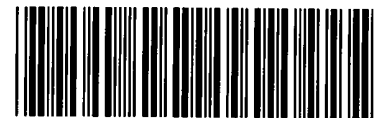


Company Registration No. SC445689 (Scotland)

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



FRIDAY



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COMPANIES HOUSE

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

COMPANY INFORMATION

Director	Mr K G Angell
Secretary	Burness Paul LLP
Company number	SC445689
Registered office	50 Lothian Road Festival Square Edinburgh EH3 9WJ
Auditor	Wylie & Bisset LLP 168 Bath Street Glasgow G2 4TP
Bankers	Royal Bank of Scotland PLC 36 St. Andrew Square Edinburgh EH3 9WJ

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

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VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents the strategic report for the year ended 31 December 2016.

Fair review of the business

Velocity provides applications management for the leading ERP software vendors, including SAP, Oracle, Infor, Kronos and Epic.

Our breadth of services include private, public and hybrid cloud hosting options, as well as remote management in customer data centers and partner clouds (SAP, Oracle, Infor, Azure and AWS).

Velocity manages enterprise clouds through our Velocity Cloud Application Management Platform, powered by Velocity Zoom, our analytics engine.

Velocity also offers "cloud designed" related services for a predictable monthly cost. These include IaaS/PaaS, application functional support, business process outsource (BPO) services, virtual desktop infrastructure (VDI) and outsourced HR and IT help desk services.

Turnover and Profit Before Tax in the subsidiary, Velocity Technology Solutions UK Ltd, continues to grow year on year. Turnover for 2016 increased by more than 5% over 2015 and Profit Before Tax increased 61% in 2016 compared to 2015 reflecting improved market penetration and economies of scale from our investments in infrastructure, software and people.

On behalf of the board



Mr K G Angell

Director

25 September 2017

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of investing in and managing technology companies.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr K G Angell

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Auditor

The auditor, Wylie & Bisset LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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. He is 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.

Statement of disclosure to auditor

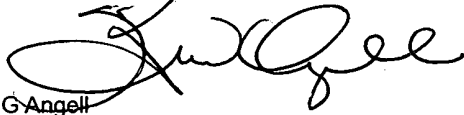
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

On behalf of the board

A handwritten signature in black ink, appearing to read 'K Angell', written over a horizontal line.

Mr K G Angell

Director

25 September 2017

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

We have audited the financial statements of Velocity Technology Solutions UK Holdings Limited for the year ended 31 December 2016 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and 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 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 director and auditor

As explained more fully in the Director's Responsibilities Statement set out on pages 2 - 3, the director is 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

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 director; and the overall presentation of the financial statements. 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.

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 31 December 2016 and of its loss 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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.



Scott Gillon BA(Hons) FCCA (Senior Statutory Auditor)
for and on behalf of Wylie & Bisset LLP

25 September 2017

Chartered Accountants
Statutory Auditor

168 Bath Street
Glasgow
G2 4TP

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Interest payable and similar expenses	4	(420,000)	(420,000)
Loss before taxation		<u>(420,000)</u>	<u>(420,000)</u>
Tax on loss	5	84,000	85,036
Loss for the financial year		<u><u>(336,000)</u></u>	<u><u>(334,964)</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Loss for the year	(336,000)	(334,964)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(336,000)</u>	<u>(334,964)</u>

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investment in subsidiary	6		10,428,112		10,428,112
Current assets			-		-
Creditors: amounts falling due within one year	8	(1,583,341)		(1,163,341)	
Net current liabilities			(1,583,341)		(1,163,341)
Total assets less current liabilities			8,844,771		9,264,771
Creditors: amounts falling due after more than one year	9		(6,093,029)		(6,177,029)
Net assets			2,751,742		3,087,742
Capital and reserves					
Called up share capital	11		4,000,001		4,000,001
Profit and loss reserves			(1,248,259)		(912,259)
Total equity			2,751,742		3,087,742

The financial statements were approved and signed by the director and authorised for issue on 25 September 2017



Mr K G Angell
Director

Company Registration No. SC445689

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2015		4,000,001	(577,295)	3,422,706
Year ended 31 December 2015:				
Loss and total comprehensive income for the year		-	(334,964)	(334,964)
Balance at 31 December 2015		4,000,001	(912,259)	3,087,742
Year ended 31 December 2016:				
Loss and total comprehensive income for the year		-	(336,000)	(336,000)
Balance at 31 December 2016		<u>4,000,001</u>	<u>(1,248,259)</u>	<u>2,751,742</u>

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	13	336,000		420,000	
Interest paid		(420,000)		(420,000)	
Income taxes refunded/(paid)		84,000		-	
Net cash outflow from operating activities		-		-	
Net cash used in investing activities		-		-	
Net cash used in financing activities		-		-	
Net increase in cash and cash equivalents		-		-	
Cash and cash equivalents at beginning of year		-		-	
Cash and cash equivalents at end of year		-		-	

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Velocity Technology Solutions UK Holdings Limited is a private company limited by shares incorporated in Scotland. The registered office is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2016 are the first financial statements of Velocity Technology Solutions UK Holdings Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.6 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Interest payable on Inter Company Loan	420,000	420,000
	<u>420,000</u>	<u>420,000</u>

4 Interest payable and similar expenses

	2016	2015
	£	£
Other finance costs:		
Interest payable on Intercompany Loan	420,000	420,000
	<u>420,000</u>	<u>420,000</u>

5 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	(84,000)	(85,036)
	<u>(84,000)</u>	<u>(85,036)</u>

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Loss before taxation	(420,000)	(420,000)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	(84,000)	(85,036)
Taxation credit in the financial statements	(84,000)	(85,036)

6 Fixed asset investments

	2016 £	2015 £
Investment in Subsidiary	10,428,112	10,428,112

Holdings of 20% or more

The company holds more than 20% of the share capital of the following companies:

Subsidiary Undertakings	Country of Registration	Class	Shares Held (%)
Velocity Technology Solutions	Scotland	Ordinary	100
UK Limited			

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

Subsidiary Undertakings	Principal Activity	Capital & Reserves (£)	Profit for the Year (£)
Velocity Technology Solutions	Information Technology	5,954,555	2,442,814
UK Limited	Services		

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Fixed asset investments (Continued)

Movements in fixed asset investments

Investments
other than
loans
£

Cost or valuation

At 1 January 2016 & 31 December 2016

10,428,112

Carrying amount

At 31 December 2016

10,428,112

At 31 December 2015

10,428,112

7 Financial instruments

2016
£

2015
£

Carrying amount of financial assets

Equity instruments measured at cost less impairment

10,428,112

10,428,112

Carrying amount of financial liabilities

Measured at amortised cost

7,676,370

7,340,370

8 Creditors: amounts falling due within one year

2016
£

2015
£

Amounts due to group undertakings

1,583,341

1,163,341

9 Creditors: amounts falling due after more than one year

Notes

2016
£

2015
£

Intercompany Loan

10

6,000,000

6,000,000

Amounts due to subsidiary undertaking

93,029

177,029

6,093,029

6,177,029

VELOCITY TECHNOLOGY SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Loans and overdrafts

	2016 £	2015 £
Intercompany Loan	6,000,000	6,000,000
Payable after one year	6,000,000	6,000,000

The intercompany loan has no fixed repayment period and carries interest at the rate of 7% per annum.

11 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
4,000,001 Ordinary Shares of £1 each	4,000,001	4,000,001
	4,000,001	4,000,001

12 Controlling party

The ultimate parent company is Velocity Technology Solutions Inc, a Limited Partnership registered in the United States of America.

13 Cash generated from operations

	2016 £	2015 £
Loss for the year after tax	(336,000)	(334,964)
Adjustments for:		
Taxation credited	(84,000)	(85,036)
Finance costs	420,000	420,000
Movements in working capital:		
Increase in creditors	336,000	420,000
Cash generated from operations	336,000	420,000