Registered number: 02760212

OBJECTWAY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

OBJECTWAY LIMITED

COMPANY INFORMATION

Directors	A Traverso A Cuccu
Registered number	02760212
Registered office	Level 35 Mail Drop 25 Canada Square London E14 5LQ
Independent auditor	PricewaterhouseCoopers LLP Cornwall Court, 19 Cornwall Street Birmingham, B3 2DT

OBJECTWAY LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Introduction

The Directors present their strategic report together with the audited financial statements for the year ended 30 June 2019.

Principal activities and business review

Revenues are generated from the licensing and maintenance of software products, the intellectual property is owned by the company or its parent. These products need to be implemented for use by a client, and implementation work is usually chargeable, either as a fixed price contract or time and materials. Sometimes clients who use products need bespoke developments to support their business, and these are charged as either fixed price or time and material projects. In other cases the Company provides hosting operations services to run the software products, if the client wants to outsource this rather than do it themselves. The Company also provides entirely bespoke services for clients who want to hire professional skills to work on their existing systems, or undertake new developments on their behalf.

The major cost in the Company is therefore the staff that create and maintain the software product, or provide the service. Costs include salary and bonus, travel and subsistence, as well as office accommodation and systems on which to work. In order to promote the products and services available, the Company employs sales staff and runs a range of marketing activities, targeting the prospective clients.

Generally, the Company provides products and services to the Financial Services Industry, in the EMEA market. The core sectors served are Banking, Insurance, Asset Management, Wealth management and Private Client stock broking.

Overall, the Company will strive to sell additional products and services to both current and new customers following the strategic goal to improve the market positioning as leading provider of innovative software solutions.

Principal risks and uncertainties

The Company has a strong position in the UK market in the Asset Management, Wealth Management and private client stock broking markets; this has proven to be a resilient sector, even during the past financial downturn albeit with limited growth potential.

The major future uncertainty for the Company is the capability and confidence of the European Financial Services industry to invest in, or enhance, their systems infrastructure. The global financial down turn and economic recession experienced in the past has had a material impact on the business and the rate at which the market recovers confidence is a future uncertainty.

The Company's credit risk, which is mainly attributable to its trade debtors, is under control, with debtor days averaging between 25 - 31 days.

Cash flows are monitored daily as part of normal control procedures. Regularly updated forecasts assist in controlling the Company's working capital requirements.

OBJECTWAY LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Financial key performance indicators

The Company's management regularly reviews various KPIs but in the main concentrate on variances between actual revenues and net margins against expectations, also on a monthly basis against prior month forecasts.

In the year ended June, 30th 2019 the Company's turnover was £12,377k with respect to £13,734k in the previous fiscal year ended June, 30th 2018. The decrease in turnover of about 10% is mainly ascribed to lover volumes of services provided to both existing and new clients.

The Company achieved a profit on activities before taxation of £455k respect the previous fiscal year (*2018: £1,619k*).

Cash flow is monitored on a daily basis as part of normal control procedures. Regular forecasts control the Company's working capital requirements.

Events after the reporting date

Following the referendum held in June 2016 with the decision to exit from EU, the scenarios for the UK economy and the relationships with the other EU countries are still uncertain and barely predictable.

However, turnover is quite stable and confirms that the Company's business is highly resilient being above all focused on local market trends and dynamics with limited influence from external decisions taken from foreign countries.

With regard to local currency fluctuations, the sterling is still close to the highest negative peaks against the Euro even though the economic trends are still quite positive and inflation is under control at around 2% in line with target of 2% as recently stated by the Bank of England. In this scenario, there is no apparent reason why the sterling should keep on dwindling except for external speculative actions. In any case, nearly the whole Company's business is denominated in sterling for both revenues and costs so the accounts result naturally hedged from currency risks.

In this perspective, we keep a moderate positive outlook about the performances of the fiscal year closing at the end of June 2020.

The Company will continue to monitor the economic situation and market trends closely and act accordingly should future material developments or any other relevant conditions alter.

This report was approved by the board on 27th November 2019 and signed on its behalf.

A Traverso
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

The Directors present their report and the audited financial statements for the year 30 June 2019.

Principal activities

The Company's principal activity is the provision of software services to the international banking and securities markets, particularly with regard to its investment management and stockbroking products.

The Company has a strong leading position in its market and the annual revenue drop mostly comes from the decrease in software services provided to the existing client's portfolio. However the vast majority of the commercial relationships with clients are long-standing, confirming a strong business stickiness.

Dividends

The Directors recommend the payment of a final dividend of £1,000,000 in respect of the financial statements for the year ended 30 June 2019 (interim dividend of £1,300,000).

Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

In addition, the parent entity, Objectway S.p.A, has undertaken to provide full financial support as and when required for the foreseeable future.

Research and development

Overall, the Company concentrates a structural part of its efforts to development costs in order to constantly provide innovative software platforms to customers adding new features and improving performances.

Financial Instruments

The Company's operations may expose it to a variety of financial risks that mainly include the effect of changes in credit, liquidity and interest rate.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company's finance department in order to manage interest rate risk and credit risk, and circumstances where it would be appropriate to use financial institutions to manage these.

Price Risk

The Company is barely exposed to commodity price risk as the vast majority of costs refer to employment agreements and the rest is related to general and administration expenses including, among others, lease and rent costs. The Company has no exposure to equity securities price risk as it has no listed or other equity investments.

Credit Risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only prominent and major providers are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Liquidity Risk

The Company is traditionally cash positive and the excess liquidity is designed to ensure that the Company has sufficient available funds for operations and planned expansions. Furthermore, the parent company has put in place a group cash pooling structure which ensure minimum levels of cash to run the Company's operations also providing financial support in case of need.

Directors

The Directors who served during the year were:

A Traverso
A Cuccu

Future developments

With regard to future developments, the Company will keep on striving to improve and innovate its digital software solutions and services aiming at offering a complete product range, which could fully supply and meet the market demand.

Future growth drivers will follow two main clear market trends: the former refers to the business opportunities coming from regulatory changes such as the adoption of MIFID II. The latter is the quest for digital services from ultimate customers who are increasingly pushing stockbrokers and all the other main financial institutions to implement a digital transformation of their business. Financial players have put off such a process following the additional uncertainty triggered after Brexit but they are aware that this is inevitable in order to remain competitive in their business environment.

In light of the above, we will keep on unifying and integrating our modular products in order to sell them either as single modules or in bundle as integrated solutions. In addition, we will nurture and upgrade the digital portal proposition as well in order to improve customer experience.

Therefore, the Company confirms the intention to address a relevant part of efforts on the seamless evolution and upgrade of its offering stack as structural limb of its long-term strategies.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

During the period PKF Littlejohn resigned as auditors of the Company and PWC UK LLP were appointed to fill to casual vacancy. A resolution confirming the appointment and for proposing PWC for the reappointment in accordance with section 485 of the Companies Act 2006 will be put forward at the Company's Annual General Meeting.

Post balance sheet events

No relevant events occurred after the fiscal year end. Please refer to the strategic report for Brexit considerations.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

This report was approved by the board on 27th November 2019 and signed on its behalf.

A Traverso
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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 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.

Independent auditors' report to the members of Objectway Limited

Report on the audit of the financial statements

Opinion

In our opinion, Objectway Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matthew Walker

Matthew Walker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
27 November 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £	*2018 £*
Turnover	4	**12,376,940**	13,733,706
Cost of sales		**(1,414,939)**	(1,442,622)
Gross profit		**10,962,001**	12,291,084
Administrative expenses		**(10,514,041)**	(10,674,562)
Operating profit	5	**447,960**	1,616,522
Interest receivable and similar income		**7,388**	2,128
Profit before tax		**455,348**	1,618,650
Tax on profit	9	**(87,242)**	(306,109)
Profit for the financial year		**368,106**	1,312,541

There was no other comprehensive income for 2019 (2018:£NIL).

The accounting policies and notes on pages 12 to 30 form part of these Financial Statements.

REGISTERED NUMBER: 02760212

BALANCE SHEET
AS AT 30 JUNE 2019

	Note		2019 £		*2018* £
Fixed assets					
Intangible assets	11		**1,486,258**		2,662,629
Tangible assets	12		**158,280**		210,094
Investments	13		**1**		1
			1,644,539		2,872,724
Current assets					
Debtors: amounts falling due within one year	14	**3,272,118**		3,874,821	
Cash at bank and in hand	15	**3,330,981**		3,163,953	
		6,603,099		7,038,774	
Creditors: amounts falling due within one year	16	**(4,959,138)**		(5,084,109)	
Net current assets			**1,643,961**		1,954,665
Total assets less current liabilities			**3,288,500**		4,827,389
Creditors: amounts falling due after more than one year	17		**(762,530)**		(1,369,525)
Net assets			**2,525,970**		3,457,864
Capital and reserves					
Called up share capital	21		**1**		*1*
Profit and loss account	22		**2,525,969**		3,457,863
Total shareholders funds			**2,525,970**		3,457,864

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27th November 2019.

A Traverso
Director

The accounting policies and notes on pages 12 to 30 form part of these financial statements.

OBJECTWAY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2017	1	3,645,322	3,645,323
Profit for the year	-	1,312,541	1,312,541
Dividends: Equity capital	-	(1,500,000)	(1,500,000)
At 30 June 2018	1	3,457,863	3,457,864
Profit for the year	-	368,106	368,106
Dividends: Equity capital	-	(1,300,000)	(1,300,000)
At 30 June 2019	1	2,525,969	2,525,970

The accounting policies and notes on pages 12 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. General information

Objectway Limited is a private Company, limited by shares and incorporated and domiciled in England. The Company's principal activity during the year was the provision of software services to the international banking and securities markets, particularly with regard to its investment management and stockbroking products. It is a wholly owned subsidiary of Objectway S.p.A, a Company registered and domiciled in Italy. The address of its registered office is Level 35, 25 Canada Square, London, E14 5LQ. The Company's registered number is 02760212.

2. Accounting policies

2.1 Basis of preparation of financial statements and statement of compliance

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of available exemption for qualifying entities, as follows:

- The Company is a wholly owned subsidiary of Objectway S.p.A. The Company's financial statements are included in the consolidated financial statements of Objectway S.p.A which are publicly available. Therefore the Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

- The Company has taken exemption from preparing a cash flow statement under Section 1.12 (b) of FRS 102, as the Company is a subsidiary undertaking where 100% or more of the voting rights are controlled within the group and consolidated financial statements in which those subsidiary undertakings are included are publicly available.

- The Company has not disclosed transactions entered into between wholly owned group companies in line with Section 33.1A of FRS 102.

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from licences are recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Where a perpetual licence is in place, the revenue is recognised over a ten year period.

Service revenue comprises revenues for maintenance, transaction processing and professional services. Maintenance and support contracts are recognised evenly over the period of the contract. Where multiple element contracts are entered into and the constituent parts do not stand alone, all revenues are spread over the period of the contract. Electronic data interchange and remote processing services are recognised monthly as work is performed. Professional services, such as implementation, training and consultancy, are recognised when the services are performed.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2. Accounting policies (continued)

2.6 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets may be recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, from when the asset became available.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.9 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

2.10 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that theywill be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Development expenditure	-	20 % Straight line

2. Accounting policies (continued)

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

S/Term Leasehold Property	- Straight line over the life of the lease
Office equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.15 Leased assets

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.16 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Bank overdrafts are shown within current liabilities.

2. Accounting policies (continued)

2.19 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Share capital

Ordinary shares are classified as equity.

2. Accounting policies (continued)

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of assets:

In evaluating the valuation and recoverable amount of an intangible asset, management based its assumptions on the estimate of the value-in use of the cash generating unit. Management made an estimate of the expected future cashflows from the cash-generating unit and applied an appropriate discount rate in order to determine the present value of those cash flows. Annually, the directors consider whether there are any impairment triggers, where an impairment trigger is identified then an impairment review is performed.

Useful economic life of intangible assets:

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the condition of the assets. See note 11 for the carrying amount of the intangible assets.

4. Turnover

	2019	*2018*
	£	£
Analysis of turnover by geography:		
United Kingdom	**10,022,567**	11,523,325
Rest of Europe	**460,169**	107,099
Rest of the world	**1,174,596**	1,269,925
Channel Islands	**719,608**	833,357
	12,376,940	13,733,706

4. Turnover (continued)

	2019 £	*2018* £
Analysis of turnover by category:		
Licence revenue	**1,961,364**	1,975,122
Service revenue	**8,834,929**	10,435,714
Other services	**1,120,478**	1,215,771
Intercompany charges	**460,169**	107,099
	12,376,940	13,733,706

5. Operating profit

The operating profit is stated after charging:

	2019 £	*2018* £
Depreciation of tangible fixed assets	**147,464**	142,400
Exchange differences	**475**	392
Other operating lease rentals	**462,088**	483,484
Amortisation of intangible assets	**1,177,339**	1,177,285

6. Auditors' remuneration

	2019 £	*2018* £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**23,500**	17,500
Fees payable to the Company's auditors for corporation tax work	**-**	3,500

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	**4,550,873**	4,457,098
Social security costs	**502,261**	494,521
Cost of defined contribution pension scheme	**695,143**	655,166
	5,748,277	5,606,785

The average monthly number of employees, including the Directors, during the year was as follows:

	2019 No.	2018 No.
Programming and support	**83**	80
Sales and marketing	**2**	2
Administration and management	**4**	10
	89	92

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	**20,000**	18,000
	20,000	18,000

During the year retirement benefits were accruing to no Director (2018:0) in respect of defined contribution pension schemes.
Other than Directors there are no other key management personnel.
Any emoluments paid to the Directors by other group companies are not recharged to the Company,

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9. Tax on profit

	2019	*2018*
	£	*£*
Corporation tax		
Current tax on profits for the year	**63,349**	*268,238*
	63,349	268,238
Total current tax	**63,349**	268,238
Deferred tax		
Origination and reversal of timing differences	**23,893**	37,871
Total deferred tax	**23,893**	37,871
Taxation on profit	**87,242**	306,109

9. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2018 - lower than)* the standard rate of corporation tax in the UK of 19 % *(2018 - 19%)*. The differences are explained below:

	2019 £	*2018* £
Profit before tax	**455,348**	1,618,650
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**86,516**	307,544
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation ar impairment	**3,537**	3,021
Effect of increase/decrease in tax rates on deferred tax assets	**(2,811)**	(4,456)
Total tax charge for the year	**87,242**	*306,109*

Factors that may affect future tax charges

During 2015, the government announced legislation setting the corporation tax main rate at 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These rates became substantively enacted on 26 October 2015. The government further announced on 16 March 2016 as part of its Budget that a rate of 17% will apply from 1 April 2020 instead 18%.

The company has a deferred tax asset £134,524 (2018: £158,417) in relation to lax losses and decelerated capital allowances. The deferred tax asset has been calculated at 17% being the rate of corporation tax substantively enacted by the Balance sheet date.

The amount of the reversal of deferred tax expected to occur next year is nill, relating to the reversal of existing differences on tangible fixed assets.

10. Dividends

	2019 £	*2018* £
Dividends paid to parent company	**1,300,000**	*1,500,00C*
	1,300,000	*1,500,00C*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

11. Intangible assets

	Development costs £
Cost	
At 1 July 2018	5,886,426
Additions	968
At 30 June 2019	5,887,394
Accumulated Amortisation	
At 1 July 2018	3,223,797
Charge for the year	1,177,339
At 30 June 2019	4,401,136
Net book value	
At 30 June 2019	1,486,258
At 30 June 2018	*2,662,629*

The development costs relate to the improvement and innovation of the existing product platforms through additional functions and features to cater for additional customers' needs and to improve performances in light of any regulatory changes. In details, a great part of these developments also relate to a newly designed software product which was in the final stage of development in 2015 and during 2016 it became available to the market. The costs mainly relate to staff time involved in development, directly.

Based on the value and timings of future cashflows from sales, the Directors consider that no impairment is required although they believe that there could be some uncertainty related to exact timings.

The asset is amortised over 5 years being the estimated life of the software due to potential future technological advances.

Amortisation has been included in the Statement of Comprehensive Income under 'administrative expenses'.

12. Tangible assets

	S/Term Leasehold Property	Office equipment	Total
	£	£	£
Cost or valuation			
At 1 July 2018	708,712	1,656,642	2,365,354
Additions	-	95,650	95,650
At 30 June 2019	708,712	1,752,292	2,461,004
Accumulated Depreciation			
At 1 July 2018	708,712	1,446,548	2,155,260
Charge for the year on owned assets	-	147,464	147,464
At 30 June 2019	708,712	1,594,012	2,302,724
Net book value			
At 30 June 2019	-	158,280	158,280
At 30 June 2018	-	*210,094*	*210.094*

The net book value of office equipment held under finance or hire purchase lease at the end is £nil *(2018:nill)*. Depreciation charged on these assets for the year is £nil (*2018: £3,997*).

13. Investments

	Unlisted investments £
Cost or valuation	
At 1 July 2018	1
Additions	-
At 30 June 2019	1
At 1 July 2018	1
Net book value	
At 30 June 2019	1
At 30 June 2018	*1*

Fixed asset investments comprise an equity share in Objectway Financial Software NV, a company which is not publicly traded.

Objectway Financial Software NV

The Company owns 1% of the equity share capital of Objectway Financial Software NV. During the year the Company received £Nil dividends from Objectway Financial Software NV. The address of the registered office of Objectway Financial Software NV is Zandvoortstraat C45, B-2800 Mechelen, Belgium.

14. Debtors: amounts falling due within one year

	2019 £	*2018 £*
Trade debtors	**2,019,930**	2,643,008
Amounts owed by group undertakings	**372,850**	31,499
Other debtors	**21,058**	19,169
Deferred taxation	**134,254**	158,417
Prepayments and accrued income	**723,756**	1,022,728
	3,272,118	3,874,821

15. Cash at bank and in hand

	2019 £	*2018 £*
Cash at bank and in hand	**3,330,981**	3,163,953
	3,330,981	3,163,953

16. Creditors: Amounts falling due within one year

	2019 £	*2018 £*
Trade creditors	**739,262**	505,913
Amounts owed to group undertakings	**452,072**	837,494
Other taxation and social security	**301,597**	438,119
Other creditors	**223,167**	215,900
Accruals and deferred income	**3,243,040**	3,086,683
	4,959,138	5,084,109

In the amounts owed to group undertakings there are no financial loans.

17. Creditors: Amounts falling due after more than one year

	2019 £	*2018 £*
Accruals and deferred income	**762,530**	1,369,525
	762,530	1,369,525

18. Financial instruments

	2019 £	*2018 £*
Financial assets		
Financial assets measured at amortised cost	**2,911,245**	3,360,346
	2,911,245	3,360,346

Financial assets measured at amortised cost comprise trade debtors, accrued income and other debtors.

18 Financial instruments (continued)

	2019 £	*2018* *£*
Financial liabilities		
Financial liabilities measured at amortised cost	**5,502,019**	6,015,515
	5,502,019	6,015,515

Financial liabilities measured at amortised cost comprise trade creditors, accruals, deferred income, other creditors and amounts owed to group undertakings.

19. Deferred taxation

	2019 £	*2018* *£*
At beginning of year	**158,417**	196,288
Charged to profit or loss	**(23,893)**	(37,871)
At end of year	**134,524**	158,417

	2019 £	*2018* *£*
Accelerated capital allowances	**134,524**	158,417
	134,524	158,417

20. Pension commitments

The Company operated a defined contributions pensions scheme. The total pension contributions during the year amounted to £695,143 (*2018:* £655,166). Contributions totaling £65,102 (*2018: £56,619*) were outstanding and payable at the year end.

21. Called up Share capital

	2019 £	*2018 £*
Shares classified as equity		
Allotted, called up and fully paid		
1 (2018:£1) ordinary share of £1	**1**	*1*

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

22. Profit and loss account

Profit and loss account

The profit and loss account comprises profits and losses that have accumulated year on year since the Company began trading.

23. Commitments under operating leases

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	*2018 £*
Not later than 1 year	**289,009**	*281,435*
Later than 1 year and not later than 5 years	**340,958**	*289,009*
	629,967	*570,444*

24. Related party transactions

As at 30 June 2019 the Company owed Objectway S.p.A £222,200 *(2018:* £369,346*)*. Objectway S.p.A owns 100% of the ordinary share capital of Objectway Limited.

As at 30 June 2019 the Company owed from Objectway Financial Software NV £142,977 *(2018:* £468,148*)*. The Company owns No. 1 share of Objectway Financial Software NV's capital. The remaining shares are fully owned by Objectway Spa, the Italian parent company.

As at 30 June 2019, the Company from Objectway Ireland Ltd is nill (*2018:* £31,499). Objectway Ireland Ltd is a fully owned subsidiary within the Group.

25. Controlling party

The immediate and ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Objectway S.p.A, a Company incorporated in Italy, and its registered office is Via G. da Procida, 24 20149 Milan, Italy.

The ultimate controlling party is L. Marciano by virtue of owning 69.08% of the share capital of Objectway