

Registered No. 08278888

Alfa Financial Software Group Limited

Annual Report for the year ended 31 December 2018



Alfa Financial Software Group Limited

Annual Report for the year ended 31 December 2018

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Alfa Financial Software Group Limited

Directors and advisers

A N Page
A W Denton
V Maclachlan

Company secretary and registered office

A company secretary had not been appointed as at 31 December 2018 nor at the date of this report.

Moor Place
1 Fore Street Avenue
London
EC2Y 9DT
United Kingdom

Independent auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Bankers

RBS
280 Bishopsgate
London
EC2M 4RB
United Kingdom

Alfa Financial Software Group Limited

Strategic report for the year ended 31 December 2018

The Directors present their strategic report on Alfa Financial Software Group Limited (the "Company") for the year ended 31 December 2018.

Review of the business

In 2012, Alfa Financial Software Group Limited was formed as a holding company for Alfa Financial Software Limited and its international subsidiaries (together, the "Group").

The Group is the developer of Alfa Systems, a leading, mission-critical software platform purpose-built for asset finance enterprises globally, therefore making it well placed to serve those providing asset finance across a wide range of asset classes. Asset finance enterprises in the automotive and equipment finance industries use Alfa Systems across the entire finance lifecycle, from proposal to end of lease, across many asset types and financing structures.

During 2017 the Company's ordinary shares previously held by the ultimate parent company CHP Software and Consulting Limited and A and A1 shares held by employees were exchanged for shares in a new holding company, Alfa Financial Software Holdings PLC. There was no change in the ultimate parent or controlling party. At this point all Directors were transferred to the new parent company. At 31 December 2018, the Company has no employees.

Results

The Company has no profit or loss for the year ended 31 December 2018 as it did not trade and is a holding company. In 2017 the Company had a profit of £31.5 million which was primarily due to an intercompany dividend received from its subsidiary, Alfa Financial Software Limited, of £31.5 million. No dividends were declared or paid during or in relation to the year ended 31 December 2018.

Principal risks and uncertainties

Given the Company is a holding company, the Directors believe that there are no significant risks or uncertainties pertaining at this time.

By order of the board



Vivienne Maclachlan
Director
11 March 2019

Alfa Financial Software Group Limited

Directors' report for the year ended 31 December 2018

The Directors present their report and the audited financial statements for the year ended 31 December 2018 of Alfa Financial Software Group Limited (the "Company"). Refer to the Strategic report for a review of the business.

Future developments

The Directors do not expect any significant changes to the principal activities of the Company in the foreseeable future.

Dividends

During the year ended 31 December 2018, the Company neither declared nor paid a dividend. On 10 February 2017, the Company received a dividend of £31.5 million from its subsidiary, Alfa Financial Software Limited and on 10 February 2017, the Company paid a dividend of £31.5 million to its parent, Alfa Financial Software Holdings PLC.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A N Page
A W Denton
V MacLachlan

Qualifying third party indemnity provision

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company has also purchased and maintained through the year Directors' and officers' liability insurance in respect of itself and its Directors.

Going concern

The Directors have used the going concern principle on the basis that the current profitable financial projections of the Group indicate that the Company and its subsidiaries will continue in operation for the foreseeable future.

Financial risk management

The Company is an intermediate holding company and as such is not exposed to market risk (including currency risk, credit risk or liquidity risk).

Subsequent events

There have been no reportable subsequent events since the statement of financial position date.

Alfa Financial Software Group Limited

Directors' responsibilities statement

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

UK company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

The report must contain a statement to the effect that, in the case of each of the persons who are Directors at the time when the report is approved, the following applies:

- As far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditor

Deloitte LLP were reappointed as auditor in 2018 and have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board



Vivienne Maclachlan
Director
11 March 2019

Alfa Financial Software Group Limited

Independent auditor's report to the members of Alfa Financial Software Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Alfa Financial Software Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its result the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss and the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes to the financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Alfa Financial Software Group Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.



Richard Howe (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 March 2019

Alfa Financial Software Group Limited

Statement of profit or loss and comprehensive income for the year ended 31 December 2018

| £'000s | Note | 2018 | 2017 |
|---|------|------|--------|
| Revenue | 3 | - | 416 |
| Sales, marketing and general administrative | | - | (416) |
| Dividends received from subsidiaries | 9 | - | 31,543 |
| Operating profit | | - | 31,543 |
| Finance expense | | - | - |
| Profit before income tax | | - | 31,543 |
| Income tax expense | 4 | - | - |
| Profit and total comprehensive income for the financial year | | - | 31,543 |

The results above relate entirely to continuing operations.

Alfa Financial Software Group Limited

Statement of financial position as at 31 December 2018

| £'000s | Note | 2018 | 2017 |
|-------------------------------------|------|---------------|---------------|
| Assets | | | |
| Investment in subsidiary | 6 | 61,744 | 61,744 |
| Total non-current assets | | 61,744 | 61,744 |
| Current assets | | | |
| Cash and cash equivalents | 7 | 173 | 173 |
| Total current assets | | 173 | 173 |
| Total assets | | 61,917 | 61,917 |
| Liabilities and equity | | | |
| Total liabilities | | - | - |
| Capital and reserves | | | |
| Ordinary shares | 8 | 27 | 27 |
| Share premium | | - | - |
| Retained earnings | | 61,890 | 61,890 |
| Total equity | | 61,917 | 61,917 |
| Total liabilities and equity | | 61,917 | 61,917 |

The financial statements on pages 7 to 14 were approved by the Board of Directors on 11 March 2019 and were signed on its behalf by:



Vivienne Maclachlan
Director

Registered No. 08278888

Alfa Financial Software Group Limited

Statement of changes in equity for the year ended 31 December 2018

| £'000s | Note | Called up share capital | Share premium account | Retained earnings | Total equity |
|--|------|-------------------------|-----------------------|-------------------|--------------|
| As at 1 January 2017 | | 27 | 11,123 | 46,367 | 57,517 |
| Profit and total comprehensive income for the financial year | | - | - | 31,543 | 31,543 |
| Capital reduction | 1 | - | (11,123) | 11,123 | - |
| Capital contribution in respect of share-based payments | 6 | - | - | 4,400 | 4,400 |
| Dividend paid | 9 | - | - | (31,543) | (31,543) |
| As at 31 December 2017 | | 27 | - | 61,890 | 61,917 |
| Result and total comprehensive income for the financial year | | - | - | - | - |
| As at 31 December 2018 | | 27 | - | 61,890 | 61,917 |

Alfa Financial Software Group Limited

Notes to the financial statements for the year ended 31 December 2018

1. Basis of preparation

General information

Alfa Financial Software Group Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Moor Place, 1 Fore Street Avenue, London EC2Y 9DT, United Kingdom. The company registration no. is 08278888.

The principal activity of the Company is as a holding company to Alfa Financial Software Limited and its subsidiaries (together the Company and subsidiaries, the "Group"). The Group's principal activity is to provide software solutions and consultancy services to the asset finance industry in the United Kingdom, Europe, the USA, Australia, New Zealand and Asia.

Statement of compliance and basis of preparation

The financial statements of Alfa Financial Software Group Limited have been prepared in compliance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared on a going concern basis, under the historical cost convention where applicable.

The Directors have used the going concern principle on the basis that the current profitable financial projections of the Company and its subsidiaries (the "Group") will continue in operation for the foreseeable future.

The Company financial statements have been prepared in pound sterling which is the functional and presentational currency of the Company and have been presented in £'000s.

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of Alfa Financial Software Holdings PLC which are publicly available. These financial statements are the Company's separate financial statements.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i. from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii. from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii. from disclosing share-based payment arrangements, required by paragraphs 26.18(b), 26.19 to 26.21 and 26.23 of FRS 102, concerning its own equity instruments;
- iv. from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- v. from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

2017 Group reorganisation and capital reduction

On 4 May 2017, the Company undertook capital reduction by way of a Directors' solvency statement, eliminating the Company's share premium.

In May 2017, the Company's ordinary shares previously held by CHP Software and Consulting Limited and A and A1 shares previously held by the Group's employees were all exchanged for equal shares in Alfa Financial Software Holdings PLC, the Company's new parent company.

In December 2017, the company undertook a share split in relation to the ordinary shares, sub-dividing each 1 pence ordinary share in to ten shares of 0.1 pence. Following this, the A and A1 shares were re-designated as ordinary shares.

2. Critical judgements in applying the Company's accounting policies and key areas of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 addressed below.

The Company is a holding company and therefore there are no critical accounting estimates or judgements.

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3. Revenue

3.1 Revenue - Revenue relates to management fees charged to the Company's subsidiary, Alfa Financial Software Limited.

Revenue attributable to each geographical market based on where service is provided:

| £'000s | 2018 | 2017 |
|---------------|------|------|
| UK | - | 416 |
| Total revenue | - | 416 |

There was no management fees charged in 2018 as no expenses were incurred and all employees had been transferred during 2017.

4. Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

i) Current tax - The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax - Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The effective tax rate for the year is lower (2017: lower); than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017:19.25%). The differences are explained below:

| Reconciliation of charge in the year | | |
|---|------|---------|
| £'000s | 2018 | 2017 |
| Profit on ordinary activities before taxation | - | 31,543 |
| Tax on profit at the standard rate of corporation tax | - | 6,072 |
| Tax effects of: | | |
| Expenses not deductible for tax purposes | - | - |
| Income not taxable for tax purposes | - | (6,072) |
| Group relief | - | - |
| Tax result for the year | - | - |

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 on 6 September 2016. These include reductions to the main rate of corporation tax to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these consolidated financial statements.

5. Directors' compensation

The monthly average number of employees, including Directors, in the Company during the year was nil (2017: 1).

In 2017, the Directors had their contracts and remuneration novated to the newly inserted parent company, Alfa Financial Software Holdings PLC. Therefore the Company has no employees and the Directors are not remunerated for the directorship of this Company.

In 2017, Directors' remuneration paid was £416,000 and the highest paid Director received £218,000.

6. Investments in subsidiary

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiary undertakings are stated at cost, including those costs associated with the acquisitions, less provision for any impairment in value. Where events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable, an impairment review is performed. An impairment write-down is recognised to the extent that the carrying amount of the asset exceeds the higher of the fair value less cost to sell and value in use.

Where a subsidiary has different accounting policies to the Company, adjustments are made to those subsidiary financial statements to apply the Company's accounting policies when preparing the consolidated financial statements.

Alfa Financial Software Group Limited

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control. Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of financial activities.

| £'000s | 2018 | 2017 |
|---|--------|--------|
| Investment in subsidiaries at cost | 61,744 | 57,344 |
| Capital contribution in respect of share-based payments | - | 4,400 |
| Total | 61,744 | 61,744 |

The Company holds 100% of the share capital of Alfa Financial Software Limited. All subsidiaries of Alfa Financial Software Limited, as listed below, are 100% held, have a 31 December 2018 year end and provide software and services.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

| | Registered address and country of incorporation | Principal activity | % held by Company | % held by Group | Ownership at 31 December |
|---|--|-----------------------|-------------------|-----------------|--------------------------|
| | | | | | 2018 |
| Alfa Financial Software Limited | Moor Place, 1 Fore Street Avenue, London EC2Y 9DT, UK | Software and services | 100% | 100% | 100% |
| Alfa Financial Software Inc | 350N Old Woodward Avenue, Birmingham, MI 48009, USA | Software and services | - | 100% | 100% |
| Alfa Financial Software Australia Pty Limited | Level 57 MLC Centre, 19-29 Martin Place, Sydney, NSW 2000, Australia | Software and services | - | 100% | 100% |
| Alfa Financial Software NZ Limited | Level 1 Building B, 600 Great South Road, Greenlane, Auckland 1051, NZ | Software and services | - | 100% | 100% |
| Alfa Financial Software GmbH | Bockenheimer Landstraße 20, 60323 Frankfurt am Main | Software and services | - | 100% | 100% |

Alfa Financial Software Group Limited

Capital Contribution in respect of share-based payments - The employees of the Company's subsidiary have been granted share options by the Company. The Company makes use of the exemption in Section 26 of FRS 102 to account for the expense based on a reasonable allocation of the total expense. Given all the participating employees are employed by the subsidiary and the subsidiary obtains the benefits associated with the employee, sets the employees' salaries and determines any bonus, the subsidiary therefore bears the entire share based payment charge in their financial statements.

Share-based payment arrangements in which the subsidiary receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share based payment transactions. The grant date fair value of share-based payment awards granted to any Director or employee is recognised as an associated expense, with a corresponding increase in equity, over the period that any Director or employee becomes unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model where required, taking into account the terms and conditions upon which the options were granted and is charged to the income statement on a straight-line basis over the vesting period of the award. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

The capital contribution in respect of share-based payments relates to the fair value expense relating to the grant of A and A1 shares to employees of the subsidiary, Alfa Financial Software Limited. In December 2014 the Company issued 91,020 Ordinary A shares to certain employees. In April 2015 the Company issued a further 75,689 Ordinary A1 shares.

The interest would vest following a listing or change of control event. The shares could not be sold or exchanged under any other circumstances prior to this exit event. A charge for these plans was recorded and recharged to the subsidiary in the fourth quarter ended 31 December 2016, when it was determined that a listing was probable with an estimated date in the second quarter of 2017. A charge of £16.2 million was recorded in 2016 and the final charge was recorded in 2017.

In performing the valuation management have assumed, at the grant date, a volatility of 30% at each grant dates, no expected dividend yield, an exit event occurring three years after the date of grant and 0.9% and 0.7% as the risk free rate at December 2014 and April 2015 respectively.

7. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand:

| £'000s | 2018 | 2017 |
|---------------------------|------|------|
| Cash and cash equivalents | 173 | 173 |

8. Called up share capital

Ordinary shares are classified as equity. There are no restrictions on the distribution of capital and the repayment of capital.

| Issued and fully paid | 2018 | | | | 2017 | | | |
|---|-----------------|----------|-----------|--------|-----------------|----------|-----------|--------|
| | Ordinary shares | A Shares | A1 Shares | £'000s | Ordinary shares | A Shares | A1 Shares | £'000s |
| Balance as at 1 January: | | | | | | | | |
| Ordinary shares - 1pence | 26,636,900 | - | - | 27 | 2,663,690 | - | - | 27 |
| A shares - 0.1 pence | - | - | - | - | - | 91,020 | - | - |
| A1 shares - 0.1 pence | - | - | - | - | - | - | 75,689 | - |
| At 1 January | 26,636,900 | - | - | 27 | 2,663,690 | 91,020 | 75,689 | 27 |
| Ordinary shares issued in year | - | - | - | - | - | - | - | - |
| Ordinary share split - 0.1 pence - movement | - | - | - | - | 23,973,210 | - | - | - |
| A and A1 share re-designation | - | - | - | - | - | (91,020) | (75,689) | - |
| Balance as at 31 December | 26,636,900 | - | - | 27 | 26,636,900 | - | - | 27 |

The voting rights and restrictions attached to the Ordinary shares are as described in the Articles of Association. All ordinary shares have voting rights are attached to the ordinary shares.

In December 2017, the company undertook a share split in relation to the ordinary shares, sub-dividing each 1pence ordinary share in to ten shares of 0.1pence. Following this, the A and A1 shares were re-designated as ordinary shares.

9. Dividend

Dividends are recognised through equity when approved by Alfa's shareholders or on payment, whichever is earlier.

During the year ended 31 December 2018, the Company neither declared nor paid a dividend. On 10 February 2017, the Company received a dividend of £31.5 million from its subsidiary. On 10 February 2017, the Company paid a dividend of £31.5 million to the Parent.

Alfa Financial Software Group Limited

10. Related party transactions and ultimate controlling party

The Company has taken advantage of the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with related parties which are wholly owned within the same group.

The ultimate parent undertaking is CHP Software and Consulting Limited, which is the parent undertaking of the largest group to consolidate these financial statements. The registered office of the ultimate parent undertaking is Moor Place, 1 Fore Street Avenue, London EC2Y 9DT and copies of the financial statements of CHP Software and Consulting Limited can be obtained from this address. The ultimate controlling party is Andrew Page.

The immediate parent undertaking is Alfa Financial Software Holdings PLC, which is the parent undertaking of the smallest group to consolidate these financial statements. The registered office of the immediate parent undertaking is Moor Place, 1 Fore Street Avenue, London EC2Y 9DT and copies of the financial statements of CHP Software and Consulting Limited can be obtained from this address.

11. Subsequent events

There have been no reportable subsequent events.