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Caplin Systems Limited

Directors' report and financial statements for the financial year ended 31 March 2017

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the financial year ended 31 March 2017

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COMPANY INFORMATION

DIRECTORS	P Caplin (resigned 27/04/2016) P Myles J Ashworth
SECRETARY	A Wood
REGISTERED OFFICE	Level 26, 30 Mary Axe, London, EC3A 8EP England
REGISTERED NUMBER OF INCORPORATION	02823818
AUDITOR	PricewaterhouseCoopers One Spencer Dock, North Wall Quay, Dublin 1 Ireland
BANKER	HSBC, 20 Eastcheap, London, EC3M 1ED England
SOLICITOR	RLS Solicitors Limited 388 The Strand, London, WC2R 0LT England

STRATEGIC REPORT
for the financial year ended 31 March 2017

The directors present their Strategic Report on the company and its subsidiaries ("the Group") for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS
The principal activity of the Company continued to be that of the creation and marketing of computer software and services for online trading of financial instruments.

Highlights
During the year to 31 March 2017:
- We continued to provide an increasingly broad range of e-distribution solutions, including foreign exchange trading, options trading, structured products trading, equities trading and wealth management.
- We undertook a restructuring exercise which reflected a transition from high-value but capex-intensive initial licence model to a recurring revenue model, and adjusted costs accordingly.
- We now operate from a leaner base with a much stronger recurring revenue profile.
- A significant growth in revenues arose from a successful project with a European bank.

Financial Performance Indicators
The Company's key measures of financial performance are Turnover, Operating Profit/(Loss), Net Profit/(Loss) after Taxation, and Net Cash Flow.

	2017	2016	Change
Revenues	£9.9m	£7.5m	£2.4m
Operating profit/(loss)	£2.3m	(£3.4m)	£5.7m
Profit/ (loss) after taxation	£2.6m	(£2.5m)	£5.1m
Cash and bank balances	£2.2m	£2.2m	£ -

The Company continued to increase the value of recurring revenues as well as overall revenues compared to the previous year.

Investment in our products and solutions continued throughout the year reducing customers' time to market and associated cost of building single-dealer platforms.

Our profitability was reduced in the prior year by the reduction in revenues due to the transition from an initial licence to recurring licence model. All R&D costs were capitalised in the current year, but were charged to the Statement of Comprehensive Income as incurred and were not capitalised in the prior year due to the significant loss.

Outlook
Following the refinancing in the prior financial year, the Company is experiencing strong interest resulting from:
- The continued recovery in the financial markets.
- An increased willingness on the part of banks to buy rather than build software.
- The growing popularity of single-dealer platforms, particularly in the foreign exchange market.
- The increase in our global presence.
- Distribution opportunities arising from our partner companies.
- An accelerated move to automation in our clients' sales functions.

STRATEGIC REPORT
for the financial year ended 31 March 2017 (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES
The principal risks and uncertainties which the Group faces are:

STRATEGIC REPORT
for the financial year ended 31 March 2017 (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties which the Group faces are:

- The market for the development and implementation of single-dealer platforms is increasingly competitive, and some competitors may have greater technical and financial resources than the Company;
- The Company has a limited number of large customers in the financial services industry. The collapse of one of these could have a significant impact on the profitability of the Company;
- New regulations such as the Dodd Frank law in the US and MiFID/MiFIR in the EU may affect the Company's customers' activities, making the Company's proposition less attractive;
- Rapid evolution of software technology may render the Company's solution less attractive; and
- The Company's reputation and growth prospects would be at risk if poor quality products were released.

The Group has insurances, business policies and organisational structures to limit these risks and uncertainties. The Board of Directors and management regularly review, reassess and proactively limit the associated risks.

On behalf of the Directors

John Ashworth
Director
Date: 25 September 2017

DIRECTORS' REPORT
for the financial year ended 31 March 2017

The Directors present herewith their report and audited financial statements ("financial statements") for Caplin Systems Limited (the "Company") for the financial year ended 31 March 2017.

DIRECTORS AND THEIR INTERESTS
The names of the Directors who served at any time during the financial year are as listed below.

P Caplin (resigned 27/04/2016)
P Myles
J Ashworth

RESEARCH AND DEVELOPMENT
The company carries out significant research and development, updating and maintaining a technology road map which identifies in detail the new products and product enhancements which will be developed in the next financial year. The company capitalises research and development in line with our accounting policy as set out in note 1 (d).

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE
The Company re-assigned the first floor lease on 2 May 2017.

DISCLOSURE OF INFORMATION TO THE AUDITOR
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Directors and the Company's auditors, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with Financial Reporting Standards 101 – Reduced Disclosure Framework ("FRS 101").

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period.

DIRECTORS' REPORT
for the financial year ended 31 March 2017 *(continued)*

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2006 and enable the financial statements to be audited. 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.

GOING CONCERN
The Company has contractual arrangements in place with the parent company which ensures that the Company will have adequate resources to operate for the foreseeable future. This allows the Directors to prepare the financial statements on a going concern basis.

INDEPENDENT AUDITORS
PricewaterhouseCoopers have indicated their willingness to be reappointed for another term.

The Directors disposed with the requirement to hold an Annual General Meeting and to appoint auditors annually as the Company is a wholly owned subsidiary.

On behalf of the Directors

John Ashworth
Director
Date: 25 September 2017

Independent auditors' report to the members of Caplin Systems Limited

Report on the financial statements

Our opinion

In our opinion, Caplin Systems Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

pwc

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility. Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Damian Byrne

Damian Byrne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
29 September 2017

STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 March 2017

	Note	2017 £	2016 £
Revenue	2	9,946,662	7,541,239
General and administrative expenses		(7,634,502)	(10,979,552)
Operating profit/ (loss)	3	2,312,160	(3,438,313)
Interest receivable and similar income	7	2	1,882
Profit/ (Loss) on ordinary activities before taxation		2,312,162	(3,436,431)
Tax credit on profit / (loss) on ordinary activities	8	261,228	951,633
Profit/ (Loss) for the financial year		2,573,390	(2,484,798)
Other comprehensive income		-	-
Total comprehensive profit/ (loss)		2,573,390	(2,484,798)

STATEMENT OF FINANCIAL POSITION
at 31 March 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Intangible assets	9	2,592,201	229,187
Tangible assets	10	91,317	196,553
		2,683,518	425,740
CURRENT ASSETS			
Debtors – amounts falling due within one year	11	5,247,808	1,834,241
Cash at bank and in hand		2,168,299	2,146,039
		7,416,107	3,980,280
CREDITORS (amounts falling due within one year)	12	(12,490,553)	(8,941,870)
		(12,490,553)	(8,941,870)
NET CURRENT LIABILITIES		(5,074,446)	(4,961,590)
Provisions for liabilities	13	(137,930)	(566,398)
NET LIABILITIES		(2,528,858)	(5,102,248)
CAPITAL AND RESERVES			
Called up share capital presented as equity	14	100,000	100,000
Retained earnings		(2,628,858)	(5,202,248)
SHAREHOLDERS' FUNDS		(2,528,858)	(5,102,248)

The notes on pages 12-27 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 25 September 2017. They were signed on the Company's behalf by:

John Ashworth

Director

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2017

	Called up share capital	*Retained earnings*	*Total equity*
	£	£	£
Balance as at 1 April 2015	100,000	(2,717,450)	(2,617,450)
Loss for the financial year	-	(2,484,798)	(2,484,798)
Other comprehensive income for the financial year	-	-	-
Total comprehensive loss for the financial year	-	(2,484,798)	(2,484,798)
Balance at 31 March 2016	100,000	(5,202,248)	(5,102,248)
Profit for the financial year	-	2,573,390	2,573,390
Other comprehensive income for the financial year	-	-	-
Total comprehensive profit for the financial year	-	2,573,390	2,573,390
Balance at 31 March 2017	100,000	(2,628,858)	(2,528,858)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standards 101 *'Reduced Disclosure Framework'* ("FRS 101"). The financial statements are prepared under the historical cost convention.

The directors consider it appropriate to prepare the financial statements on the going concern basis. The directors have considered the current financial position of the company and the future plans for the business, along with associated cash flow projects and on this basis are satisfied that the company can continue to prepare the accounts on a going concern basis.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(c).

(b) Exemptions utilised under FRS 101

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 *'Financial Instruments: Disclosures'* ("IFRS 7");
- Paragraph 38 of IAS 1 *'Presentation of financial statements'* ("IAS 1") comparative information requirements in respect of:
  i. paragraph 79(a)(iv) of IAS 1;
  ii. paragraph 73(e) of IAS 16 *'Property, plant and equipment'* ("IAS 16");
- The following paragraphs of IAS 1:
  i. 10(d), (statement of cash flows);
  ii. 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  iii. 16 (statement of compliance with all IFRS);
  iv. 38A (requirement for minimum of two primary statements, including cash flow statements);
  v. 38B-D (additional comparative information);
  40A-D (requirements for a third statement of financial position);
  vi. 111 (cash flow statement information); and
  vii. 134-136 (capital management disclosures).
- IAS 7 *'Statement of cash flows'* ("IAS 7");
- Paragraph 30 and 31 of IAS 8 *'Accounting policies, changes in accounting estimates and errors'* ("IAS 8") (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

1. ACCOUNTING POLICIES *(continued)*

(b) *Exemptions utilised under FRS 101 (continued)*

- Paragraph 17 of IAS 24 *'Related party disclosures'* ("IAS 24") (key management compensation);
- The requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group; and
- Paragraphs 130(f)(ii), 130(f)(iii), 123(d) to 134(f) and 135(c) to 135(e) of IAS 36 *'Impairment of assets'* ("IAS 36").

(c) *Judgments and key sources of estimation uncertainty*

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

(i) *Percentage of Completion (POC) estimates in Revenue:* Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. Estimates are made over the total expected labour hours based on project managers' estimated and revised budgets, however circumstances may change which will impact on the hours to complete. Please see note 1(n).

(ii) *Provisions and accruals:* In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to settle the obligation and the expected timing of those costs. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

(iii) *Capitalised Intangibles:* Assets are capitalised based on demonstrating the technical feasibility of completing the intangible asset so that it will be available for sale, 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 and the ability to measure reliably the expenditure during development.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

1. ACCOUNTING POLICIES *(continued)*

(d) *Intangible assets*

Intangible assets acquired separately, such as software, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. Intangible assets with finite lives, such as software, are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. All intangible assets are amortised over three years.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when all of the following criteria are satisfied:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. 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 evenly over the period of expected future benefit.

The Company has capitalised £2,190,003 of development costs in the current period (2016: nil).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

1. ACCOUNTING POLICIES *(continued)*

(e) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historical cost or valuation less accumulated depreciation and impairment losses. Cost comprises the amount paid and the costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold improvements	- Over the lease term
Computer equipment	- 3 years
Furniture, fittings & Equipment	- 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Any gain or loss arising from the de-recognition of the asset is included in the Statement of Comprehensive Income in the period of de-recognition.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

(f) *Financial assets*

Initial recognition and measurement - the Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement - for purposes of subsequent measurement, financial assets held by the Company are classified as follows:

- Loans and receivables - Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. 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 EIR.

Impairment of financial assets - the Company assesses at the end of reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. Impairment losses are only incurred if there is objective evidence of impairment, as a result of one or more events that occurred after the initial recognition of the asset and had an impact on the estimated future cash flows of the asset or group of financial assets that can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

1. ACCOUNTING POLICIES *(continued)*

(f) *Financial assets (continued)*

Derecognition - a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(g) *Financial liabilities*

Initial recognition and measurement - the Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

Subsequent measurement - for purposes of subsequent measurement, financial liabilities held by the Company are classified as follows:

- Loans and borrowings - after initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. 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 EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

Derecognition of financial liabilities - a 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 a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the Statement of Comprehensive Income.

(h) *Cash at bank and in hand*

Cash at bank and in hand includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

1. ACCOUNTING POLICIES *(continued)*

(i) *Provision for liabilities*

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of 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 is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

(j) *Leases*

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease, unless another systematic basis is more representative of the time pattern of the users benefit. The Company had no finance leases.

(k) *Pension costs*

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income and recognised as employee benefit expenses as they become payable in accordance with the rules of the scheme.

(l) *Foreign currency translation*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in pound sterling (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(m) *Taxation*

The tax expense for the financial year comprises current and deferred tax. Current tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, current tax is charged or credited to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the profit or loss, in the Statement of Comprehensive Income.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

1. ACCOUNTING POLICIES *(continued)*

(m) *Taxation (continued)*

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for deferred tax assets which are only recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

(n) *Revenue recognition*

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Multi element arrangements and allocations of the transaction price
The Company derives revenue from licences and subscriptions of its software and related professional services, which can include; assistance in implementation, customisation and integration, post-contract customer support, and other professional services. In the event that an agreement with the Company's customers is executed in close proximity to other agreements with the same customer, the Company evaluates whether the separate agreements are linked, and, if so, the agreements together are considered a single multi-element arrangement. Where such multiple-element arrangements exist, the amount of revenue allocated to each distinct element is based upon the relative fair values of the various distinct elements. The fair values of each element are determined based on the best estimate of the current market price of each of the elements when sold separately. In determining the total transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

1. ACCOUNTING POLICIES *(continued)*

(n) *Revenue recognition (continued)*

Sale of and subscription to licences
Revenue is recognised over the period of the related sales agreement, unless the licence is not distinct from the post contractual support ("PCS"), in which case the licence revenue is recognised when the Company has no further obligations to perform in respect of the licence, and to the extent that the licence is considered a right of use of the software. Where the licence is distinct or is considered a right to access IP, the licence revenue is taken over the licence period. Where the licence is distinct and separated from the PCS, the PCS revenue is recognised over the PCS period in the sales agreement.

Rendering of services
Revenue pursuant to time and material professional services contracts are recognised as services are performed. Revenues from fixed-fee professional service contracts is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spend relative to the total expected labour hours. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known. Full provision is made for losses on all contracts in the year in which they are first foreseen.

(o) *Creditors*

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently recognised at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

2. REVENUE

Revenue was wholly derived from the Company's principal activity wholly undertaken in the United Kingdom. It comprises the value of goods and services sold, excluding VAT.

	2017 £	*2016* £
United Kingdom	2,052,843	2,780,266
Rest of Europe	4,750,014	1,623,366
North America	1,137,174	1,407,784
Rest of the World	2,006,631	1,729,823
	9,946,662	7,541,239

3. OPERATING PROFIT/ (LOSS)

Operating profit/ (loss) is stated after charging/ (crediting):	*2017* £	*2016* £
Depreciation of tangible assets	110,264	153,753
Amortisation of intangible assets	924,852	149,887
Operating lease rentals		
- Plant and machinery	9,141	9,259
- Land and buildings	246,789	357,450
Foreign exchange losses/(gains)	55,540	20,898
Loss on disposal of fixed assets	10,085	17

4. AUDITORS' REMUNERATION

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	2017 £	*2016* £
Audit of individual Company accounts	23,099	31,372
Tax	3,000	6,201
	26,099	37,573

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

5. DIRECTORS' REMUNERATION

	2017	*2016*
	£	*£*
The amounts paid to the Directors are as follows:		
Salaries and other short-term employee benefits	409,189	667,141
Pension contributions	10,470	18,339
Compensation for loss of office	-	30,000
	419,659	715,480

The highest paid director received aggregate remuneration of £246,855 (2016: £238,623).

6. STAFF COSTS

	2017	*2016*
	£	*£*
Wages and salaries	3,764,871	4,719,093
Social welfare costs	493,492	614,234
Other pension costs	187,223	229,979
	4,445,586	5,563,306

The average monthly number of employees (including directors) during the year was:

	2017	*2016*
	Number	*Number*
Administrative	9	14
Technical	46	72
Sales	4	1
	59	87

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	*2016*
	£	*£*
Bank interest	2	1,882
	2	1,882

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

8. TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES

		2017	*2016*
		£	£
(a)	*Tax on profit/ (loss) on ordinary activities*		
	The tax credit is made up as follows:		
	Current tax:		
	UK corporation tax	(261,227)	(923,586)
	Over provision in previous years	(1)	(28,047)
	Total current tax	(261,228)	(951,633)
	Deferred tax		
	Origination and reversal of temporary differences	-	-
	Tax on profit / (loss) on ordinary activities *(note 8(b))*	(261,228)	(951,633)

(b) *Factors affecting tax credit for the year:*

The tax assessed for the year differs from that calculated by applying the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017	*2016*
	£	£
Accounting profit/ (loss) before tax	2,312,162	(3,436,431)
Accounting profit/ (loss) before tax multiplied by standard rate of corporation tax in the United Kingdom of 20% (2016: 20%)	462,432	(687,286)
Effects of:		
Expenses not deductible	6,021	154,764
Additional reduction for R&D	(569,401)	(757,886)
Surrender of tax losses for R&D tax credit	99,156	350,326
Adjustment in respect of prior years – corporation tax	(1)	(28,047)
Adjust deferred tax to average rate of 20%	(8,781)	60,268
Deferred tax not recognised	(250,654)	(43,772)
Tax on profit / (loss) on ordinary activities *(note 8(a))*	(261,228)	(951,633)

The company has estimated losses of £3,021,895 (2016 - £3,021,895) available for carry forward against future trading profits, which have not been recognised as a deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

8. TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES (continued)

(c) *Circumstances affecting future tax charges:*

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and 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 financial statements.

(d) *Deferred tax asset / (liability)*

	2017	*2016*
	£	£
Decelerated capital allowances	10,093	(1,552)
Other short term timing differences	20	22
Tax losses	238,087	1,530
Intangibles	(248,200)	-
	-	-
Losses not recognised	275,636	542,411

9. INTANGIBLE ASSETS

	Software	Other Intangibles	Development Costs	Total
	£	£	£	£
Cost				
At 1 April 2016	387,723	300,000	-	687,723
Additions		1,097,863	2,190,003	3,287,866
Disposal	(1,524)	-	-	(1,524)
At 31 March 2017	386,199	1,397,863	2,190,003	3,974,065
Depreciation				
At 1 April 2016	(341,869)	(116,667)	-	(458,536)
Disposal	1,524			1,524
Charge for the year	(33,859)	(160,992)	(730,001)	(924,852)
At 31 March 2017	(374,204)	(277,659)	(730,001)	(1,381,864)
Net book value at 31 March 2017	11,995	1,120,204	1,460,002	2,592,201
Net book value at 1 April 2016	45,854	183,333	-	229,187

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

10. TANGIBLE ASSETS

	Leasehold Improvements	Computer equipment	Fixtures, fittings, and equipment	Total
	£	£	£	£
Cost				
At 1 April 2016	310,509	675,157	323,559	1,309,225
Additions	-	16,640	1,323	17,963
Disposals	--	(189,480)	(142,970)	332,450
At 31 March 2017	310,509	502,317	181,912	944,738
Depreciation				
At 1 April 2016	(266,263)	(564,618)	(281,791)	(1,112,672)
Charge for the year	(13,614)	(67,820)	(28,830)	(110,264)
Disposals	-	177,098	142,417	319,515
At 31 March 2017	(279,877)	(455,340)	(168,204)	(903,421)
Net book value at 31 March 2017	30,632	46,977	13,708	91,317
Net book value at 1 April 2016	44,246	110,539	41,768	196,553

11. DEBTORS

	2017	*2016*
	£	£
Amounts falling due within one year		
Trade debtors	3,626,445	517,649
Amounts due from group undertakings	14,361	10,926
Prepayments and accrued income	325,671	268,149
VAT	59,073	66,912
Other debtors	38,338	47,019
Corporation Tax	1,183,920	923,586
	5,247,808	1,834,241

Amounts due from group undertakings are all unsecured non-interest bearing trade balances, repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

12. CREDITORS

	2017	2016
	£	£
Amounts falling due within one year		
Trade creditors	3,546,933	108,276
Amounts owed to group undertakings	4,932,292	4,891,173
Other taxation and social security	124,481	134,102
Other creditors	90,008	347,656
Accruals & deferred income	3,796,839	3,460,663
	12,490,553	8,941,870

Amounts due to group undertakings are all unsecured non-interest bearing trade balances, repayable on demand.

13. PROVISIONS FOR LIABILITES

	Onerous lease provision
	£
As at 1 April 2015	-
Created in the year	566,398
As at 31 March 2016	566,398
Utilised	(349,266)
Reversal of unused amounts	(83,630)
Movement in discount rate	4,428
At 31 March 2017	137,930

The year end provision is classified as follows:

	2017	2016
	£	£
Current	137,930	439,457
Non - current	-	126,941
	137,930	566,398

An onerous lease provision has been recognised for one floor of the leased premises as this is currently vacant. The onerous lease provision has been measured based on the probability weighted expectation of the costs to the termination of the lease, with or without the reassignment of the lease of the premises. The provision was moved to current as the lease on the first floor was subsequently re-assigned on 2 May 2017.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

14. SHARE CAPITAL

	31 March 2017	*31 December 2016*
	£	£
Authorised		
10,000,000 Ordinary Shares of 1p each	100,000	100,000

Ordinary Shares have full voting and dividend rights, and carry distribution rights upon a winding up, sale or quotation of the Company.

	31 March 2017	*31 March 2016*
	£	£
Allotted, called up and fully paid		
10,000,000 Ordinary Shares of 1p each	100,000	100,000

Ordinary Shares have full voting rights and dividend rights as declared.

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

15. COMMITMENTS

Future minimum lease commitments under non-cancellable operating leases as at 31 March 2017 are as follows:

	Land & Buildings	Other
	£	£
Within one year	260,104	2,400
After one year but not more than five years	296,992	7,788
More than five years	-	-
	557,096	10,188

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017 (Continued)

16. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge representing contributions payable by the Company to the scheme in 2017 amounted to £187,223 (2016: £229,979). Contributions payable to the fund at the year end amounted to £nil (2016: £nil).

17. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with Directors are disclosed in note 5. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

18. PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company's immediate parent controlling party is Caplin Group Limited, a company incorporated in England. 100% of Caplin Group Limited's equity was sold to Caplin Technologies Limited, a company registered in Ireland, in two tranches on 2 April 2015 and 11 June 2015.

The largest and smallest group in which the results of the company are consolidated is that headed by Lab49 Consulting Holdings Limited and Caplin Group Limited. Consolidated accounts are available to the public and may be obtained from Companies Registration Office and Companies House.

19. EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

The company re-assigned the lease on the first floor on 2 May 2017.

20. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the financial statements in respect of the financial year ended 31 March 2017 on 25 September 2017.