Financial Statements
Kerridge Commercial Systems Limited

For the Year Ended 30 September 2016

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COMPANIES HOUSE

Registered number: 07090521

Company Information

Directors	I B Bendelow N J Bedford D A Liddle D Nangle
Registered number	07090521
Registered office	Unit 2A Herongate Charnham Park Hungerford Berkshire RG17 0YU
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS
Bankers	HSBC Bank Plc Apex Plaza Reading Berkshire RG1 1AX

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Strategic report

For the Year Ended 30 September 2016

Introduction

The objectives of this report are to provide shareholders and other users of these statements:

- with the appropriate level of background context for these financial statements;
- with an analysis of the company's past performance; and
- an insight into the companies main objectives and strategies, and the principal risks it faces and how they might affect future prospects.

The Company's Objectives and Strategy

The Board sees the main business objective as delivering sustainable, responsible and profitable business growth in order to deliver:

- Exceptional software and systems for the Company's current and future customers in the Distributive Trades sector both in the UK and internationally
- Excellent levels of innovation and service to our customers
- Challenging yet rewarding careers for the Company's employees; and
- Strong growth in shareholder value.

In order to meet its business objectives, the Company's strategy is to:

- Maintain proactive customer engagement through the sales and operational teams to ensure customer satisfaction and maintain a strong understanding of customer needs.
- Continue to research and develop the Company's software products, tools and services to ensure the most appropriate use of technology and business practice is available to add value to our customers' businesses.
- Continue to make appropriate investment in the group's employees through hiring the right individuals and then developing staff through clear communication, coaching, mentoring and other training initiatives.
- Continue to invest in the Company's business infrastructure, tools, and other resources to ensure efficient delivery of our products and services.

The Company's provides customers the choice of a fully comprehensive end to end service through its market leading software, cloud hosting and disaster recovery services, technology advice, training, consultancy, thought leadership, guidance and advice supported by a long term relationship.

Ultimately flexibility, experience and industry focus allows our business to support the customer to "Run Your Business Your Way".

Strategic report
For the Year Ended 30 September 2016

Business review

Business focus
The company's business focus is the design and build of software and IT solutions for its customers so as to improve our customers' efficiency, control processes, transaction visibility, customer service and financial performance.

This is achieved through continual research and development in technologies and careful consideration of customer business needs, business processes and trends in the market. This is continually reflected in the Group's software functionality and its sales, implementation and supporting services to ensure the best possible complete solution is available in the sector.

For the year ended 30 September 2016, the Company generated:

• Turnover of £27.9m (2015: £26.5m); and
• Operating profit before depreciation, goodwill and intangibles amortisation and non-recurring restructuring costs ("EBITDA") of £6.6m (2015: £6.3m).

Both turnover and EBITDA were in line with Board's expectations.

The Company had cash balances of £7.6m (2015: £3.6m) at the year end.

Business outlook
The business maintains a positive outlook despite the changing economic climate at large. Its exposure to a wider geographic market will enhance its ability to achieve return from investments in its products, staff and infrastructure.

Organic sales growth continues to be strong and has been achieved from both new and existing customers; all keen to take advantage of the operational benefits provided by the increasing depth in the Group's software solutions and supporting services. The uptake of our SaaS and Cloud solutions continues to build momentum.

The Company continued to invest heavily in the development of its software portfolio; now spending £4.8m on development activities annually, an increase of £0.7m over the levels of the underlying business compared to its previous financial year. The Board expect this level of investment in development to increase again in the current financial year.

The Company's K8 software systems are delivered using fast, scalable and resilient platforms with customers being given the choice of own premise solutions or increasingly taking systems though SaaS on a fully hosted cloud solution.

During the year ending 30 September 2016, the average number of employees in the Company's business was 196 (2015: 198). As the Company grows, it aims to ensure that the intimacy and flexibility that its customers value is maintained and to that end the Company has further invested in coaching, mentoring and training its employees, helping them to grow and to enhance existing skills and acquire new ones. Delivering value to our customers in all aspects of what we do remains a primary driver of business development and that requires continuous investment in it's people.

Strategic report
For the Year Ended 30 September 2016

Principal risks and uncertainties

The Board considers the principal risks and uncertainties facing the business to be those associated with the current general economic climate. That being said, the Board pro-actively monitors order take and sales pipeline activity and believe that these key measures shows that the business' customer base are continuing to invest in their internal systems in order to improve business efficiency and competitiveness.

Financial risk management objectives and policies
The Company uses a variety of financial instruments including cash, equity investments and various items, such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Company's operations.

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. The directors are of the view that the main risks arising from the Company's financial instruments are foreign exchange rate risk, interest rate risk, liquidity risk and credit risk.

The directors set and review policies for managing each of these risks and they are summarised below.

Foreign exchange rate risk
Exchange rate fluctuation represents a risk because some sales are priced in currencies other than Sterling. In addition, the Company's overseas operations continue to grow. The directors do not consider that the potential downside associated with this risk at this stage in the Company's development is of sufficient size to require hedging however due consideration will be given if the risks are sufficiently higher enough to warrant a hedge.

Interest rate risk
The Company has financed its operations through a combination of inter-group balances and shareholders' funds. The interest rate of the debt funding in the group (which is denominated in sterling and US Dollar) is variable with 'LIBOR' and US Dollar 'LIBOR'. Given the current level of such borrowings, the directors are of the view that the risk of material interest rate increase is limited. If the level of borrowings and potential for interest rate risk were to increase then the Company would use certain financial instruments to manage that risk by use, for example, of interest rate caps.

Liquidity risk
The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The funding for significant new ventures is secured before commitments are made. The cash position is reviewed regularly and cash flows are at least monitored monthly.

Credit risk
The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history.

Strategic report
For the Year Ended 30 September 2016

Financial key performance indicators

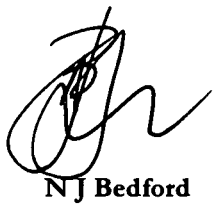
The Board uses a range of performance indicators to monitor and manage the business and ensure focus is maintained on the key priorities of the Company.

The Key Performance Indicators ("KPIs"), which are monitored at Board level, have been devised to allow the Board and shareholders to monitor the Company as a whole. The consolidated KPIs which the Board currently considers to be the most important are as follows:

	12 months ended 30 September 2016	12 months ended 30 September 2015
Revenue	£27.9m	£26.5m
Recurring revenue (Note 1) (% of Revenue)	47%	48%
Gross Profit	£24.1m	£21.7m
Gross Profit (%)	86.4%	81.9%
EBITDA (Note 2)	£6.6m	£6.3m
EBITDA (% of Revenue)	23.7%	23.8%
Cash balances held at period end	£7.6m	£3.6m

Note 1 – Revenue from renewable service contracts.
Note 2 – Operating profit before depreciation and goodwill amortisation and non-recurring restructuring expenses.

This report was approved by the board and signed on its behalf.



N J Bedford
Director

Date: 16 February 2017

Directors' report

For the Year Ended 30 September 2016

The directors present their report and the financial statements for the year ended 30 September 2016.

Results and dividends

The profit for the year, after taxation, amounted to £6,295,000 (2015 - £6,977,000).

An interim dividend of £6,900,000 (2015: £1,500,000) was paid during the year. The directors do not recommend the payment of a final dividend (2015: £nil).

Directors

The directors who served during the year were:

I B Bendelow
N J Bedford
D A Liddle
D Nangle

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments

Future developments have been discussed in the 'Business outlook' section of the Company's Strategic Report.

Directors' report (continued)

For the Year Ended 30 September 2016

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

N J Bedford
Director

Date: 16 February 2017

Independent auditors' report to the members of Kerridge Commercial Systems Limited

We have audited the financial statements of Kerridge Commercial Systems Limited for the year ended 30 September 2016, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom 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 Auditors' 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 auditors

As explained more fully in the Directors' responsibilities statement 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 September 2016 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.

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.

Independent auditors' report to the members of Kerridge Commercial Systems Limited

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.

Grant Thornton UK LLP

James Rogers (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Reading

Date: 17 February 2017

Statement of comprehensive income

For the Year Ended 30 September 2016

	Note	2016 £000	2015 £000
Turnover	4	**27,938**	26,488
Cost of sales		**(3,781)**	(4,801)
Gross profit		**24,157**	21,687
Administrative expenses		**(17,928)**	(17,174)
Operating profit	5	**6,229**	4,513
Income from shares in group undertakings		**500**	2,300
Interest receivable and similar income	8	**73**	18
Interest payable and expenses	9	**(25)**	(291)
Profit before tax		**6,777**	6,540
Tax on profit	10	**(482)**	437
Profit for the year		**6,295**	6,977
Other comprehensive income for the year			
Employee benefit trust expenses		**(7)**	-
Other comprehensive income for the year		**(7)**	-
Total comprehensive income for the year		**6,288**	6,977

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

The notes on pages 12 to 31 form part of these financial statements.

Statement of financial position

As at 30 September 2016

	Note	£000	2016 £000	£000	2015 £000
Fixed assets					
Intangible assets	12		-		-
Tangible assets	13		**896**		868
Investments	14		**6,930**		6,930
			7,826		7,798
Current assets					
Debtors: amounts falling due within one year	15	**8,585**		12,000	
Cash at bank and in hand	16	**7,614**		3,577	
		16,199		15,577	
Creditors: amounts falling due within one year	17	**(12,576)**		(11,368)	
Net current assets			**3,623**		4,209
Total assets less current liabilities			**11,449**		12,007
Provisions for liabilities					
Deferred tax	19	**(54)**		-	
			(54)		-
Net assets			**11,395**		12,007
Capital and reserves					
Called up share capital	20		**455**		455
Share premium account	21		**701**		701
Employee benefit trust reserve	21		**392**		399
Profit and loss account	21		**9,847**		10,452
			11,395		12,007

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

N J Bedford
Director

Date: 16 February 2017

The notes on pages 12 to 31 form part of these financial statements.

Statement of changes in equity
For the Year Ended 30 September 2016

	Called up share capital	Share premium account	Employee benefit trust reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 October 2015	455	701	399	10,452	12,007
Comprehensive income for the year					
Profit for the year	-	-	-	6,295	6,295
Movement on EBT reserve	-	-	(7)	-	(7)
Dividends: Equity capital	-	-	-	(6,900)	(6,900)
Total transactions with owners	-	-	-	(6,900)	(6,900)
At 30 September 2016	455	701	392	9,847	11,395

Statement of changes in equity
For the Year Ended 30 September 2015

	Called up share capital	Share premium account	Employee benefit trust reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 October 2014	455	701	(3)	4,975	6,128
Comprehensive income for the year					
Profit for the year	-	-	-	6,977	6,977
Dividends: Equity capital	-	-	-	(1,500)	(1,500)
Movement on EBT reserve	-	-	402	-	402
Total transactions with owners	-	-	402	(1,500)	(1,098)
At 30 September 2015	455	701	399	10,452	12,007

The notes on pages 12 to 31 form part of these financial statements.

Notes to the financial statements

For the Year Ended 30 September 2016

1. General information

The Company is a private company limited by shares and is incorporated and domiciled in England. Its registered office is detailed in the Company Information.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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.

Information on the impact of first-time adoption of FRS 102 is given in note 27.

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 company itself is a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Florence Topco Limited as at 30 September 2016 and these financial statements may be obtained from the Companies House.

2.3 Going concern

The financial statements have been prepared under the going concern basis as the directors have undertaken a review of the future financing requirements for the ongoing operation of the Company, and wider Group, taking into account expected level of recurring revenue and current pipeline for new business. The board closely monitor overheads and aim to keep the Group's cost base as low as possible. The directors are satisfied that sufficient cash facilities are secured, in respect of positive cash inflows from operations, to meet its working capital requirement for at least 12 months from the date of signing of these financial statements. The directors accordingly consider it appropriate for the financial statements to be prepared on a going concern basis.

Notes to the financial statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.4 Revenue

Revenue represents amounts derived from the sale of software licences, installation, consultancy support, training services and maintenance, which falls within the Company's ordinary continuing activities after deduction of trade discounts and value added tax.

Revenues from software licence sales are recognised on delivery to a customer, when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In instances where significant vendor obligations exist, revenue recognition is delayed until the obligation has been satisfied. Maintenance is recognised on a straight line basis over the period of the contract. Installation, training services and consultancy support are recognised when the services are performed.

2.5 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

2.6 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the financial statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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:

Leasehold Property	- straight line over the length of lease
Computer and other equipment	- 2 to 4 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.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the financial statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.10 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 payables or receivables, 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 Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

2.11 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.

2.12 Employee benefit trust

FRS 102 Section 9 requires the recognition of the assets and liabilities of the Employee Benefit Trust on the balance sheet of the sponsoring Company as if those assets and liabilities were its own. The Company's own shares held in the Employee Benefit Trust are accounted for as a deduction from shareholders' funds. No gains or losses are reported in the profit and loss account or the statement of total recognised gains or losses on the purchase, sale, issue or cancellation of the Company's own shares.

Notes to the financial statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.13 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 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.

2.16 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Notes to the financial statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.17 Pensions

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 payments obligations.

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

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.19 Interest income

Interest income is recognised in the income statement using the effective interest method.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Notes to the financial statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, 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 reporting 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 Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will 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 reporting date.

2.22 Research and development

Research and development costs are expensed through the profit and loss account as incurred.

Notes to the financial statements

For the Year Ended 30 September 2016

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgments that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relates to the following:

Estimated impairment of intangible assets and investments in subsidiaries

The company and group tests, when there are indicators of impairment, whether goodwill, intangible assets and investments have suffered any impairment, in accordance with its accounting policies. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates.

Sensitivity analysis is performed on the base case assumptions used to assess the carrying value. In particular, the sensitivity of the discounted cash flows to the weighted average cost of capital and the achievement of the medium term plans has been reviewed and the assumptions made are considered appropriate.

Key assumptions in the budgets and plans include future revenue volume/price growth rates, associated future levels of marketing support, cost base of manufacture and supply and directly associated overheads. These assumptions are based on historical trends and future market expectations.

Other key assumptions applied in determining value in use are:
i) Growth rates - cash flows beyond the five year period are extrapolated using the central government estimated long term growth rate applicable for the geographical location (UK 2%, US 2.5%). Growth rates within five years are based on management's best assessment which is aligned with the group's financial forecasts.
ii) Gross margin - gross margin assumptions are expected to be comparable with historical trends.
iii) Discount rate - the discount rate is based on a Weighted Average Cost of Capital (WACC) for comparable companies operating in similar markets estimated as 12%.

The directors have performed sensitivity analysis around the base assumptions and have concluded that no reasonable possible changes in key assumptions would cause the recoverable amount to be less than the carrying value.

Trade Debtors

Management applies judgement in evaluating the recoverability of debtors. To the extent that the directors do not believe debtors not to be recoverable, they have been provided for the financial statements.

Notes to the financial statements

For the Year Ended 30 September 2016

4. Turnover

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	**27,259**	25,217
Rest of Europe	**680**	1,271
	27,939	26,488

5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	**351**	287
Amortisation of intangible assets, including goodwill	**-**	1,485
Fees payable to the Company's auditors and its associates for other services to the group:		
- audit of the Company's pursuant to legislation	**25**	27
- taxation compliance services	**3**	6
Exchange differences	**111**	(13)
Other operating lease rentals	**361**	405
Defined contribution pension cost	**761**	767

Notes to the financial statements

For the Year Ended 30 September 2016

6. Employees

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	**8,795**	8,347
Social security costs	**1,354**	1,438
Cost of defined contribution scheme	**761**	767
	10,910	10,552

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

	2016 No.	2015 No.
Sales staff	**28**	15
Operations staff	**82**	79
Technical staff	**71**	76
Administrative staff	**15**	28
	196	198

7. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	**578**	**296**
Company contributions to defined contribution pension schemes	**39**	**24**
	617	**320**

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £125,232 (2015 - £114,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid directors amounted to £11,590 (2015 - £11,000).

The directors consider that there are no (2015 - nil) Key Management other than the directors.

Notes to the financial statements

For the Year Ended 30 September 2016

8. Interest receivable

	2016 £000	2015 £000
Bank interest receivable	73	18
	73	18

9. Interest payable and similar charges

	2016 £000	2015 £000
Bank loans and overdrafts	25	49
Other loan interest payable	-	115
Amortisation of issue costs	-	127
	25	291

10. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	419	-
Adjustments in respect of previous periods	-	(423)
	419	(423)
Total current tax	419	(423)
Deferred tax		
Origination and reversal of timing differences	63	(14)
Total deferred tax	63	(14)
Taxation on profit on ordinary activities	482	(437)

Notes to the financial statements

For the Year Ended 30 September 2016

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.5%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	**6,777**	6,540
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.5%)	**1,355**	1,341
Effects of:		
Expenses not deductible for tax purposes	**34**	6
Ineligible fixed asset costs	**6**	7
Group relief surrendered	**(765)**	198
Non taxable income	**(100)**	(471)
Tax losses utilised	**-**	306
Adjustments to tax charge in respect of prior periods	**51**	(423)
Share scheme deduction	**-**	(1,404)
Adjustment to change of rate for deferred tax	**(9)**	-
Unrecognised deferred tax	**(223)**	-
Group relief	**133**	-
Other differences	**-**	3
Total tax charge for the year	**482**	(437)

Factors that may affect future tax charges

Following the Royal assent on 15 September 2016 of the 2016 Finance Act, there will be a further reduction in the main rate of corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred tax has been calculated based on tax rates and laws enacted or substantially enacted at the reporting date.

11. Dividends

	2016 £000	2015 £000
Dividends paid	**6,900**	1,500
	6,900	1,500

Notes to the financial statements

For the Year Ended 30 September 2016

12. Intangible assets

	Goodwill £000
Cost	
At 1 October 2015	15,487
At 30 September 2016	15,487
Amortisation	
At 1 October 2015	15,487
At 30 September 2016	15,487
Net book value	
At 30 September 2016	-
At 30 September 2015	-

Notes to the financial statements

For the Year Ended 30 September 2016

13. Tangible fixed assets

	Leasehold Property	Computer and other equipment	Total
	£000	£000	£000
Cost or valuation			
At 1 October 2015	577	1,778	2,355
Additions	24	356	380
Disposals	-	(66)	(66)
At 30 September 2016	601	2,068	2,669
Depreciation			
At 1 October 2015	150	1,337	1,487
Charge for period on owned assets	107	244	351
Disposals	-	(65)	(65)
At 30 September 2016	257	1,516	1,773
Net book value			
At 30 September 2016	344	552	896
At 30 September 2015	427	441	868

Notes to the financial statements

For the Year Ended 30 September 2016

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 October 2015	6,930
At 30 September 2016	6,930
Net book value	
At 30 September 2016	6,930
At 30 September 2015	6,930

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Kerridge Commercial Systems (South Africa) (Proprietary) Limited	South Africa	Ordinary	100%	Provision of computer software, consultancy services and training
Kerridge Commercial Systems Trustee Company Limited	England	Ordinary	100%	Dormant
TIS Software Holdings Limited	England	Ordinary	100%	Holding company
TIS Software Limited *	England	Ordinary	100%	Provision of computer software, consultancy services and training
Smartpoint Technologies Limited *	England	Ordinary	100%	Provision of computer software, consultancy services and training
Strategix Software Plc **	England	Ordinary	100%	Dormant
Strategix-ASP.com Limited **	England	Ordinary	100%	Dormant
TIS Software (EBT) Limited **	England	Ordinary	100%	Corporate trustee
Datawright Limited	England	Ordinary	100%	Holding
Datawright Computer Services Limited ***	England	Ordinary	100%	Provision of computer software, consultancy services and training
Kerridge Commercial Systems (Ireland) Limited	Republic of Ireland	Ordinary	100%	Provision of computer software, consultancy services and training

Notes to the financial statements

For the Year Ended 30 September 2016

14. Fixed asset investments (continued)

Kerridge Commercial Systems (Nederlands) BV	The Netherlands	Ordinary	100%	Provision of computer software, consultancy services and training

* Held indirectly by the company through TIS Software Holdings Limited.
** Held indirectly by the company through TIS Software Limited.
*** Held indirectly by the company through Datawright Limited.

15. Debtors: amounts falling due within one year

	2016 £000	2015 £000
Trade debtors	**4,832**	4,931
Amounts owed by group undertakings	**1,093**	3,583
Other debtors	**2**	2
Prepayments and accrued income	**2,654**	3,037
Tax recoverable	**4**	438
Deferred taxation	**-**	9
	8,585	12,000

16. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	**7,614**	3,577
	7,614	3,577

Notes to the financial statements

For the Year Ended 30 September 2016

17. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	**1,144**	1,508
Amounts owed to group undertakings	**2,657**	1,804
Corporation tax	**-**	150
Taxation and social security	**862**	502
Other creditors	**1,383**	1,682
Accruals and deferred income	**6,530**	5,722
	12,576	11,368

18. Financial instruments

	2016 £000	2015 £000
Financial assets		
Cash at bank and in hand	**7,614**	3,577
Financial assets measured at amortised cost	**6,772**	8,954
	14,386	12,531
Financial liabilities		
Financial liabilities measured at amortised cost	**(5,798)**	(5,438)
	(5,798)	(5,438)

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group companies, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, amounts due to group companies and accruals.

19. Deferred taxation

	2016 £000	2015 £000
At beginning of year	**9**	**(5)**
Charged to the profit or loss	**(63)**	**14**
At end of year	**(54)**	**9**

Notes to the financial statements

For the Year Ended 30 September 2016

19. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	(70)	(88)
Short term timing differences	16	25
Tax losses carried forward	-	72
	(54)	9

20. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Authorised		
45,464,550 Ordinary shares of £0.01 each	455	455
Allotted, called up and fully paid		
45,464,500 Ordinary shares of £0.01 each	455	455

21. Reserves

Share premium

Share premium is the amount above the nominal value received for shares sold, less transaction costs.

Employee Benefit Trust Reserve

The Kerridge Commercial Systems Employee Benefit Trust (EBT) was set up for the benefit of employees and directors of Kerridge Commercial Systems Limited and its subsidiaries.

Following the acquisition of Kerridge Commercial Systems group on 6 February 2015 the EBT no longer owned shares in Kerridge Commercial Systems Limited.

At 30 September 2016 the EBT had cash of £391,000 (2015: £512,000) and had no liabilities (2015: £120,000). The EBT incurred £1,000 (2015: £6,000) of administration expenses in the year. These amounts have been included in the consolidated results of Florence Topco Limited for the period ended 30 September 2016.

Profit and Loss account

Profit and Loss account includes all current and prior periods retained profits and losses.

Notes to the financial statements

For the Year Ended 30 September 2016

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid and payable by the company to the fund and amounted to £761,000 (2015 - £767,000). Contributions totalling £78,000 (2015 - £72,000) were payable to the fund at the balance sheet date.

23. Commitments under operating leases

At 30 September 2016 the Company had future minimum lease payments under other non-cancellable land and buildings leases as follows:

	2016	2015
	£000	£000
Not later than 1 year	**181**	145
Later than 1 year and not later than 5 years	**644**	576
Later than 5 years	**-**	-
	825	721

At 30 September 2016 the Company had future minimum lease payments under other non-cancellable operating leases as follows:

	2016	2015
	£000	£000
Not later than 1 year	**22**	57
Later than 1 year and not later than 5 years	**17**	11
	39	68

24. Related party transactions

In accordance with Financial Reporting Standard 102 'section 33', the company has taken advantage of the exemption for subsidiary undertakings, where all of the voting rights are controlled within a group, not to disclose related party transactions within that group.

Notes to the financial statements

For the Year Ended 30 September 2016

25. Controlling party

The company's immediate parent undertaking is Florence Bidco Limited, and the ultimate parent undertaking is Florence Topco Limited, both companies are registered in England and Wales.

The largest and smallest group of which the company is a member and for which group financial statements are drawn up is headed by Florence Topco Limited, the ultimate parent undertaking. Copies of the financial statements are available from Companies House.

The ultimate controlling party is considered to be funds managed by Accel-KKR Management Company LLC.

26. Contingent liabilities

The company is part of a group cross guarantee in respect of bank loans held by Florence Bidco Limited and Florence US Holdco Inc. The total amount due at 30 September 2016 by the group is £29,425,000 and $20,336,000 (2015: £30,550,000 and $9,400,000).

27. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.