	2015 €'000	2014 €'000
Loss for the year		**(49,117)**	(45,340)
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences on foreign operations		**(1,133)**	(2,500)
- Deferred tax charge relating to components of other comprehensive income	8	**(331)**	-
- Transferred to income statement on cash flow hedges		**-**	333
Other comprehensive loss		**(1,464)**	(2,167)
Total comprehensive loss attributed to owners of the parent		**(50,581)**	(47,507)

The accompanying notes form an integral part of these financial statements

Lumesse Holdings S.à r.l.

Consolidated statement of financial position as at 31 December 2015

	Notes	2015 €'000	2014 €'000
Assets			
Non-current assets			
Intangible assets	10	25,274	18,563
Property, plant and equipment	9	2,787	3,206
Deferred tax asset	8	1,778	-
Other non-current financial assets	12(ii)	1,747	1,794
Total non-current assets		31,586	23,563
Current assets			
Trade and other receivables	12(i)	22,271	26,886
Cash and bank balances	13	6,211	15,800
Derivative financial instruments	23	-	17
Interest bearing loans and borrowings	22	-	312
Current tax assets	8	188	-
Total current assets		28,670	43,015
Total assets		60,256	66,578
Current liabilities			
Trade and other payables	14	(12,267)	(14,879)
Deferred income	15	(28,989)	(25,603)
Interest bearing loans and borrowings	22	(5,347)	-
Current tax liabilities	8	(2,020)	(424)
Other taxes	14	(3,764)	(3,482)
Provisions	16	(1,227)	(1,677)
Total current liabilities		(53,614)	(46,065)
Non-current liabilities			
Deferred income	15	(51)	(236)
Interest bearing loans and borrowings	22	(318,765)	(281,700)
Provisions	16	(207)	(499)
Deferred tax liabilities	8	(122)	-
Total liabilities		(372,759)	(328,500)
Net liabilities		(312,503)	(261,922)
Equity			
Share capital	17	12,959	12,959
Share premium	17	2,347	2,347
Retained loss		(318,054)	(268,937)
Cumulative translation adjustment		(9,755)	(8,291)
Total equity		(312,503)	(261 922)

The accompanying notes form an integral part of these financial statements

Approved by the Board of Managers on 21st April 2016 and authorised for issue and signed on its behalf by

Nadia Dzwinski

Lumesse Holdings S.à r.l.

Consolidated statement of changes in equity
as at 31 December 2015

	Share capital (Note 17) €'000	Cumulative share premium (Note 17) €'000	Retained earnings €'000	Hedging reserve €'000	Translation adjustment €'000	Total €'000
At 1 January 2014	12,959	2,347	(223,569)	(333)	(5,819)	(214,415)
Loss for the year	-	-	(45,340)	-	-	(45,340)
Other comprehensive income	-	-	-	333	(2,500)	(2,167)
Reserves transfer	-	-	(28)	-	28	-
At 31 December 2014	12,959	2,347	(268,937)	-	(8,291)	(261,922)
Loss for the year	-	-	**(49,117)**	-	-	**(49,117)**
Other comprehensive income	-	-	-	-	**(1,464)**	**(1,464)**
At 31 December 2015	**12,959**	**2,347**	**(318,054)**	-	**(9,755)**	**(312,503)**

The accompanying notes form an integral part of these financial statements

Lumesse Holdings S.à r.l.

Consolidated statement of cash flows for the year ended 31 December 2015

	Notes	2015 €'000	2014 €'000
Cash flows from operating activities			
Loss before taxation	8	(48,625)	(44,197)
Adjustments for			
Non-recurring costs		-	277
Depreciation of fixtures, fittings and equipment	9	2,019	1,814
Amortisation of intangible assets	10	8,936	9,376
Write off of intangible assets	10	84	-
Loss on disposal of property, plant and equipment	9	-	(30)
Investment income	7	-	(23)
Finance costs	7	39,202	35,967
Exchange differences	7	(1,159)	(2,448)
Operating cash flows before working capital changes		457	736
Working capital adjustments			
(Increase)/decrease in trade and other receivables		5,398	(6,457)
Increase/(decrease) in trade and other payables		(3,740)	2,635
Increase/(decrease) in deferred income		2,480	5,015
Cash generated by operations		4,595	1,929
Income taxes paid		(1,081)	(774)
Net cash from operating activities		3,514	1,155
Investing activities			
Purchases of property, plant and equipment	9	(1,442)	(2,111)
Payments to acquire intangible assets	10	(15,134)	(11,420)
Net cash flows used in investing activities		(16,576)	(13,531)
Cash flows from financing activities			
Refinancing costs paid		(97)	(4,546)
Facility called down	22	5,000	-
New bank loan raised	22	-	45,000
New shareholder loan raised	22	-	17,000
Repayment of loans	22	(500)	(31,332)
Interest paid		(734)	(1,944)
Agency fees paid		(36)	-
Net cash flows from financing activities		3,633	24,178
Increase/(decrease) in cash and cash equivalents		(9,429)	11,802
Movement in cash and cash equivalents			
Cash and cash equivalents at the start of year		15,800	4,087
Net increase/(decrease) in cash and cash equivalents		(9,429)	11,802
Net foreign exchange differences	18	(160)	(89)
Net cash and cash equivalents at the end of the year		6,211	15,800

The accompanying notes form an integral part of these financial statements

Lumesse Holdings S.à r.l.

Notes to the financial statements for the year ended 31 December 2015

1 Corporate information

The principal activities of the Group are described in the Management report

Lumesse Holdings S à r l ("the Company") is a corporation and is legally domiciled in Luxembourg The address of the registered office is 1, rue Hildegard von Bingen L-1282 Luxembourg and the registered trade number is B 152063

The Company was incorporated under the laws of Luxembourg on 12 March 2010 The Group is funded by HgCapital LLP, a leading investor in the European private equity market, and external bank debt

On 10 May 2011 the general meeting of shareholders resolved to change the Company's corporate name from Shackleton S à r l to Lumesse Holdings S à r l

As at 31 December 2015 the Group had 582 (2014 675) full time equivalent employees and operated in 18 (2014 19) countries worldwide

On 21st April 2016 the Board of Managers ("Board") authorised these consolidated financial statements for issuance The approval will be submitted for ratification by the shareholders at the Annual General Meeting on 9th May 2016

Going concern

As of 31 December 2015, the Group incurred losses amounting to €49,117k (2014 €45,340k) and has negative equity attributable to owners of the Parent of €312,503k (2014 €261,922k)

September 2014 saw the completion of the successful re-financing of the Group debt The new facilities include €20,000,000 of long-term senior facility, €25,000,000 of mezzanine facility and €10,000,000 revolving credit facility of which €5,000,000 remained unutilised at year end €30,605,000 was used to repay the previous debt syndicate with the remaining to be used to fund the strategic growth plan

HgCapital LLP invested a further €10,000,000 at the time of the re-financing in September 2014 to provide additional strategic growth plan funds

The Senior Facilities Arrangement ('SFA') is subject to financial covenants in relation to the Group's cash generation and financial performance

If the Group does not meet its 2016 and 2017 financial budget, the Group may be at risk of breaching its covenants Management would address any potential covenant breach by taking actions that may include the following

- continued cost discipline and proactive measures to manage costs by reducing discretionary spend,
- further enhancement of the cash management processes to deliver strong cash conversion

Noting the above potential risks in relation to its bank financing disclosed in note 22 (the "Interest bearing loans and borrowings"), within twelve months from the date of approval of the financial statements, but taking into account the various potential actions discussed above and the ongoing Shareholder's support, the Board believes that the risk of a covenant breach is remote Accordingly, the Board has prepared these consolidated financial statements on a going concern basis

Lumesse Holdings S.à r.l.

Notes to the financial statements for the year ended 31 December 2015

2. Accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU The Company financial statements are not presented separately in these consolidated financial statements and will be filed in Luxembourg independently

The consolidated financial statements are prepared on a historical cost basis, except for financial derivatives which are recognised on a fair value basis

The consolidated financial statements are presented in Euros and all values are rounded to the nearest thousand except where otherwise indicated

The principal accounting policies adopted by the Group are set out below

Basis of preparation of the consolidated financial statements

The consolidated financial statements include the results of the Company and all its subsidiaries for the full year or from the date of acquisition if later Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies Subsidiaries are fully consolidated from the date on which control is transferred to the Group All intra-group balances, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee Specifically, the Group controls an investee if and only if the Group has

- Power over the investee (i e existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary

The Group re-assessed whether there were any changes of control and concluded that there were no facts indicating any changes to the elements of control mentioned above

Research and development costs

Research costs are expensed in the consolidated income statement as incurred Development expenditures, on an individual project, are recognised as an intangible asset when the Group can demonstrate

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses Amortisation of the asset begins when development is complete and the asset is available for use It is amortised over the period of expected future benefit During the period of development the asset is tested for impairment annually

2 Accounting policies (continued)

Intangible assets Other

Intangible assets acquired are measured on initial recognition at cost Following initial recognition, intangible assets are held at cost less accumulated amortisation Intangible assets are amortised on a straight-line basis over their useful economic lives, which are reassessed annually together with any assessment of residual value The useful lives of these intangible assets are assessed based on the expected period that benefits accrue to the group Amortisation is charged as a separate line item within depreciation and amortisation on the income statement

Other intangible assets are amortised on a straight-line basis over their estimated useful life as follows

- Brands 2 to 3 years
- Developed technology 3 to 5 years
- Software licenses 3 to 5 years

The residual value is considered to be nil

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset In determining fair value less costs to sell, recent market transactions are taken into account, if available If no such transactions can be identified, an appropriate valuation model is used These calculations are corroborated by valuation multiples, quoted share prices for publically traded subsidiaries or other available fair value indicators

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated These budgets and forecast calculations are generally covering a period of five years For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year

Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impairment assets

Notes to the financial statements for the year ended 31 December 2015

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment in value Historical cost includes the expenditure that is directly attributable to the acquisition of the assets All repairs and maintenance are recognised in the consolidated income statement during the financial period in which they are incurred Depreciation is provided to write off the cost less the estimated residual value based on prices at the balance sheet date of property, plant and equipment over their estimated useful economic lives of between 3 and 5 years on a straight line basis

Useful economic lives and residual values are assessed annually

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised

Revenue

Revenue is recognised by reference to the terms of the transaction at the consolidated statement of financial position date when it is probable that the economic benefits associated with the transaction will flow to the enterprise, the amount of the revenue can be measured reliably, and the cost incurred for the transaction and the costs to complete the transaction can be measured reliably Revenues are recorded net of sales taxes and discounts as follows

- Implementation and consulting service revenues are recognised as and when the service is provided to the end customer
- Perpetual licence revenue is recognised at the time of delivery on the basis that no significant customisation is required If customisation is required revenue is deferred until such customisation is completed
- Recurring licence revenue, customer support (maintenance) revenue and hosting revenues are recognised rateably over the term of the service contract

Amounts which are invoiced to customers but not yet recognised as revenue are recorded in the consolidated statement of financial position as deferred income

Foreign currencies

The Group's consolidated financial statements are presented in Euros, which is also the parent company's functional currency For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date

All differences are recognised in the consolidated income statement, with the exception of monetary items that are designated as part of the Group's net investment of a foreign operation These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the income statement

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

(ii) Group companies

On consolidation the assets and liabilities of foreign operations are translated into Euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions The exchange differences arising on translation for consolidation are recognised in other comprehensive income On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement

Lumesse Holdings S.à r.l.

Notes to the financial statements
for the year ended 31 December 2015

2 **Accounting policies (continued)**

Cash and short term deposits

Cash and short term deposits include cash at bank and on hand and short term deposits with a maturity of three months or less For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash short term deposits as defined above

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets All other borrowing costs are expensed in the period they occur Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term

Incentives received from landlord

In accordance with SIC 15, the aggregate benefit of incentives is recognised as a credit to Consolidated Income Statement The benefits of the incentives are allocated over the lease term on a straight-line basis

Pension cost

All pension agreements are defined contribution plans and all costs related to these are recorded as personnel costs in the Consolidated Income Statement as they are incurred

Provisions

Provisions are recognised when the Group 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 If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

Notes to the financial statements for the year ended 31 December 2015

2 Accounting policies (continued)

Financial assets

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments, as appropriate When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end

Loans and receivables

Loans and receivables are non-derivative financial assets or liabilities with fixed or determinable payments that are not quoted in an active market Such assets are measured at amortised cost using the effective interest rate method, less impairment Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process

Financial liabilities

Financial liabilities in the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate When financial liabilities are recognised initially, they are measured at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs The Group determines the classification of its financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading are included in the category 'financial assets at fair value through profit or loss' Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term The Group currently has no derivatives or financial liabilities held for trading

De-recognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification, is treated as a derecognition of the original liability and the recognition of the new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the profit or loss

Loans and borrowings

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate The effective interest rate amortisation is included in finance costs in the income statement

2 Accounting policies (continued)

Derivative financial instruments, hedging and risk management

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative

The Group's policy on interest rate management sets out the instruments and methods available to hedge interest risk exposures and the control procedures in place to ensure effectiveness

The Group uses an interest rate cap to reduce exposure to interest rate movements The Group does not hold or issue derivative financial instruments for speculative purposes

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow or net investment hedges is deferred in equity The gain or loss relating to the ineffective portion is recognised immediately in profit or loss Amounts deferred in equity are transferred to the income statement in the periods when the hedged item is recognised in profit or loss

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement

Non-recurring costs

The Group presents non-recurring costs on the face of the income statement, being those material items of income and expense which because of their nature and expected frequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period Acquisition costs are classified as non-recurring as they do not relate to the on-going operations of the Group

Income tax

The charge for current taxation is based on the results for the period as adjusted for items which are non-assessable or disallowed, based on tax rates that are enacted or substantively enacted at the reporting date

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

Deferred tax liabilities are recognised for all taxable temporary differences except

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

2 Accounting policies (continued)

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date

Income tax relating to items recognised directly in other comprehensive income or directly in equity is recognised in other comprehensive income or directly in equity respectively Otherwise income tax is recognised in the income statement

Other taxes

Revenues, expenses and assets are recognised net of the amount of sales tax, except

- when the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- trade receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position

Share based payments

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately This includes any award where non-vesting conditions within the control of either the entity or the employee are not met However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award

Lumesse Holdings S.à r.l.

Notes to the financial statements
for the year ended 31 December 2015

2 Accounting policies (continued)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received Grants related to capitalised research and development expenditure are treated as deferred income and allocated to the income statement (as a deduction to research and development expenditure) over the useful lives of the related assets

New and revised IFRSs in issue but not yet effective

The IASB and IFRIC have issued the following standards and interpretations with an effective date on or after the date of these financial statements The Group intends to adopt these standards, if applicable, when they become effective

		Effective date*
IFRS 15	Revenue from Contract with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 1 (amended)	Presentation of Financial Statements	1 January 2016
IAS 7 (amended)	Statement of Cash Flows	1 January 2017
IAS 12 (amended)	Income Taxes	1 January 2017
IAS 16 (amended)	Property, Plant and Equipment	1 January 2016
IAS 19 (amended)	Employee Benefits	1 January 2016
IAS 27 (amended)	Separate Financial Statements	1 January 2016
IAS 38 (amended)	Intangible Assets	1 January 2016

*The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union (EU), the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU endorsement mechanism In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the group's discretion to early adopt standards

The Managers do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 15 may have an impact on revenue recognition and related disclosures Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed

2. Accounting policies (continued)

Significant critical accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period However, uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements

Estimates and assumptions

The key assumptions and estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below

- *Revenue*
  Management reviews the terms of all license contracts to ensure that there are no future vendor obligations that would affect the fair value of the license revenue recognised

- *Capitalisation of development costs*
  Development costs are capitalised in accordance with the accounting policy Initial capitalisation of costs is based on management's judgement that technology and economic feasibility is confirmed The amount to be capitalised is based on staff time spent on development, estimated useful life of the software and future economic benefits from the software

- *Impairment of intangible assets*
  Intangible assets are reviewed for impairment if there is any indication of impairment Management's judgement is used to determine a value-in-use calculation which is based upon detailed projections from the 2016 plan, with cash flows beyond 3 years being extrapolated and subsequently into perpetuity, with a discount rate applied Management also calculates a weighted average cost of capital to apply to cash flow projections

- *Impairment of other assets*
  Trade receivable balances which exceed their due settlement date by 90 days are reviewed and assessed for the need for a specific provision In determining the provision the Group will make assessments of the continued credit worthiness of the customer and other factors such as disputed service delivery based on the facts at the time Trade receivables less than 90 days old are considered for the requirement of a specific provision should a dispute or other issue come to light which may cause doubt over the debts full recoverability

- *Taxes*
  Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies

3 Revenue

The Group operates in the Global Software-as-a-Service ("SaaS") industry and considers this to be one segment Revenues can be identified by geographical location and are presented below

	2015	2014
Geographical analysis of external revenue	€'000	€'000
Europe	70,528	71,065
USA	5,550	5,096
Asia Pacific	3,139	2,695
Total external revenue	79,217	78,856

4 Other operating expenses

	2015	2014
	€'000	€'000
Direct costs	(5,753)	(6,164)
Sales and marketing costs	(2,739)	(2,237)
Consulting and legal fees	(1,669)	(2,804)
Telecommunications and hosting	(5,707)	(6,537)
Travel costs	(2,684)	(2,815)
Bad debt credit/(charge)	(232)	(991)
Rent	(2,807)	(2,789)
Other operating lease rentals	(628)	(864)
HgCapital costs (including Chairman fees)	(236)	(247)
Other costs	(2,621)	(2,162)
	(25,076)	(27,610)

		2015	2014
Research and development expenditure	Notes	€'000	€'000
Expensed research and development costs - other operating costs		2,519	1,464
Expensed research and development costs - personnel costs		3,255	3,852
Capitalised research and development costs – personnel costs	10	8,678	7,043
Capitalised research and development costs – other costs	10	5,303	2,676
HMRC Tax credit		(365)	-
Total Research and development expenditure		19,390	15,035

Other costs includes €365k (2014 nil) received from HMRC in relation to Corporation Tax Research and Development tax relief

Non-recurring costs are disclosed separately in note 6

4. Other operating expenses (continued)

Auditors Remuneration

	2015 €'000	2014 €'000
Current auditor		
Audit fees	**(388)**	(409)
Fees for other assurance services	**(20)**	(16)
Fees for tax advisory services	**(78)**	(221)
Fees to tax compliance services	**(24)**	-
Vendor due diligence and debt advisory	**-**	(1,046)
Other fees	**(2)**	(65)
Previous auditor		
Audit fees	**(13)**	(14)
Fees for tax advisory services	**-**	(18)
Other fees	**-**	(3)
	(525)	(1,792)

5. Personnel costs

	2015 €'000	2014 €'000
Wages and salaries	**(43,566)**	(40,068)
Bonus and commissions	**(4,699)**	(5,555)
Social security costs	**(6,842)**	(6,234)
Pension costs	**(1,587)**	(1,916)
Other personnel costs	**(2,083)**	(2,885)
Amounts capitalised (note 10)	**8,678**	7,043
Total personnel costs	**(50,099)**	(49,615)

All pension costs are in respect of defined contribution schemes

The average number of full time equivalent employees, including executive managers, was as follows

	2015 Number	2014 Number
Europe	**581**	592
USA	**30**	22
Asia Pacific	**33**	36
	644	650

6 Non-recurring costs

The Group incurred the following costs in the period which are non-recurring in nature

	Note	2015 €'000	2014 €'000
Restructuring and integration costs	1	**(3,478)**	(1,624)
Payments relating to changes in management	2	**-**	(291)
Other costs	3	**(125)**	773
Contingency provision released	4	**1,415**	-
Onerous contract provision	5	**(1,482)**	-
Total non-recurring costs		**(3,670)**	(1,142)

1 *Restructuring & integration costs* – In 2015, the Group undertook a significant restructuring project to align the organisation to business units This has resulted in a number of restructuring and integration costs In 2014, the Group undertook a number of restructuring projects These included the closure of the Nordic Bespoke operation and the restructure of some sales operations

2 *Payments relating to changes in management* – Costs in 2014 represent payments and associated costs in relation to the CEO and CFO changeover that took place in 2013

Lumesse Holdings S.à r.l.

Notes to the financial statements for the year ended 31 December 2015

6 Non-recurring costs (continued)

3 *Other costs* – Other costs in 2015 relate to consultancy and legal costs in relation to restructuring the legal entity structure and other corporate projects In 2014 this related to an adjustment in final consideration for an acquisition for which the provisional goodwill had already been fully impaired

4 A contingency provision that was created in 2010 and 2011 has now been released as it is no longer required

5 A provision has been created for a contract that became onerous in 2015

7 Finance income and costs

	2015 €'000	2014 €'000
Interest earned on bank balances	-	6
Other finance income	-	-
Finance income on financial assets not at fair value through the income statement	-	6
Financial assets held at fair value	-	17
Total finance income	-	23
Interest on other shareholder loans (note 22)	(33,454)	(28,344)
Interest on bank borrowings (note 22)	(4,783)	(2,806)
Commitment fees and other financial expenses (note 22)	(82)	(165)
Amortisation of issues costs on bank loans (note 22)	(861)	(4,722)
Other interest	(5)	-
Financial assets held at fair value	(17)	-
Finance cost on financial liabilities not at fair value through the income statement	(39,202)	(36,037)
Fair value gain on cash flow hedges (note 23)	-	403
Transferred to income statement on cash flow hedges	-	(333)
Total finance costs	(39,202)	(35,967)
Foreign exchange gains	1,159	2,448

All finance income and costs derive from continuing operations

8 Income tax

(a) Income tax on loss before tax

Consolidated income statement

	Note	2015 €'000	2014 €'000
Current taxation		(822)	(561)
Prior period adjustment	(b)	(1,657)	(582)
Total current taxation		(2,479)	(1,143)
Deferred taxation			
Losses recognised		1,810	643
Movement on group intangibles		123	(245)
Other timing differences		54	(398)
Total deferred income tax credit		1,987	-
Income tax (charge)/credit	(b)	(492)	(1,143)

8 Income tax (continued)

(b) Factors affectıng the tax charge

The tax assessed on the loss on ordınary actıvıtıes for the perıod ıs hıgher than the applıcable blended rate The blended rate of 21 3% (2014 21 4%) ıs the weıghted average of tax rates ın the ındıvıdual jurısdıctıons Thıs ıs calculated by multıplyıng the ındıvıdual profıt or loss before tax ın each jurısdıctıon by ıts local tax rate

The dıfferences are reconcıled below

	2015 €'000	2014 €'000
Loss on ordınary actıvıtıes before tax	**(48,625)**	(44,197)
Taxatıon usıng the blended corporatıon tax rate	**10,351**	9,455
Non-deductıble ınterest	**(5,863)**	(1,724)
Other expenses not deductıble for tax purposes/non taxable ıncome	**(723)**	(1,281)
Taxable ıtems charged to other comprehensıve ıncome	**(40)**	(1,204)
Utılısatıon of tax losses brought forward prevıously not recognısed	**1,545**	1,043
Unutılısed current tax losses carrıed forward	**(6,311)**	(7,707)
Temporary dıfferences	**238**	857
Prıor year adjustments	**311**	(582)
Income tax (charge)/credit (see (a) above)	**(492)**	(1,143)

The prıor perıod adjustment relates to the under provısıon of current tax ın prevıous perıods whıch has been provıded for

(c) Deferred ıncome tax

The amounts recognısed and unrecognısed for deferred ıncome tax are set out below

	Recognised		**Unrecognised**	
	2015 €'000	2014 €'000	**2015 €'000**	2014 €'000
Arısıng on ıntangıble assets	**(122)**	(245)	-	-
Accountıng deprecıatıon ın advance of tax deprecıatıon	-	-	**2,547**	2,375
Other short-term temporary dıfferences	**(675)**	(398)	**2,138**	1,931
Tax losses	**2,453**	643	**39,826**	40,426
	1,656	-	**44,511**	44,732

Deferred tax assets are recognısed to the extent that ıt ıs probable that future taxable profıts wıll be avaılable agaınst whıch the temporary dıfferences can be utılısed In countrıes where there ıs a hıstory of tax losses, deferred tax assets are only recognısed ın excess of deferred tax lıabılıtıes ıf there ıs convıncıng evıdence that future taxable profıts wıll be avaılable Where thıs ıs the case, the dırectors have relıed on busıness plans supportıng future profıts

The Group has tax losses of €175 8m (2014 €163 2m) on whıch no deferred tax has been provıded that may be avaılable for use by offset agaınst future taxable profıts ın the companıes ın whıch the losses arose

The Group has losses carrıed forward ın tax terms amountıng to €39 8m (2014 €40 4m) Of these losses €37 5m (2014 €37 2m) relate to subsıdıarıes that have a hıstory of losses, do not expıre and may not be used to offset taxable ıncome elsewhere ın the Group The subsıdıarıes have no taxable temporary dıfferences or any tax plannıng opportunıtıes avaılable that could partly support the recognıtıon of these losses as deferred tax assets

There are no temporary dıfferences ın respect of unremıtted overseas retaıned earnıngs for whıch deferred tax lıabılıtıes have not been recognısed at 31 December 2015 (2014 €nıl)

At 31 December 2015 there was a deferred tax asset of €1 8m (2014 €0 6m) and deferred tax lıabılıtıes of €0 1m (2014 €0 6m)

Lumesse Holdings S.à r.l.

Notes to the financial statements
for the year ended 31 December 2015

8 Income tax (continued)

(d) Reconciliation of movement on deferred tax

	2015 €'000	2014 €'000
At 1 January	-	-
(Charged)/credited to the Consolidated income statement		
- Temporary differences arising on intangibles	-	(245)
- Reversal of temporary differences arising on the amortisation of intangibles	123	-
- Recognition of other temporary differences	54	(398)
- Recognition of deferred tax on losses	1,810	643
	1,987	-
(Charged)/credited to the Consolidated statement of comprehensive income		
- Recognition of other temporary differences	(331)	-
Deferred tax at 31 December	1,656	-

(e) Current tax (liabilities)/asset

	2015 €'000	2014 €'000
Current tax assets	188	-
Current tax liabilities	(2,020)	(424)

9. Property, plant and equipment

	Property, plant & equipment €'000
Cost	
At 1 January 2014	17,052
Additions	2,111
Disposals	(4,210)
Effect of foreign currency exchange differences	755
At 31 December 2014	15,708
Additions	1,442
Disposals	(1,862)
Effect of foreign currency exchange differences	681
At 31 December 2015	15,969
Depreciation	
At 1 January 2014	(14,222)
Depreciation	(1,814)
Eliminated on disposal	4,180
Effect of foreign currency exchange differences	(646)
At 31 December 2014	(12,502)
Depreciation	(2,019)
Eliminated on disposal	1,862
Effect of foreign currency exchange differences	(523)
At 31 December 2015	(13,182)
Net book value at 31 December 2015	2,787
Net book value at 31 December 2014	3,206

Lumesse Holdings S.à r.l.

Notes to the financial statements
for the year ended 31 December 2015

10 Intangible assets

	Brands €'000	Developed technology €'000	Software licenses €'000	IPRD €'000	Total €'000
Cost					
At 1 January 2014	2,228	26,064	1,281	2,612	32,185
Additions	-	-	1,701	-	1,701
Transfers	-	7,377	-	(7,377)	-
Internally generated	-	-	-	9,719	9,719
Currency adjustment	-	242	715	100	1,057
Impairment	(2,228)	-	-	(66)	(2,294)
At 31 December 2014	-	33,683	3,697	4,988	42,368
Additions	-	-	**1,152**	-	**1,152**
Transfers	-	**11,137**	-	**(11,137)**	-
Internally generated	-	-	-	**13,982**	**13,982**
Currency adjustment	-	**1,116**	**(596)**	**(93)**	**427**
Disposal	-	**(76)**	**(228)**	**(84)**	**(388)**
At 31 December 2015	-	**45,860**	**4,025**	**7,656**	**57,541**
Amortisation					
At 1 January 2014	(2,228)	(13,971)	(801)	-	(17,000)
Provided during the period	-	(7,773)	(1,603)	-	(9,376)
Impairment	2,228	-	-	-	2,228
Currency adjustment	-	343	-	-	343
At 31 December 2014	-	(21,401)	(2,404)	-	(23,805)
Provided during the period	-	**(8,263)**	**(673)**	-	**(8,936)**
Currency adjustment	-	**(415)**	**585**	-	**170**
Disposal	-	**76**	**228**	-	**304**
At 31 December 2015	-	**(30,003)**	**(2,264)**	-	**(32,267)**
Net book value at 31 December 2015	-	**15,857**	**1,761**	**7,656**	**25,274**
Net book value at 31 December 2014	-	12,282	1,293	4,988	18,563

In-process research and development ("IPRD") additions comprises of capitalised personnel costs totalling €8,678k (2014 €7,043k) and other capitalised costs of €5,303k (2014 €2,676k) (note 4)

All recognisable intangibles are amortised over their useful economic life in accordance with the Group accounting policy Specifically for the recognisable intangibles currently recorded the following amortisation rates have been applied

- In-process research and development ("IPRD") capitalised costs are not amortised until the asset is in use but are reviewed annually for impairment
- Developed technologies are amortised on a straight line basis over 3-5 years
- Software licenses are amortised over the life of the licenses

Impairment testing of intangible assets

Intangible assets are reviewed if there is an indication of impairment by calculating the asset's recoverable amount in accordance with IAS36

The recoverable amount of IPRD and Developed Technology has been determined using a value-in-use calculation from the detailed projections in the 2016 plan with cash flows beyond the 3rd year being extrapolated and subsequently into

Lumesse Holdings S.à r.l.

Notes to the financial statements
for the year ended 31 December 2015

10. Intangible assets (continued)

perpetuity, with a discount rate applied The weighted average cost of capital applied to cash flow projections is 13 3% (2014 18 0%)

After reviewing the valuation of IPRD and Developed Technology management have concluded that the value in use exceeds the carrying value No impairment has been booked in 2015 (2014 nil)

In 2015, IPRD contains €6 6m relating to a new product in development If forecast revenue is not achieved, impairment may be booked in future years

Key assumptions used in the value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions

- Levels of customer churn across the product set over the 5 year period
- Discount rates reflect the current market assessment of the risks specific to the business The discount rate was estimated using the average of guideline competitor companies

11 Investments in subsidiaries

Lumesse Holdings S à r l is the top holding company of Lumesse Group Details of the investments in which the Group or Company holds more than 20% of the nominal value of ordinary share capital at 31st December 2015 are as follows

Name of company	Country of incorporation	Consolidated with effect from	Proportion of voting rights & ownership	Nature of business
Held directly by Lumesse Holdings S à r l				
Lumesse International S à r l	Luxembourg	12th April 2011	100%	Holding
Held directly by Lumesse International S à r l				
Lumesse Global S à r l	Luxembourg	12th April 2011	100%	Holding
Held directly by Lumesse Global S à r l				
Lumesse Global Ltd	UK	4th May 2010	100%	Holding
Lumesse Holdings AG	Switzerland	30th April 2010	100%	Holding
Held directly by Lumesse Global Ltd				
Lumesse Holdings B V	Netherlands	7th May 2010	100%	Holding
Held directly by Lumesse Holdings AG				
Lumesse Rights AG	Switzerland	31st March 2010	100%	Trading/ETWeb*
Held directly by Lumesse Holdings B V				
Lumesse Singapore Pte Ltd	Singapore	31st March 2010	100%	Trading
Lumesse Talent Management Malaysia Sdn Bhd	Malaysia	31st March 2010	100%	Trading
Lumesse Austria GmbH	Austria	31st March 2010	100%	Trading
Lumesse BVBA	Belgium	31st March 2010	99 9%	Trading
Lumesse B V	Netherlands	31st March 2010	100%	Trading
Lumesse A/S	Denmark	31st March 2010	100%	Trading
Lumesse Hong Kong Ltd	Hong Kong	31st March 2010	100%	Trading
Lumesse Holdings AB	Sweden	7th May 2010	100%	Trading

Lumesse Holdings S.à r.l.

Notes to the financial statements for the year ended 31 December 2015

Name of company	Country of incorporation	Consolidated with effect from	Proportion of voting rights & ownership	Nature of business
Lumesse Holdings SAS	France	7th May 2010	100%	Holding
Lumesse Italy S r l	Italy	31st March 2010	100%	Trading
Lumesse Holdings Ltd	UK	15th April 2010	100%	Holding
EasyCruit Limited	UK	2nd October 2014	100%	Holding company
TalentObjects Holdings Limited	UK	2nd October 2014	100%	Holding company
Held directly by Lumesse Hong Kong Ltd				
Lumesse Solutions (Shanghai) Ltd	China	31st March 2010	100%	Trading
Held directly by Lumesse Holdings AB				
Lumesse AB	Sweden	31st March 2010	100%	Trading
Held directly by Lumesse Holdings SAS				
Lumesse SARL	France	31st March 2010	100%	Trading
Held directly by Lumesse Holdings Ltd				
Lumesse Holdings GmbH	Germany	7th May 2010	100%	Holding
Lumesse, Inc.	US	31st March 2010	100%	Trading
Lumesse Holdings AS	Norway	29th April 2010	100%	Holding
Lumesse Holdings UK Ltd	UK	31st March 2010	100%	Trading
Lumesse Corporate Ltd	UK	31st March 2010	100%	Trading/Management Services
Lumesse (UK) Ltd	UK	23rd August 2010	100%	Trading/TalentLink *
Held directly by Lumesse Holdings GmbH				
Lumesse GmbH	Germany	31st March 2010	100%	Trading
Held directly by Lumesse Holdings UK Ltd				
Lumesse Ltd	UK	31st March 2010	100%	Trading
Held directly by Lumesse (UK) Ltd				
Lumesse Sp z o o	Poland	23rd August 2010	100%	Trading
Held directly by Lumesse Holdings AS				
Lumesse AS	Norway	31st March 2010	100%	Trading/i-GRasp & EasyCruit *
Held directly by Lumesse AS				
Lumesse Switzerland AG	Switzerland	31st March 2010	100%	Trading
Held directly by EasyCruit Limited				
EasyCruit AS	Norway	4th August 2014	100%	Currently Inactive
EasyCruit AB	Sweden	4th November 2014	100%	Currently Inactive
EasyCruit ApS	Denmark	18th November 2014	100%	Currently Inactive
Held directly by TalentObjects Holdings Limited				
TalentObjects Limited	UK	3rd October 2014	100%	Currently Inactive

Notes to the financial statements for the year ended 31 December 2015

Name of company	Country of incorporation	Consolidated with effect from	Proportion of voting rights & ownership	Nature of business
TalentObjects Inc	USA	30th September 2014	100%	Trading

All entities are controlled either directly or indirectly by Lumesse Holdings S à r l and are fully consolidated

*Brand owner

Subsidiaries with audit exemptions

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts, as the parent undertaking, Lumesse Holdings S a r l, has provided a guarantee concerning the debts of Lumesse Holdings UK and Lumesse Global in the form prescribed by Section 479A of that Act

Name of company	Registered number
Lumesse Holdings UK Limited	05494417
Lumesse Global Limited	07242394

12 (i) Trade and other receivables (current)

	2015 €'000	2014 €'000
Trade receivables	19,262	24,188
Less provision for bad debts	(939)	(982)
Net trade receivables	**18,323**	23,206
Accrued income	1,073	899
Other receivables	2,875	2,781
Prepayments and other receivables	**3,948**	3,680
Total trade and other receivables	**22,271**	26,886

All amounts are due within one year Trade receivables are non-interest bearing and on average have thirty to sixty day settlement terms Accrued income is the value of unbilled work recognised on projects in accordance with the accounting policy outlined in note 2

As at 31 December 2015, trade receivables at nominal value of €0 9m (2014 €1 0m) were impaired and provided for

Bad debt provision	€'000
At 1 January 2015	(982)
Utilised	147
Additions	(86)
Currency adjustment	(18)
At 31 December 2015	(939)

Ageing of trade receivables			Past due but not impaired		
	Total €'000	Not past due nor impaired €'000	<30 days €'000	30-90 days €'000	>90 days €'000
2015	**19,262**	**12,450**	**5,287**	**1,219**	**306**
2014	24,188	19,662	3,131	1,145	250

12 (ii) Other non-current financial assets

	2015 €'000	2014 €'000
Rent deposits	878	953
Employment Benefit Trust	869	841
	1,747	1,794

13 Cash and bank balances

	2015 €'000	2014 €'000
Cash at bank and in hand	6,211	15,800

The fair value of cash and cash equivalents which corresponds to its carrying value is €6 2m (2014 €15 8m)

The variation in cash and cash equivalents recorded during the year is reported in the consolidated statement of cash flows

14 Trade and other payables

	2015 €'000	2014 €'000
Trade payables	(2,474)	(4,518)
Other payables	(574)	(435)
Accruals	(9,219)	(9,844)
Restructuring accruals	-	(82)
	(12,267)	(14,879)
Other taxes and social security costs	(3,764)	(3,482)
	(16,031)	(18,361)

The terms and conditions of the above financial liabilities are as follows

- Trade payables are non-interest bearing and are normally settled within 60 days
- Other taxes and social security costs are non-interest bearing and have an average term of 1 month
- Other payables, generally, are non-interest bearing and have an average term of 2 months

The restructuring accrual related primarily to liabilities in respect of costs incurred to streamline operations

15 Deferred income

	2015 €'000	2014 €'000
Balance to be recognised within one year	(28,989)	(25,603)
Balance to be recognised after one year	(51)	(236)
Deferred income	(29,040)	(25,839)

Notes to the financial statements
for the year ended 31 December 2015

16 Provisions

	Onerous contract[1]	Dilapidations/ Onerous lease[2]	Other[3]	Restructuring[4]	Total
	€'000	€'000	€'000	€'000	€'000
At 1 January 2014	-	(869)	(1,237)	-	(2,106)
Arising during the period	-	(214)	(300)	-	(514)
Released	-	51	15	-	66
Utilised/paid during the period	-	465	-	-	465
Transfer	-	76	(76)	-	-
Currency adjustment	-	(8)	(79)	-	(87)
At 31 December 2014	-	(499)	(1,677)	-	(2,176)
Arising during the period	**(1,446)**	**(57)**	**(150)**	**(504)**	**(2,157)**
Released	**-**	**171**	**1,481**	**-**	**1,652**
Utilised/paid during the period	**873**	**225**	**196**	**-**	**1,294**
Currency adjustment	**-**	**(47)**	**-**	**-**	**(47)**
At 31 December 2015	**(573)**	**(207)**	**(150)**	**(504)**	**(1,434)**

Analysed as					
Current	**(573)**	**-**	**(150)**	**(504)**	**(1,227)**
Non-current	**-**	**(207)**	**-**	**-**	**(207)**
At 31 December 2015	**(573)**	**(207)**	**(150)**	**(504)**	**(1,434)**

Analysed as					
Current	-	-	(1,677)	-	(1,677)
Non-current	-	(499)	-	-	(499)
At 31 December 2014	-	(499)	(1,677)	-	(2,176)

Notes

1 A provision has been created for a hosting contract that became onerous in 2015 The provision is expected to be utilised in the next twelve months

2 Includes dilapidations provision of €207k which relates to potential costs in respect of leasehold premises in the UK and Germany The provision is expected to be utilised in the next 6 years

3 Other provisions relate to legal provisions The provision is expected to be utilised in the next twelve months

4 The restructuring relates to a group programme The provision is expected to be utilised in the next twelve months

In the French business the Group has obligations to provide a retirement benefit payment on leaving to any employees who retire at age 65 with the company, there is no obligation if the employee leaves before the age of 65 The Group has assessed this obligation and currently no amounts have been provided as it is not considered material, but the potential liability will continue to be monitored

17 Share capital and share premium

	2015	2014
	€	€
Authorised		
Ordinary shares of €1 each	12,959,085	12,959,085
Allotted, called up and fully paid		
At 1 January 2014	12,959,085	12,959,085
At 31 December 2014	12,959,085	12,959,085

The share capital is divided into the following categories

	2015	2014
	€	€
Class A preference shares	11,649,068	11,649,068
Class A ordinary shares	785,833	785,833
Class B ordinary shares	65,523	65,523
Class C ordinary shares	65,523	65,523
Class D ordinary shares	65,523	65,523
Class E ordinary shares	65,523	65,523
Class F ordinary shares	65,523	65,523
Class G ordinary shares	65,523	65,523
Class H ordinary shares	65,523	65,523
Class I ordinary shares	65,523	65,523
At 31 December 2014	12,959,085	12,959,085

The nominal value of each share in the above table is €1

On the declaration of a dividend the following payments are made in order

(i) Firstly to the preference shareholders at a rate of 12% compounded annually

(ii) In alphabetical order to the ordinary shareholders The rate of return commencing at 0 25 cents per share to A shareholders, such return being compounded annually on the nominal value per share The rate of return rises 0 05 cent per share moving through the alphabet to 0 65 cents per share to the I shareholders

(iii) Any remaining distribution to the I shareholders

On dissolution or liquidation the following is the order of priority after the settlement of the Company's debts and liabilities

(i) Repayment of the nominal value of shares in the company - all shareholders ranking equally

(ii) To settle the preference share return after deduction of any payments made to date

(iii) Finally, to the Alphabet ordinary shareholders in such order as to achieve the same economic result that would have occurred had a dividend been declared

Notes to the financial statements for the year ended 31 December 2015

18 Additional cash flow information

	1 January 2015 €'000	Cash flow €'000	Rolled up interest €'000	Exchange differences €'000	31 December 2015 €'000
Analysis of group net debt					
Cash and cash equivalents	15,800	(9,429)	-	(160)	6,211
Loans	(285,624)	(3,766)	(38,329)	40	(327,679)
	(269,824)	(13,195)	(38,329)	(120)	(321,468)

19 Commitments and contingencies

The Group has entered into commercial leases on certain properties used as offices, motor vehicles and items of machinery These non-cancellable leases have remaining terms of between 1 and 60 months (2014 1 and 98 months) The future minimum rentals payable under non-cancellable operating leases as at 31 December 2015 are as follows

	Land and buildings €'000	Motor vehicles €'000	Other leases €'000	Total €'000
Within one year	2,538	363	55	2,956
After one year but not more than five years	5,945	327	81	6,353
	8,483	690	136	9,309

The future minimum rentals payable under non-cancellable operating leases as at 31 December 2014 were as follows

	Land and buildings €'000	Motor vehicles €'000	Other leases €'000	Total €'000
Within one year	2,535	435	58	3,028
After one year but not more than five years	6,696	354	130	7,180
After five years	1,877	-	-	1,877
	11,108	789	188	12,085

The Group and its subsidiaries are contingently liable with respect to lawsuits and other matters that arise in the normal course of business The Group has assessed any potential liability and currently no amounts have been provided, other than as disclosed in note 16, as they are not material, but the potential liability will continue to be monitored

20 Related party disclosures

The key management of the Group, defined as the main Board of Managers of the Group, received compensation as set out below

Compensation of key management personnel of the Group

	2015 €'000	2014 €'000
Management remuneration	1,395	908
Post-employment pension benefits	17	14
Termination benefits	328	66
HgCapital costs (including Chairman Fees) paid by the Group	278	247
Total compensation paid to key management personnel	**2,018**	1,235

The Group has financial liabilities owed to HgCapital LLP of €273 1m (2014 €239 7m)

Post-employment pension costs are in respect of pension costs for defined contribution schemes

Termination benefits include €nil (2014 €0 1m) of costs which were committed and accrued as at 31 December 2015 (2014 committed and accrued as at 31 December 2014, and paid in March 2015)

The number of shares held by key management as at 31 December 2015 was nil (31 December 2014 59,133) comprising both preference and Alphabet share capital

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have not been included in this note

21 Financial risk management objectives and policies

Fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale The following methods and assumptions were used to estimate the fair values

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments

The fair values of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt and similar terms, credit risk and remaining maturities

The Group entered into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations The models incorporate various inputs including the credit quality of counterparties and interest rate curves

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique

Level 1 quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2 other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and

Level 3 techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Lumesse Holdings S.à r.l.

Notes to the financial statements
for the year ended 31 December 2015

21 Financial risk management objectives and policies (continued)

As at 31 December 2014, the Group held the following financial instruments measured at fair value

Financial instruments measured at fair value	Total €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Financial Derivatives – 31 December 2015	-	-	-	-
Financial Derivatives – 31 December 2014	17	-	-	17

The Group classified derivatives carried at fair value as level 3 financial instruments, as their fair value is determined based on techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data For more details see note 23

Capital management The Group's capital comprises share capital, debt, reserves and retained earnings The Group's objectives when managing capital are to safeguard the Group's ability to continue to operate as a going concern, to maintain optimal capital structure commensurate with risk and return and to reduce the cost of capital

The Group's objectives when managing capital is to maximise shareholder value while safeguarding the Group's ability to continue as a going concern The Group intends to continue proactively managing its capital structure whilst maintaining flexibility to take advantage of opportunities, which arise, to grow its business In common with many other private equity portfolio companies, the Group carries a high level of debt compared to equity Senior facilities included within borrowings require the Group to comply with certain financial and non-financial covenants

The Group was formed on 12 March 2010 and is currently funded by external bank borrowings and through loans from HgCapital LLP

Interest Rate Risk The Group is funded by loans from its parent company and external bank borrowings All shareholders loans are at rates fixed permanently on inception and consequently result in no rate exposure

External bank borrowings attract interest at a floating rate To hedge interest rate exposure the Group has entered into financial derivatives to mitigate this risk

Unhedged bank borrowings which have rates determined on each renewal date total €31m at 31 December 2015 These loans carry a rate of 4 5% and 14% above EURIBOR Further information on the hedging of the external bank borrowings is disclosed in note 23

To ensure adequate working capital the Group maintains cash deposits and these deposits are affected by any movements in rates of interest generally The Group reviews the cash balances entity by entity on an on-going basis to ensure no entity operates an overdraft With regard to relative interest rates, adequate cash is retained in key operating currencies to fund the operational needs of the Group Overall the amounts of cash held are distributed over a number of currencies such that no material result would arise in the movements of interest rates of one region, thus the critical exposure is on the interest rate on the loans highlighted above The following table demonstrates the sensitivity to a 100 basis point change in the Euro interest rate

Profit before tax gain/ (loss)

	2015 €'000	2014 €'000
+ 100 basis points	(390)	(343)
- 100 basis points	-	-

Liquidity risk The Group's objective is to optimise the funds currently available to it in order to maintain the lowest operational borrowing profile necessary At the end of 2015 the Group had €49 5m (2014 €45 0m) of external borrowings and approximately €6 2m (2014 €15 8m) of cash Underpinning this philosophy are processes to manage operating cash flow, with a focus on approvals policy for significant cash outlays and credit control Further information on the financial covenants and going concern are disclosed in note 1 1

21 Financial risk management objectives and policies (continued)

Foreign currency risk A significant amount of business is done with customers in the UK with approximately 30% of total invoicing done in Sterling This UK based client base gives rise to short-term debtors and cash balances in Sterling Consequently, the movements in the Sterling/Euro exchange rates affect the Group Statement of Financial Position, as well as the Income Statement The Group seeks to manage this risk in the first instance by looking to a natural hedge and ensuring where possible currency needs in the UK are funded from the settlement of Sterling denominated debtors

In addition, the Group has the following financing and balance sheet exposures

(i) The retranslation of the UK, US, Nordic, Polish, Swiss and Asian Pacific overseas subsidiaries net assets into Euro for consolidation purposes

(ii) Intercompany loan and trading relationships held in non-functional currency In the case of the latter, this can have an impact on net profitability where the intercompany relationships are not treated for accounting purposes as equity loans

The Income Statement is also affected by movements in the Euro/Sterling exchange rates when Sterling sales to customers are converted to Euro's at the date of the sales transaction, as this will vary from month to month This is partially offset by the effect of retranslating Sterling denominated costs into UK Sterling from month to month

The following table demonstrates the sensitivity to a 5 cent change in the Euro /Sterling exchange rate

Profit before tax gain/ (loss)

	2015 €'000	2014 €'000
+ 5 cent	1,607	1,219
- 5 cent	(1,776)	(1,347)

Statement of Financial Position* increase/ (decrease) in net assets

	2015 €'000	2014 €'000
+ 5 cent	4,817	4,357
- 5 cent	(5,324)	(4,816)

* Based on the Statement of Financial Position at 31 December 2015

Economic Conditions – Credit Control Risk

Given the economic conditions at the end of 2015, the Group continues to benefit from a diverse list of major clients, with the largest customer contributing only 1 3% (2014 1 3%) of sales The Group is however placing emphasis on sound application of credit control processes given the recent deterioration in macro-economic conditions The Group has made provision against trade receivables to reflect specific collection risks identified

Fair values of financial assets and liabilities

The carrying value of financial assets and liabilities approximate their fair value Fair values of assets and liabilities are based on their carrying values

22. Interest bearing loans and borrowings

The table below summarises the maturity profile of the Group's loans and borrowings as at 31 December 2015

	Note	Less than 12 months €'000	Over 12 months €'000	2015 Total €'000	2014 Total €'000
10% PIK loan – Euro	(i)	-	(29,476)	(29,476)	(29,476)
Shareholder loans – 12% Euro	(ii)	-	(73,968)	(73,968)	(73,968)
Shareholder loans – 15% Euro	(iii)	-	(12,311)	(12,311)	(12,311)
Shareholder loans – 20% Euro	(iv)	-	(42,000)	(42,000)	(42,000)
External bank borrowings	(v)	(6,000)	(43,500)	(49,500)	(45,000)
Transactions costs	(vi)	914	2,653	3,567	4,237
Interest accrued on Shareholder & PIK loans	(vii)	-	(115,366)	(115,366)	(81,912)
Interest accrued on external loans	(viii)	(261)	(4,797)	(5,058)	(958)
		(5,347)	(318,765)	(324,112)	(281,388)

The fair value of fixed rate interest loans has been considered by the Group to be approximate to their book value

The following table sets out the contractual undiscounted cash outflows of financial liabilities, including accrued interest payments

31 December 2015	On demand €'000	<1 year €'000	1-2 years €'000	2-5 years €'000	>5 years €'000	Total €'000
Borrowings	-	(6,000)	(1,000)	(109,574)	(90,681)	(207,255)
Accrued interest	-	(261)	-	(68,313)	(51,850)	(120,424)
Future interest payments	-	(948)	(878)	(118,173)	(262,707)	(382,706)
Trade and other payables	-	(3,048)	-	-	-	(3,048)
Accruals	-	(9,219)	-	-	-	(9,219)
	-	(19,476)	(1,878)	(296,060)	(405,238)	(722,652)

(i) This represents unsecured shareholder Payment in Kind ("PIK") Notes with a nominal value of €29,476,186 and a maturity date of 20 April 2021

(ii) This represents unsecured shareholder loans and PIK Notes The unsecured shareholder loans have a nominal value €54,762,573 and €10,000,000 and mature on the 11 May 2020 and 24 September 2024 respectively The unsecured PIK Notes have a nominal value of €9,205,166 and matures on 18 October 2021

(iii) Unsecured shareholder loan with a nominal value of €12,311,000 which matures on 23 August 2020

(iv) This represents two unsecured shareholder PIK notes The PIK Notes have a nominal value of €30,000,000 and €12,000,000 and mature on 27 December 2022 and 19 December 2023 respectively

(v) Bank debt arranged in September 2014 to repay the banking facilities established in April 2011 and provide working capital This facility consists of a senior amortising loan and a mezzanine PIK loan The senior loan is subject to interest at a rate of 4 50% plus EURIBOR per annum and matures on 26 September 2019 The RCF facility is subject to interest at a rate of 4 50% plus EURIBOR and at 31 December 2015, €5,000,000 had been drawn down which is repayable on 12 February 2016 The mezzanine loan is subject to interest at a rate of 14 00% plus EURIBOR per annum and matures on 26 September 2020

(vi) Bank arrangement fee and transactions costs capitalised in relation to the establishment and of the senior and mezzanine facilities in September 2014

(vii) The interest accrued on the remainder of the shareholder loans including the PIK notes is rolled over

(viii) The interest accrued on RCF facility, senior and mezzanine finance facilities is due for repayment in February 2016, September 2019 and September 2020 respectively

22. Interest bearing loans and borrowings (continued)

Borrowing facilities

As at 31 December 2015 the Group had a revolving credit facility of €10 0m (2014 €10 0m) under the terms of the Group's senior facilities agreement At 31 December 2015, €5m had been drawn down against the facility (31 December 2014 undrawn)

In order to secure external bank borrowings and the revolving credit facility the banking syndicate holds a charge over the assets of the following subsidiaries

- Lumesse Holdings Limited
- Lumesse Global Limited
- Lumesse (UK) Limited
- Lumesse Limited
- Lumesse Corporate Limited
- Lumesse Holdings (UK) Limited
- Lumesse GmbH
- Lumesse Holdings GmbH
- Lumesse International S à r l
- Lumesse Global S à r l
- Lumesse Holdings AS
- Lumesse AS
- Lumesse Rights AG
- Lumesse Switzerland AG
- Lumesse Holdings AG
- Lumesse Holdings B V
- Lumesse, Inc
- Lumesse BVBA
- Lumesse BV
- Talent Objects Inc
- Talent Objects Ltd
- Talent Objects Holdings Ltd

The external bank facilities are secured by charges over the Group Companies that in aggregate represent not less than 80% of consolidated EBITDA (adjusted operating profit less capitalised research & development expenditure), not less than 80% of total assets and not less than 75% of turnover of the Group

The external bank facilities are subject to financial covenants in relation to the Group's consolidated EBITDA, monthly recurring revenue and liquidity The Group complied with all of its covenants in 2015 and anticipates that it will comply with all covenants throughout 2016 Further information on the financial covenants are disclosed in note 1

Credit risk

The credit risk associated with the bank borrowing is the risk of financial loss to the Group if the counterparty to the bank debt borrowings fails to meet its contractual obligations and committed undrawn facilities become no longer available This credit risk is minimised by a policy under which the Group only enters into arrangements with banks and financial institutions with strong credit ratings The bank borrowings at the balance sheet date with the exception of the revolving credit facility are all fully drawn and not due to mature until September 2019 and September 2020 The maximum exposure at the balance sheet relates to the ongoing availability of the €10 0m RCF facility

23 Derivative financial instruments

The Group uses financial instruments to limit its exposure to market risks which arise from its business activities The main risk relates to movements in interest rates The Board reviews the position and requirements on a regular basis

The Group has an interest rate hedging instrument in place to mitigate interest rate risk on secured bank borrowings totalling €18 5 million The instrument expires in December 2017 and caps the variable interest rate paid on €18 5 million of the senior debt at 0 5%

The Group determines the fair value of derivatives by reference to the market cost for exiting its financial instruments

The value of the financial instruments outstanding as at 31 December 2015 is disclosed below

	2015 Assets €'000	2015 Liabilities €'000	2014 Assets €'000	2014 Liabilities €'000
Financial Derivatives - Current	-	-	17	-
Financial Derivatives – Non Current	-	-	-	-
	-	-	17	-

24. Post balance sheet events

There are no post balance sheet events