

COMPANY REGISTRATION NUMBER 02745421

Sequel Business Solutions Limited
Financial Statements
30 June 2016



Sequel Business Solutions Limited

Financial Statements

Year ended 30 June 2016

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Sequel Business Solutions Limited

Officers and Professional Advisers

The Board of Directors

M J Garcia Aguiar
W E Barrie
P Droussiotis
A C Homer
R C Just
A M McAllister
S K Ryder
R J Stavrou
I C Summers
H Banton

Registered Office

Level 14, The Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Auditor

KPMG LLP
Statutory Auditor
100 Hills Road
Cambridge
CB2 1AR

Sequel Business Solutions Limited

Directors' report

Year ended 30 June 2016

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2016.

Results and dividends

The profit for the year, after taxation, amounted to £7,993,723 (2015: £6,365,917).

The directors do not recommend the payment of a final dividend (2015: £nil).

Directors' indemnity

The company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the company's directors.

Directors

The directors who served the company during the year were as follows:

M J Garcia Aguiar

W E Barrie

P Droussiotis

A C Homer

R C Just

A M McAllister

S K Ryder

R J Stavrou

I C Summers

H Banton

Appointed 16 May 2016

Political and charitable contributions

The Company made no political contributions during the year (2015: nil). Donations to charities amounted to £1,055 (2015: £nil).

Disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Other information

The "group" is defined in this financial report as the parent company Sequel Equityco and its wholly owned subsidiaries.

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 4.

Sequel Business Solutions Limited

Directors' report (*continued*)

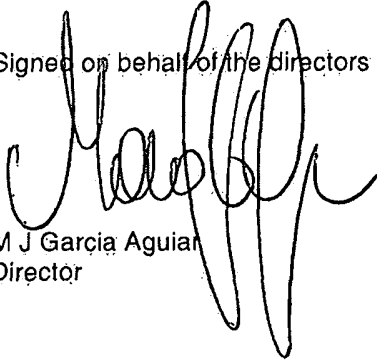
Year ended 30 June 2016

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Registered office:
Level 14, the Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Signed on behalf of the directors


M J Garcia Aguiar
Director

Approved by the directors on 19 December 2016:

Sequel Business Solutions Limited

Strategic report

Year ended 30 June 2016

Principal activities and business review

The principal activity of the company during the period was delivering business software to broking and underwriting companies within the insurance and reinsurance industries.

The profit and loss account is set out on page 7 and this illustrates performance for the year.

We continue to see significant interest in our products and services from brokers, underwriters and managing general agents and have added 14 new customers in the year to reach 57 customers as at June 2016. Demand for Sequel products is being driven by market participants' needs to upgrade their core systems to manage rapid technology and business model evolutions in the global specialty insurance market. The business is experiencing strong growth in recurring revenue, driven in particular by an increase in the number of products taken by customers to a total of 1.4 per customer, with significant further cross-sell potential.

The group continues to commit material investment in its core and new product offerings, which includes the flagship Eclipse suite as well as the standalone claims (Sequel Claims), risk aggregation (Sequel Impact) and re-insurance products (Sequel Re) launched in the last three years. Finally, the group continues to invest in its operational teams and processes in order to support the rapid expansion of its customer base.

The directors consider that the level of business and the year-end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Principal risks and uncertainties

The principal risks and uncertainties facing the group relate to customer retention, product development and the protection of the group's intellectual property.

Financial risk management objectives and policies

The company operates a centralised treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company ensures that it has sufficient liquid resources to meet the operating needs of its business.

No hedging activities are entered into by the company.

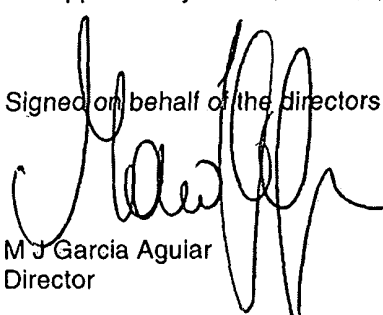
Credit risk

The company's credit risk is attributable to its trade debtors. Balances are concentrated in a controlled number of large customers which are blue chip companies and Lloyd's Syndicates.

All prospective customers must fulfil credit rating criteria approved by the Board. Receivable balances are monitored on an ongoing basis.

Registered office:
Level 14, the Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Signed on behalf of the directors


M J Garcia Aguiar
Director

Approved by the directors on 19 December 2016.

Sequel Business Solutions Limited

Statement of Directors' Responsibilities

Year ended 30 June 2016

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Independent Auditor's Report to the Shareholders of Sequel Business Solutions Limited

Year ended 30 June 2016

We have audited the financial statements of Sequel Business Solutions Limited for the year ended 30 June 2016 set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Charles le Strange Meakin

Charles le Strange Meakin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

100 Hills Road
Cambridge
CB2 1AR

19 December 2016

Sequel Business Solutions Limited

Profit and Loss Account and Other Comprehensive Income

30 June 2016

	Note	Year ended 30 June 16 £	Year ended 30 June 15 £
Turnover	2	21,252,595	18,291,487
Administrative expenses		(12,579,615)	(11,341,948)
Other income	3	250,725	203,566
Operating result	3	8,923,705	7,153,105
Interest receivable		3,440	3,239
Result on ordinary activities before taxation		8,927,145	7,156,344
Tax on result on ordinary activities	6	(933,422)	(790,427)
Result for the year		7,993,723	6,365,917
Other comprehensive Income			
Other comprehensive Income for the year net of income tax		-	-
Total comprehensive Income for the year		7,993,723	6,365,917

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 25 form part of these financial statements.

Sequel Business Solutions Limited

Balance Sheet

30 June 2016

	Note	30 June 16 £	30 June 15 £
Fixed assets			
Tangible assets	7	1,355,771	1,239,570
Intangible assets	8	1,987,368	637,189
Current assets			
Debtors	9	28,901,682	18,770,727
Cash at bank		7,345,597	8,912,713
		36,247,279	27,683,440
Creditors: amounts falling due within one year	11	(9,027,776)	(7,021,271)
Provisions for liabilities and charges falling due within one year	12	(116,473)	(98,166)
Net current assets		27,103,030	20,564,003
Total assets less current liabilities		30,446,169	22,440,762
Provisions for liabilities and charges	12	(303,791)	(292,107)
Net assets		30,142,378	22,148,655
Capital and reserves			
Called-up equity share capital	15	99	99
Share premium account		370,578	370,578
Other reserves		68	68
Profit and loss account		29,771,633	21,777,910
Shareholders' funds		30,142,378	22,148,655

These financial statements were approved by the directors and authorised for issue on 19 December 2016, and are signed on their behalf by:

M J Garcia Aguiar
Director

Company Registration Number: 02745421

Sequel Business Solutions Limited

Statement of Changes in Equity

30 June 2016

	Called-up Share Capital £	Share Premium Account £	Other Reserves £	Profit and Loss Account £	Total £
At 01 July 2014	99	370,578	68	15,411,993	15,782,738
Profit and total comprehensive income for the year	-	-	-	6,365,917	6,365,917
At 30 June 2015	99	370,578	68	21,777,910	22,148,655
Profit and total comprehensive income for the year	-	-	-	7,993,723	7,993,723
At 30 June 2016	99	370,578	68	29,771,633	30,142,378

The notes on pages 10 to 25 form part of these financial statements.

Sequel Business Solutions Limited

Management Information

Year ended 30 June 2016

1. Accounting policies

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest sterling.

An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 17.

The Company's ultimate parent undertaking, Sequel Equityco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Sequel Equityco Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Sequel Equityco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement Convention

The financial statements are prepared on the historical cost basis except financial instruments classified at fair value through the profit or loss that are stated at fair value:

Going concern

The financial statements have been prepared on the going concern basis as the directors have undertaken a review of the future financing requirements for the ongoing operation of the Company and the wider Sequel group, and are satisfied that sufficient cash facilities are available to meet its working capital requirements for at least 12 months from the date of signing these financial statements. The directors accordingly consider it appropriate for the financial statements to be prepared on a going concern basis.

Sequel Business Solutions Limited

Management Information

Year ended 30 June 2016

1. Accounting policies *(continued)*

Turnover

Turnover represents the value of work done for customers after adjusting for all foreseeable losses, and excluding value added tax. Turnover from the sale of software licenses is recognised from customer acceptance, over the term of the license. Under specific contractual arrangements there are a number of software licences that are recognised as perpetual. Turnover from software support and maintenance agreements is recognised proportionally over the period that the services are provided. Turnover from professional services (implementation, consultancy, project management and training) is recognised as the services are performed. On major projects extending over more than one accounting period, turnover is taken based on the stage of completion when the outcome of the contract can be seen with reasonable certainty. Payments received in advance are included in deferred income in creditors.

Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Capitalised development costs 5-7 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

Sequel Business Solutions Limited

Management Information

Year ended 30 June 2016

1. Accounting policies *(continued)*

Fixed assets

Tangible fixed assets are stated at cost less depreciation. Asset retirement obligations are capitalised at the expected present value of the obligation, with a corresponding liability being recognised in provisions, and are depreciated over the useful economic life of the related asset.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	- 33% reducing balance (on a monthly basis)
Computer Equipment	- 33% reducing balance (on a monthly basis)
Fixtures, Fittings & Equipment	- 33% reducing balance (on a monthly basis)
Office Equipment	- 33% reducing balance (on a monthly basis)

Assets are depreciated at 33% reducing balance basis for 3 years and then the remaining net book value of the asset is written off.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates defined contribution schemes for directors and employees. Contributions payable to the company's stakeholder pension scheme are charged to the profit and loss account in the period to which they relate.

Foreign currencies

Costs expensed in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at rates of exchange ruling at the balance sheet date. Differences on the translation of such items are dealt with in the profit and loss account.

Financial instruments

Following the adoption of FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent they meet the following two conditions:

- a) They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets of financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variance number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

The group currently has no equity financial instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own share, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Sequel Business Solutions Limited

Management Information

Year ended 30 June 2016

1. Accounting policies *(continued)*

Financial Instruments *(continued)*

Financial payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Financial payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Basic Financial Instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at cost less any impairment losses in the case of trade debtors.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances only.

Current taxation

Tax is recognised in the profit and loss account, except that a change 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 taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Significant Judgements and Estimates

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The Group's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically.

Sequel Business Solutions Limited

Management Information

Year ended 30 June 2016

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

	Year to 30 Jun 16 £	Year to 30 Jun 15 £
Rendering of services	21,252,595	18,291,487

An analysis of turnover is given below:

United Kingdom	20,785,244	18,194,398
Overseas	467,351	97,089
	<u>21,252,595</u>	<u>18,291,487</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	Year to 30 Jun 16 £	Year to 30 Jun 15 £
Depreciation of owned fixed assets	464,080	507,890
Loss on disposal of fixed assets	-	-
Operating lease costs:		
- Other	614,702	380,148
Net profit on foreign currency translation	<u>(2,971)</u>	<u>(11,378)</u>

Other Income

Other income is an above the line RDEC credit, in line with new tax regulations, which is a 10% credit on qualifying R&D expenditure.

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	Year to 30 Jun 16 £	Year to 30 Jun 15 £
Audit	16,550	13,773
Taxation	-	-
	<u>16,550</u>	<u>13,773</u>

The audit fees in the current year relate to amounts paid to KPMG LLP.

Sequel Business Solutions Limited

Management Information

Year ended 30 June 2016

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	Year to 30 Jun 16	Year to 30 Jun 15
	No	No
Number of production staff	115	113
Number of administrative staff	12	12
Directors	8	8
	<u>135</u>	<u>133</u>

The aggregate payroll costs of the above were:

	Year to 30 Jun 16 £	Year to 30 Jun 15 £
Wages and salaries	6,886,159	6,176,467
Social security costs	1,015,067	974,006
Other pension costs	528,919	541,324
	<u>8,430,145</u>	<u>7,691,797</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	Year to 30 Jun 16 £	Year to 30 Jun 15 £
Remuneration receivable	1,237,821	1,020,681
Value of company pension contributions to money purchase schemes	149,357	137,209
	<u>1,387,178</u>	<u>1,157,890</u>

Remuneration of highest paid director:

	Year to 30 Jun 16 £	Year to 30 Jun 15 £
Total remuneration (excluding pension contributions)	242,500	210,000
Value of company pension contributions to money purchase schemes	45,669	39,320
	<u>288,169</u>	<u>249,320</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Year to 30 Jun 16 No	Year to 30 Jun 15 No
Money purchase schemes	<u>7</u>	<u>6</u>

Sequel Business Solutions Limited

Management Information

Year ended 30 June 2016

6. Taxation on ordinary activities

	Year to 30 Jun 16 £	Period to 30 Jun 15 £
Current tax		
UK corporation tax on profits for the period	692,147	684,284
Adjustment in respect of previous periods	(154,549)	(150,630)
Foreign tax relief/other relief	(62,004)	(58,272)
	<u>475,594</u>	<u>475,382</u>
Foreign tax suffered	81,067	77,186
Total current tax	<u>556,661</u>	<u>552,568</u>
Deferred tax		
Origination and reversal of timing differences	421,837	225,809
Adjustment in respect of previous periods	(2,326)	20,212
Effect of changes in tax rates	(42,750)	(8,162)
Total deferred tax	<u>376,761</u>	<u>237,859</u>
Total tax per income statement	<u>933,422</u>	<u>790,427</u>
The charge for the year can be reconciled to the profit loss per the income statement as follows:		
Profit for the period	<u>8,927,145</u>	<u>7,156,344</u>
Tax on loss at standard UK tax rate of 20.00% (2015: 20.75%)	1,785,429	1,484,941
Effects of:		
Expenses not deductible	39,735	30,787
Effects of group relief/other reliefs	(711,178)	(605,634)
Effects of overseas tax rates	19,063	18,914
Adjustment from previous periods	(156,875)	(130,419)
Tax rate changes	(42,752)	(8,162)
Tax charge for the period	<u>933,422</u>	<u>790,427</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The net deferred tax liability at 30 June 2016 has been calculated based on these rates.

An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge and deferred tax accordingly.

Sequel Business Solutions Limited

Management Information

Year ended 30 June 2016

7. Tangible fixed assets

	Leasehold Property £	Computer equipment £	Fixtures & Fittings £	Equipment £	Total £
Cost					
At 1 July 2015	868,511	1,345,146	263,078	37,340	2,514,075
Additions	264,444	306,283	6,192	3,362	580,281
Disposals	(53,281)	(44,521)	(38,027)	(1,756)	(137,585)
At 30 June 2016	1,079,674	1,606,908	231,243	38,946	2,956,771
Depreciation					
At 1 July 2015	295,496	834,390	110,910	33,709	1,274,505
Charge for the year	155,684	262,489	44,026	1,881	464,080
On disposals	(53,281)	(44,521)	(38,027)	(1,756)	(137,585)
At 30 June 2016	397,899	1,052,358	116,909	33,834	1,601,000
Net book value					
At 30 June 2016	681,775	554,550	114,334	5,112	1,355,771
At 30 June 2015	573,015	510,756	152,168	3,631	1,239,570

8. Intangible assets

	Development costs £
Cost	
At 1 July 2015	637,189
Additions	1,350,179
Disposals	-
At 30 June 2016	1,987,368
Amortisation	
At 1 July 2015	-
Charge for the year	-
On disposals	-
At 30 June 2016	-
Net book value	
At 30 June 2016	1,987,368
At 30 June 2015	637,189

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

Sequel Business Solutions Limited

Management Information

Year ended 30 June 2016

9. Debtors

	2016 £	2015 £
Trade debtors	2,365,534	1,660,832
Amounts owed by group undertakings	22,718,278	12,825,586
Other debtors	131,794	47,317
Prepayments and accrued income	3,450,906	4,033,426
RDEC debtor	235,170	203,566
	<u>28,901,682</u>	<u>18,770,727</u>

10. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	Year to 30 Jun 16 £	Year to 30 Jun 15 £
Included in creditors (note 11)	<u>384,746</u>	<u>7,985</u>

The movement in the deferred taxation account during the year was:

	Year to 30 Jun 16 £	Year to 30 Jun 15 £
Balance brought forward	7,985	(229,874)
Adjustment in respect of prior years' credited to the income statement	(2,324)	20,212
Deferred tax charge to income statement for the period	<u>379,087</u>	<u>217,647</u>
Balance carried forward	<u>384,748</u>	<u>7,985</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Fixed asset timing differences	411,746	172,973
Other timing differences	<u>(27,000)</u>	<u>(164,988)</u>
	<u>384,746</u>	<u>7,985</u>
Deferred tax (assets)		
Recoverable within 12 months	<u>(27,000)</u>	<u>(164,988)</u>
Deferred tax liabilities		
Payable within 12 months	359,884	-
Payable after 12 months	<u>51,862</u>	<u>172,973</u>
	<u>411,746</u>	<u>172,973</u>

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11. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	302,650	298,004
Taxation and social security	979,842	1,252,278
Accruals and deferred income	7,293,131	5,162,737
Corporation tax payable	67,405	300,267
Deferred taxation (note 10)	384,748	7,985
	<u>9,027,776</u>	<u>7,021,271</u>

Included in creditors is £51,862 (2015: £172,973) relating to amounts due in more than one year.

12. Provisions for liabilities and charges

	2016	2015
	£	£
Falling due within one year:		
<i>Employee benefits</i>		
Opening Balance	98,166	64,530
Movement in provision	33,624	45,363
Payments made	(15,317)	(11,727)
	<u>116,473</u>	<u>98,166</u>

The provision for employee benefits represents the future costs of providing an allowance of holiday to employees of the business. The total amount provided is expected to be utilised within 12 months of the balance date.

Falling due greater than one year:

Dilapidations

Opening Balance	292,107	280,872
Unwinding of discount on present value	11,684	11,235
	<u>303,791</u>	<u>292,107</u>

The dilapidation provision represents the present value of estimated future costs to restore the leased premises to its original state on expiry of the lease. The lease expires in June 2020.

13. Commitments under operating leases

At 30 June 2016 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2016	2015
	£	£
Operating leases which expire:		
Within 1 year	550,328	539,733
Within 2 to 5 years	1,765,770	2,158,933
More than 5 years	-	-
	<u>2,316,098</u>	<u>2,698,666</u>

14. Related party transactions

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared for the parent company, Sequel Equityco Limited and are publicly available

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15. Share capital

Allotted, called up and fully paid:

	2016		2015	
	No	£	No	£
7,401 Ordinary shares of £0.01 each	7,401	74	7,401	74
2,471 Ordinary A shares of £0.01 each	2,471	25	2,471	25
	<u>9,872</u>	<u>99</u>	<u>9,872</u>	<u>99</u>

16. Pensions

Contributions payable by the company during the year amounted to £528,920 (2015: £541,324) and have been recognised in the profit and loss account.

17. Explanation of transition to FRS 102 from old UK GAAP

As stated in Note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015.

In preparing its FRS 102 balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Group's financial position and financial performance is set out in the following table and notes that accompany the table.

Reconciliation of profit/loss and equity from old GAAP to FRS 102.

	Profit for the comparative period £	Equity as at comparative date £	Equity as at transition date £
Amount under old GAAP	5,882,682	21,716,712	15,834,030
Capitalisation of research and development expenditure (note a)	637,189	637,189	-
Present value of dilapidation provision (note b)	392	723	331
Recognition of provision for employee benefits (note c)	(33,636)	(98,166)	(64,530)
Tax effect of FRS 102 adjustments (note d)	(120,710)	(107,803)	12,907
Amount under FRS 102	<u>6,365,917</u>	<u>22,148,655</u>	<u>15,782,738</u>

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17. Explanation of transition to FRS 102 from old UK GAAP *(continued)*

- (a) Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.
- (b) The present value of the dilapidation provision has been determined at transition date with the provision resulting in a restatement of fixed assets and provision. The impact on the comparative profit and equity is based on the difference in amortisation and unwinding of the discount on the present value.
- (c) No provision for holiday pay was previously recognised under UK GAAP. The adjustment under FRS 102 recognises a provision for the estimated cash outflow attributable to holiday pay from transition date.
- (d) The tax effect of the FRS 102 adjustments to capitalise research and development expenditure and to recognise the provision for employee benefits as described in note (a) and note (c) above.

18. Ultimate parent company

According to the register maintained by the company, a number of limited partnerships which are managed by Hg Pooled Management Limited ("HgCapital") (holding through a nominee company) held a significant interest in the ordinary shares of the company at 30 June 2016. The directors deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by HgCapital has an ownership of more than 20% of the issued share capital of the company.