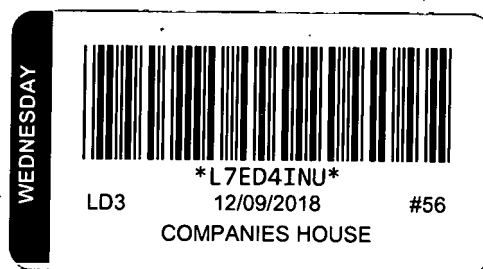


Registered number: 00927588

**MACRO 4 LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**31 DECEMBER 2017**



# **MACRO 4 LIMITED**

## **CONTENTS**

---

	<b>Page</b>
<b>Company information</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 3</b>
<b>Group strategic report</b>	<b>4 - 6</b>
<b>Directors' responsibilities statement</b>	<b>7</b>
<b>Independent auditor's report</b>	<b>8 - 10</b>
<b>Consolidated profit and loss account</b>	<b>11</b>
<b>Consolidated statement of comprehensive income</b>	<b>12</b>
<b>Consolidated balance sheet</b>	<b>13</b>
<b>Company balance sheet</b>	<b>14</b>
<b>Consolidated statement of changes in equity</b>	<b>15</b>
<b>Company statement of changes in equity</b>	<b>16</b>
<b>Consolidated statement of cash flows</b>	<b>17</b>
<b>Notes to the financial statements</b>	<b>18 - 41</b>

**MACRO 4 LIMITED**  
**COMPANY INFORMATION**

---

<b>Directors</b>	C S Hong C H Hong
<b>Company secretary</b>	C S Hong
<b>Registered number</b>	00927588
<b>Registered office</b>	The Orangery Turners Hill Road Crawley West Sussex RH10 4SS
<b>Independent auditor</b>	Blick Rothenberg Audit LLP 16 Great Queen Street Covent Garden London WC2B 5AH

# **MACRO 4 LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The directors present their report and the financial statements for the year ended 31 December 2017.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £8,596,000 (2016: £10,524,000).

#### **Post balance sheet events**

Subsequent to the year end the company declared a dividend of £85,000,000.

#### **Directors**

The directors who served during the year were:

C S Hong  
C H Hong

#### **Matters covered in the strategic report**

As permitted by S414c(11) of the Companies Act 2006, the directors have elected to disclose information required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

#### **Disclosure of information to auditor**

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 and the group's auditor is 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 and the group's auditor is aware of that information.

#### **Research and development**

The group has continued its commitment to research and development and places a high priority on maintaining and improving the functionality, quality and competitive position of its software solutions.

#### **Going concern**

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

## MACRO 4 LIMITED

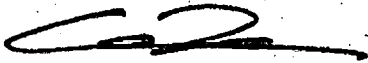
### DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### Overseas branches

The company has overseas branches in Finland, Australia, UAE, New Zealand, India and Denmark. The results of these branches are included in the company's financial results.

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



C S Hong  
Director

Date:

30 August 2018

# **MACRO 4 LIMITED**

## **GROUP STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **Introduction**

The directors present their strategic report of the company and its subsidiaries ('the group') for the year ended 31 December 2017.

#### **Principal activity**

The principal activity of the group during the year was the development, production, marketing and implementation of computer software for the mainframe, midrange and open systems sectors of the computer market.

#### **Business review**

Net assets have increased by 2.28% from last year to £117,262,000 (2016: £114,641,000). The movements are set out in the Consolidated Statement of Changes in Shareholders' Equity.

Revenue for the year ended 31 December 2017, from continuing operations, amounted to £17,581,000 (2016: £18,078,000).

The profit for the year after taxation, from continuing operations, amounted to £8,596,000 (2016: £10,524,000). No dividends were paid in the year (2016: £nil). The directors have not recommended a future dividend at the year end.

During the year the group capitalised £2,776,000 (2016: £2,817,000) on internal research and development indicating its continued commitment to maintaining and improving the functionality, quality and competitive position of its software solutions.

Freehold land and buildings at 31 December 2017 had a net book value of £3,360,000 (2016: £3,470,000). In the opinion of the directors, the market value of freehold land and buildings is in excess of net book value.

The directors consider the performance of the group as satisfactory and in line with expected performance.

#### **Future developments**

The directors are expecting the group to maintain its present level of activity for the foreseeable future.

## **MACRO 4 LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the group include the current state of the world's financial markets, regulatory issues affecting the group and/or its customers, customers' financial stability and ability to pay, M&A activity within the customer base and within the technology sector, competition, levels of operational spending versus revenue, other economic and market conditions, volatile exchange rates, continued service of senior managers, hiring and retention of qualified personnel, product errors or defects, lawsuits and intellectual property claims.

Following the result of the United Kingdom's referendum in June 2016, it is too early to say what will be the wider implications of the decision to leave the European Union ('Brexit') and how this might affect the group's customer activity. The Brexit vote will create some uncertainty for a period of time, but it is currently anticipated that there will not be a material effect on the group from the changing regulatory environment.

#### **Liquidity risk**

Liquidity risk is the risk that the group will not be able to meet its cash outflows, as they fall due, because of lack of liquid assets. To ensure that the group has sufficient funds available on a timely basis in the form of cash and liquid assets to meet its liquidity requirements, the group manages its operations from available working capital.

#### **Credit risk**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group does not require collateral in respect of financial assets.

The group seeks to maximise its interest return on surplus funds by placing cash on short-term deposits at fixed rates of interest with banks and financial institutions on the group's approved list. The fixed rate cash and short-term deposits are placed with banks for a maximum of six months seeking to maximise the return with the best available rates. Floating rate cash and short-term deposits can earn interest based on the relevant national banks' commercial interest rates. The group does not make speculative investments.

At the Statement of Financial Position date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position, principally trade receivables. The provision for impairment is calculated based on the group's policy based on age of the financial asset at each year end.

#### **Interest rate risk**

The group has loans receivable from other UNICOM group undertakings. These loans attract interest at a fixed margin above US Libor. The company's interest receivable on these balances is therefore exposed to interest rate fluctuation in the Libor rate. As these loans with parties who are within the wider UNICOM Group, no hedging for these transactions has been undertaken.

#### **Foreign currency risk**

As an international group, Macro 4 faces the impact of movements in foreign exchange, as 46% (2016: 68%) of its revenues arise overseas. The group is exposed to foreign currency risk on sales, purchases and cash balances that are denominated in a currency other than Sterling. The currencies giving rise to this risk are primarily US Dollars, euro and Swiss Francs.

In order to manage its currency risks, when appropriate, the group enters forward exchange contracts. Most of the forward exchange contracts have maturities of less than one year. At 31 December 2017 the group did not have any outstanding forward exchange contracts (2016: nil).

## MACRO 4 LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### Financial key performance indicators

Performance is monitored through three key indicators. These are set out in the table below:

Key performance indicator	2017 £000	2016 £000	Definition, method of calculation and analysis:
Revenue	17,581	18,078	Total revenue, including recurring and new business revenue
EBITa	12,372	15,459	Operating profit before amortisation. Cost control still being maintained.
Cash and cash equivalents	2,160	1,627	The total amount of cash held by the group increased slightly since the previous year. Also, there was no debt held by the group.

#### Other matters

The total amount of trade creditors falling due within one year at 31 December 2017 of the company represents 27 days' worth (31 December 2016: 29 days' worth) as a proportion of the total amount invoiced by suppliers during the year ended on that date.

The directors are committed to promoting the health, safety and welfare of their staff at the company's premises. The directors are also mindful of environmental issues and have sought to minimise the impact of the company's activities on the environment.

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

  
C S Hong  
Director

Date: 5 - Sep - 2018



## **MACRO 4 LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **MACRO 4 LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MACRO 4 LIMITED FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **Opinion**

We have audited the financial statements of Macro 4 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017, which comprise the group profit and loss account, the group statement of comprehensive income, the group and company balance sheets, the group statement of cash flows, the group and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

## **MACRO 4 LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MACRO 4 LIMITED (continued) FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and parent company 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.

# **MACRO 4 LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MACRO 4 LIMITED (continued) FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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.



Andrew Sanford (Senior statutory auditor)

for and on behalf of  
**Blick Rothenberg Audit LLP**

Statutory Auditor

16 Great Queen Street  
Covent Garden  
London  
WC2B 5AH

Date: 7 September 2018

## **MACRO 4 LIMITED**

### **CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	<b>Note</b>	<b>2017 £000</b>	<b>2016 £000</b>
Turnover	4	17,581	18,078
Administrative expenses	6	(15,840)	(12,975)
Other operating income	5	5,479	5,318
<b>Operating profit</b>	6	<b>7,220</b>	<b>10,421</b>
Interest receivable and similar income	8	4,067	3,437
Interest payable and similar expenses	9	(58)	(35)
<b>Profit before taxation</b>		<b>11,229</b>	<b>13,823</b>
Tax on profit	10	(2,633)	(3,299)
<b>Profit for the financial year</b>		<b>8,596</b>	<b>10,524</b>

---

## **MACRO 4 LIMITED**

### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	<b>2017 £000</b>	<b>2016 £000</b>
Profit for the financial year	<b>8,596</b>	10,524
<b>Other comprehensive income</b>		
Foreign exchange differences	<b>(5,975)</b>	9,677
<b>Total comprehensive income for the financial year</b>	<b>2,621</b>	20,201

**MACRO 4 LIMITED**

REGISTERED NUMBER:00927588

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	12	33,955	30,707
Tangible assets	13	3,644	3,710
		<u>37,599</u>	<u>34,417</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	15	5	26
Debtors: amounts falling due within one year	15	96,093	88,739
Cash at bank and in hand	16	2,160	1,627
		<u>98,258</u>	<u>90,392</u>
Creditors: amounts falling due within one year	17	(17,002)	(8,757)
<b>Net current assets</b>		<u>81,256</u>	<u>81,635</u>
<b>Total assets less current liabilities</b>		<u>118,855</u>	<u>116,052</u>
Creditors: amounts falling due after more than one year	18	(221)	(95)
<b>Provisions for liabilities</b>			
Deferred tax	20	(1,372)	(1,316)
<b>Net assets</b>		<u><u>117,262</u></u>	<u><u>114,641</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	1,139	1,139
Share premium account	22	2,501	2,501
Capital redemption reserve	22	176	176
Foreign exchange reserve	22	4,815	10,790
Merger reserve	22	4,168	5,558
Profit and loss account	22	104,463	94,477
<b>Total equity</b>		<u><u>117,262</u></u>	<u><u>114,641</u></u>

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

  
**C S Hong**  
 Director

30 August 2018

The notes on pages 18 to 41 form part of these financial statements.

**MACRO 4 LIMITED**

REGISTERED NUMBER:00927588

**COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2017**

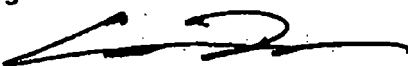
	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	12	30,120	25,356
Tangible assets	13	3,644	3,710
Investments	14	168	168
		<u>33,932</u>	<u>29,234</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	15	61,735	54,640
Debtors: amounts falling due within one year	15	25,996	22,932
Cash at bank and in hand	16	1,554	1,596
		<u>89,285</u>	<u>79,168</u>
Creditors: amounts falling due within one year	17	(13,612)	(8,594)
<b>Net current assets</b>		<u>75,673</u>	<u>70,574</u>
<b>Total assets less current liabilities</b>		<u>109,605</u>	<u>99,808</u>
Creditors: amounts falling due after more than one year	18	(221)	(95)
<b>Provisions for liabilities</b>			
Deferred taxation	20	(1,414)	(1,456)
<b>Net assets</b>		<u>107,970</u>	<u>98,257</u>
<b>Capital and reserves</b>			
Called up share capital	21	1,139	1,139
Share premium account	22	2,501	2,501
Capital redemption reserve	22	176	176
Foreign exchange reserve	22	(33)	(29)
Profit and loss account carried forward		104,187	94,470
<b>Total equity</b>		<u>107,970</u>	<u>98,257</u>

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

C S Hong

Director

Date:



30 August 2018

The notes on pages 18 to 41 form part of these financial statements.



# MACRO 4 LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Foreign exchange reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2016</b>	<b>1,139</b>	<b>2,501</b>	<b>176</b>	<b>1,113</b>	<b>6,948</b>	<b>82,563</b>	<b>94,440</b>
<b>Comprehensive income for the year</b>							
Profit for the financial year	-	-	-	-	-	10,524	10,524
Foreign exchange adjustment	-	-	-	9,677	-	-	9,677
Reserve transfer	-	-	-	-	(1,390)	1,390	-
<b>At 31 December 2016 and 1 January 2017</b>	<b>1,139</b>	<b>2,501</b>	<b>176</b>	<b>10,790</b>	<b>5,558</b>	<b>94,477</b>	<b>114,641</b>
<b>Comprehensive income for the year</b>							
Profit for the financial year	-	-	-	-	-	8,596	8,596
Foreign exchange adjustment	-	-	-	(5,975)	-	-	(5,975)
Reserve transfer	-	-	-	-	(1,390)	1,390	-
<b>At 31 December 2017</b>	<b>1,139</b>	<b>2,501</b>	<b>176</b>	<b>4,815</b>	<b>4,168</b>	<b>104,463</b>	<b>117,262</b>

**MACRO 4 LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Capital redemption reserve £000</b>	<b>Foreign exchange reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 1 January 2016</b>	<b>1,139</b>	<b>2,501</b>	<b>176</b>	<b>(9,706)</b>	<b>82,689</b>	<b>76,799</b>
<b>Comprehensive income for the year</b>						
Profit for the financial year	-	-	-	-	11,781	11,781
Foreign exchange adjustment	-	-	-	9,677	-	9,677
<b>At 31 December 2016 and 1 January 2017</b>	<b>1,139</b>	<b>2,501</b>	<b>176</b>	<b>(29)</b>	<b>94,470</b>	<b>98,257</b>
<b>Comprehensive income for the year</b>						
Profit for the financial year	-	-	-	-	9,717	9,717
Foreign exchange adjustment	-	-	-	(4)	-	(4)
<b>At 31 December 2017</b>	<b>1,139</b>	<b>2,501</b>	<b>176</b>	<b>(33)</b>	<b>104,187</b>	<b>107,970</b>

# MACRO 4 LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £000	2016 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	8,596	10,524
<b>Adjustments for:</b>		
Amortisation of intangible assets	5,152	5,038
Depreciation of tangible assets	228	206
Interest paid	58	35
Interest received	(4,067)	(3,437)
Taxation charge	2,633	3,299
(Increase)/decrease in debtors	(2)	66
Increase in amounts owed by group undertakings	(3,315)	(20,500)
Increase/(decrease) in creditors	155	(274)
Increase in amounts owed to group undertakings	9,895	660
Corporation tax (paid)	(3,773)	(740)
Research and development tax credits	(467)	(462)
Foreign exchange adjustment	(5,714)	7,104
<b>Net cash generated from operating activities</b>	<b>9,379</b>	<b>1,519</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(5,859)	(12,993)
Purchase of tangible fixed assets	(161)	(39)
Interest received	37	23
Capitalised product development costs	(2,776)	(2,817)
<b>Net cash from investing activities</b>	<b>(8,759)</b>	<b>(15,826)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(58)	(35)
<b>Net cash used in financing activities</b>	<b>(58)</b>	<b>(35)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>562</b>	<b>(14,342)</b>
Cash and cash equivalents at beginning of year	1,627	13,885
Foreign exchange gains and losses	(29)	2,084
<b>Cash and cash equivalents at the end of year</b>	<b>2,160</b>	<b>1,627</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,160	1,627

# **MACRO 4 LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **1. General information**

The company's principal activity is the development, production, marketing and implementation of computer software for the mainframe, midrange and open systems sectors of the computer market.

The company is a private company limited by shares and is incorporated in England. The address of its registered office and principal place of business is The Orangery, Turners Hill Road, Worth, Crawley, West Sussex, RH10 4SS.

The financial statements are presented in Sterling (£).

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom 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 29.

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS102:

- Section 3 Financial Statement Presentation paragraph 3.17 (d) (inclusion of statement of cash flows).

The following principal accounting policies have been applied:

#### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

#### **2.3 Going concern**

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## **MACRO 4 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **2. Accounting policies (continued)**

##### **2.4 Revenue**

Revenue represents amounts receivable from customers (net of VAT and sales taxes), and royalties accrued under license agreements due from overseas agents and other group undertakings.

The Group approach to revenue recognition complies with FRS 102. The group recognises revenue where all of the following conditions have been satisfied:

- persuasive evidence of an arrangement exists;
- physical delivery has occurred or services have been rendered;
- the price to the customer is fixed or determinable; and
- collectability is reasonably assured and there are no material conditions or contingencies attaching to the receipt of monies due.

Rental income is taken to revenue evenly over the life of the related rental agreement. Revenue from software license sales is recognised based on the contractual terms agreed with the customer, and physical delivery and acceptance of the amounts due by the customer, without conditions or contingencies.

Revenue resulting from license sales with extended payment terms is recognised in full at the commencement of the contract and discounted to present value using the interest rate which approximates to the Group's cost of funds.

Maintenance revenues associated with license sales are deferred and recognised rateably over the period in which the services are provided in accordance with the terms of the contract.

Royalty income accrued under license agreements is stated at the fair value of the consideration receivable.

##### **2.5 Financial instruments**

The group has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument.

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 group after deducting all of its liabilities.

The group's policies for its major classes of financial assets and financial liabilities are set out below.

##### **Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

## **MACRO 4 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **2. Accounting policies (continued)**

##### **Financial instruments (continued)**

###### **Financial liabilities**

Basic financial liabilities, including trade and other creditors and loans from fellow group companies 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

###### **Impairment of financial assets**

Financial assets 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 profit and loss account.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the 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.

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 and financial liabilities**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

###### **Offsetting of financial assets and financial liabilities**

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

# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 2. Accounting policies (continued)

#### 2.6 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share 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 Consolidated profit and loss account over its useful economic life of five years.

##### Other intangible assets

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

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

The estimated useful lives range as follows:

Product development	-	3	years
Software licence rights	-	10	years

##### Impairment

For all intangible assets, at each reporting date the group 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.

#### 2.7 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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 group 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 group 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 group. 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.

## **MACRO 4 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **2. Accounting policies (continued)**

##### **2.7 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:

Freehold property	-	Between 2 - 10%
Fixtures & fittings	-	10%
Computer equipment	-	20%

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 consolidated profit and loss account.

##### **2.8 Investments**

Investments in subsidiaries are measured at cost less accumulated 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.

##### **2.10 Share capital**

Ordinary shares are classified as equity.



# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 2. Accounting policies (continued)

#### 2.11 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

##### 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 consolidated profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated profit and loss account within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

#### 2.12 Finance costs

Finance costs are charged to the consolidated profit and loss account 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.

#### 2.13 Operating leases

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

#### 2.14 Pensions

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

## **MACRO 4 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **2. Accounting policies (continued)**

##### **2.15 Holiday pay accrual**

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

##### **2.16 Interest income**

Interest income is recognised in the consolidated profit and loss account using the effective interest method.

##### **2.17 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives of 3 years.

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

##### **2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## **MACRO 4 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

---

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

In the application of the group's accounting policies, which are described in note 2, the following judgements have been made by the directors:

##### **Capitalisation of product development costs**

An accounting policy choice exists for the group to either recognise an internally generated intangible asset arising from the development phase of a new product (subject to satisfying certain specific recognition criteria) or to expense such development costs to profit or loss account as they are incurred. The policy should be applied consistently to all expenditure meeting the recognition criteria. The determination as to whether the asset recognition criteria have been satisfied and hence the amounts recognised as assets in the financial statements is a significant area of management judgement. This judgement includes a consideration of:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the ability to use the intangible asset or to sell it; and
- how the intangible asset will generate probable future economic benefits; and
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

##### **Impairment of goodwill and intangible assets**

In preparing these financial statements, the directors have exercised judgment in determining whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill.

Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit and the viability and expected future performance of that unit.

##### **Deferred tax assets**

Management also makes estimates of future expected profits in respect of group undertakings making tax losses where a deferred tax asset is deemed to be appropriate.

## MACRO 4 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £000	2016 £000
License rentals	1,205	1,281
Maintenance	8,700	9,611
License sales	2,864	2,035
Royalties	3,843	4,215
Agents' royalties	390	466
Professional services and other revenue	579	470
	<u>17,581</u>	<u>18,078</u>

Analysis of turnover by destination:

	2017 £000	2016 £000
United Kingdom	6,715	5,708
Rest of Europe	5,109	5,172
Rest of the world	5,757	7,198
	<u>17,581</u>	<u>18,078</u>

#### 5. Other operating income

	2017 £000	2016 £000
Management recharges	5,012	4,856
Research and development tax credits	467	462
	<u>5,479</u>	<u>5,318</u>

## MACRO 4 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 6. Administrative expenses

	2017 £000	2016 £000
Staff costs	10,258	9,650
Staff costs capitalised	(2,775)	(2,817)
Amortisation of intangible assets, including goodwill	5,152	5,038
Depreciation of tangible fixed assets	228	206
Operating lease rentals	243	214
Fees payable to the group's auditor for the audit of the company's annual financial statements	49	49
Fees payable to the group's auditor for tax advisory services	7	7
Exchange differences	378	(2,320)
Other costs	2,300	2,948
<b>Administrative expenses</b>	<b>15,840</b>	<b>12,975</b>

# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 7. Employees

Staff costs were as follows:

	Group 2017 £000	Group 2016 £000
Wages and salaries	8,362	7,975
Social security costs	727	707
Cost of defined contribution scheme	1,169	968
	<u>10,258</u>	<u>9,650</u>

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

	2017 No.	2016 No.
Sales	6	3
Professional services	9	9
Marketing	2	4
Support	23	21
Research and development	73	72
Information systems	11	10
Administration	12	11
	<u>136</u>	<u>130</u>

The directors received no remuneration during the year (2016: nil). Details of remuneration paid to key management personnel is given in note 26.

### 8. Interest receivable and similar income

	2017 £000	2016 £000
Interest receivable from group undertakings	4,065	3,432
Bank interest	2	5
	<u>4,067</u>	<u>3,437</u>

## MACRO 4 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 9. Interest payable and similar charges

	2017 £000	2016 £000
Other interest payable	25	3
Interest payable to group undertakings	33	32
	<u>58</u>	<u>35</u>

#### 10. Taxation

	2017 £000	2016 £000
<b>Corporation tax</b>		
Current tax on profits for the year	2,578	3,283
Adjustments in respect of previous periods	2	(23)
Double taxation relief	(73)	(50)
<b>Foreign tax</b>		
Foreign tax on income for the year	84	84
<b>Total current tax</b>	<u>2,591</u>	<u>3,294</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(42)	(25)
Movement in overseas deferred tax	84	63
Overprovision in respect of prior years	-	(33)
<b>Total deferred tax</b>	<u>42</u>	<u>5</u>
<b>Taxation on profit on ordinary activities</b>	<u>2,633</u>	<u>3,299</u>

## MACRO 4 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 10. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	11,229	13,823
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	2,162	2,765
Effects of:		
Expenses not deductible for tax purposes	17	17
Adjustments to tax charge in respect of prior periods	(2)	(56)
Rate adjustment in respect of overseas profits	(73)	62
Amortisation of goodwill	529	511
<b>Total tax charge for the financial year</b>	<b>2,633</b>	<b>3,299</b>

##### Factors that may affect future tax charges

A reduction to the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on 6 September 2016. Deferred taxes at the balance sheet date have been measured using the enacted tax rates based on when the timing difference is expected to reverse and reflected in these financial statements.

#### 11. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the year was £9,717,000 (2016: £11,781,000).



# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 12. Intangible assets

#### Group

	Product development £000	Software license rights £000	Goodwill on purchase of subsidiary undertakings £000	Total £000
<b>Cost</b>				
At 1 January 2017	28,330	12,993	27,607	68,930
Additions	2,776	5,859	-	8,635
Disposals	(2,740)	-	-	(2,740)
Foreign exchange movement	-	-	(679)	(679)
At 31 December 2017	28,366	18,852	26,928	74,146
<b>Amortisation</b>				
At 1 January 2017	20,830	-	17,393	38,223
Charge for the year	2,655	-	2,497	5,152
On disposals	(2,740)	-	-	(2,740)
Foreign exchange movement	-	-	(444)	(444)
At 31 December 2017	20,745	-	19,446	40,191
<b>Net book value</b>				
At 31 December 2017	7,621	18,852	7,482	33,955
At 31 December 2016	7,499	12,993	10,215	30,707

During the year and prior year, the group become party to a license agreement for various software license rights in a software product which, when fully developed and marketed, is expected to generate a material level of income for the company for the foreseeable future. The software license rights will be amortized once the product is generally available for customers.

# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 12. Intangible assets (continued)

#### Company

	Product development £000	Software license rights £000	Goodwill on purchase of subsidiary undertakings £000	Total £000
<b>Cost</b>				
At 1 January 2017	28,334	12,993	12,844	54,171
Additions	2,776	5,859	-	8,635
Disposals	(2,740)	-	-	(2,740)
At 31 December 2017	28,370	18,852	12,844	60,066
<b>Amortisation</b>				
At 1 January 2017	20,834	-	7,981	28,815
Charge for the year	2,655	-	1,216	3,871
On disposals	(2,740)	-	-	(2,740)
At 31 December 2017	20,749	-	9,197	29,946
<b>Net book value</b>				
At 31 December 2017	7,621	18,852	3,647	30,120
At 31 December 2016	7,499	12,993	4,864	25,356

# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 13. Tangible fixed assets

#### Group

	Freehold property £000	Fixtures & fittings £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 January 2017	7,874	1,507	4,423	13,804
Additions	2	1	158	161
Exchange adjustments	-	(95)	(152)	(247)
At 31 December 2017	7,876	1,413	4,429	13,718
<b>Depreciation</b>				
At 1 January 2017	4,404	1,484	4,206	10,094
Charge for the year	112	8	108	228
Exchange adjustments	-	(96)	(152)	(248)
At 31 December 2017	4,516	1,396	4,162	10,074
<b>Net book value</b>				
At 31 December 2017	3,360	17	267	3,644
At 31 December 2016	3,470	23	217	3,710

# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 13. Tangible fixed assets (continued)

#### Company

	Freehold property £000	Fixtures & fittings £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 January 2017	7,874	411	2,656	10,941
Additions	2	1	158	161
Exchange adjustments	-	-	3	3
At 31 December 2017	7,876	412	2,817	11,105
<b>Depreciation</b>				
At 1 January 2017	4,404	388	2,439	7,231
Charge for the year	112	8	108	228
Exchange adjustments	-	-	2	2
At 31 December 2017	4,516	396	2,549	7,461
<b>Net book value</b>				
At 31 December 2017	3,360	16	268	3,644
At 31 December 2016	3,470	23	217	3,710

# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 14. Fixed asset investments (company)

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Macro 4, Inc.	\$1 Ordinary	100 %	Software marketing and sales
Macro 4 Open Systems Limited	£1 Ordinary	100 %	Dormant
Viewpoint Systems Limited	£1 Ordinary	100 %	Dormant
Image System Integrator Limited	£1 Ordinary	100 %	Dormant

Macro 4, Inc. is incorporated in the USA. Its registered office and principal place of business is UNICOM Plaza Suite 310, 15535 San Fernando Mission Blvd., Mission Hills, CA 91345, United States.

The registered office of all other subsidiaries is The Orangery, Turners Hill Road, Worth, Crawley, West Sussex, RH10 4SS.

	Investments in subsidiary undertakings £000
<b>Cost</b>	
At 1 January 2017	168
At 31 December 2017	168
<b>Net book value</b>	
At 31 December 2017	168
At 31 December 2016	168

# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 15. Debtors

	<b>Group 2017 £000</b>	<b>Group 2016 £000</b>	<b>Company 2017 £000</b>	<b>Company 2016 £000</b>
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	61,730	54,614
Prepayments and accrued income	5	26	5	26
	<b>5</b>	<b>26</b>	<b>61,735</b>	<b>54,640</b>
<b>Due within one year</b>				
Trade debtors	1,643	1,767	1,615	1,688
Amounts owed by group undertakings	93,890	86,544	23,853	20,852
Other debtors	164	66	132	30
Prepayments and accrued income	396	362	396	362
	<b>96,093</b>	<b>88,739</b>	<b>25,996</b>	<b>22,932</b>

Amounts owed by group undertakings attract an annual interest rate of between nil and 5.1%, have no fixed replacement date and are repayable on demand.

### 16. Cash and cash equivalents

	<b>Group 2017 £000</b>	<b>Group 2016 £000</b>	<b>Company 2017 £000</b>	<b>Company 2016 £000</b>
Cash at bank and in hand	<b>2,160</b>	<b>1,627</b>	<b>1,554</b>	<b>1,596</b>

# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 17. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade creditors	180	166	180	166
Amounts owed to group undertakings	10,987	1,092	7,759	1,107
Corporation tax	1,020	2,689	1,004	2,672
Other taxation and social security	609	505	604	494
Other creditors	5	5	5	5
Accruals	792	933	792	933
Deferred income	3,409	3,367	3,268	3,217
	<u>17,002</u>	<u>8,757</u>	<u>13,612</u>	<u>8,594</u>

Amounts owed to group undertakings attract an annual interest rate of between nil and 3.33%, have no fixed replacement date and are repayable on demand.

### 18. Creditors: Amounts falling due after more than one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Deferred income	<u>221</u>	<u>95</u>	<u>221</u>	<u>95</u>

### 19. Financial instruments

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
<b>Financial assets</b>				
Financial assets measured at amortised cost	<u>95,533</u>	<u>88,311</u>	<u>25,468</u>	<u>22,540</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(11,167)</u>	<u>(1,258)</u>	<u>(7,939)</u>	<u>(2,838)</u>

Financial assets measured at amortised cost comprise trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors and amounts owed to group undertakings.

# MACRO 4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 20. Deferred taxation

#### Group

	2017 £000
At beginning of year	(1,316)
Charged to the profit or loss	(42)
Foreign exchange movement	(14)
At end of year	<u>(1,372)</u>

#### Company

	2017 £000
At beginning of year	(1,456)
Charged to profit or loss	42
At end of year	<u>(1,414)</u>

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Plant, property and equipment	(32)	(61)	(32)	(61)
Product development	(1,424)	(1,500)	(1,424)	(1,500)
Other timing differences	84	245	42	105
	<u>(1,372)</u>	<u>(1,316)</u>	<u>(1,414)</u>	<u>(1,456)</u>

### 21. Share capital

	2017 £000	2016 £000
<b>Allotted, called up and fully paid</b>		
22,787,548 (2016: 22,787,548) Ordinary shares of £0.05 each	<u>1,139</u>	<u>1,139</u>

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



## **MACRO 4 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **22. Reserves**

##### **Share premium account**

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

##### **Capital redemption reserve**

The capital redemption reserve is a non-distributable reserve arising from the purchase of Macro 4 Limited's own shares.

##### **Foreign exchange reserve**

The foreign exchange reserve comprises the post acquisition gains and losses following the retranslation of the accounts of foreign group undertakings.

##### **Merger reserve**

The merger reserve comprises non-distributable reserves following a merger.

##### **Profit & loss account**

The profit and loss account represents accumulated comprehensive income for the year and prior periods.

#### **23. Contingent liabilities**

Certain company bank accounts have been listed as property that may be pledged as collateral pursuant to a credit agreement entered into by its parent company. The maximum amount, therefore, that may potentially be pledged at 31 December 2017 amount to £1,404,000 (2016: £1,552,000).

#### **24. Pension commitments**

The group contributes to a number of pension schemes for the benefit of its employees which are of the defined contribution type.

The group's contributions to these schemes, generally at the rate of 8% of base salary, are placed with insurance companies/financial institutions and are, therefore, separate from the assets of the group. Employee contributions are voluntary.

The total pension cost for the group was £1,169,000 (2016: £986,000), of which £295,000 (2016: 258,000) related to overseas schemes.

## MACRO 4 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 25. Commitments under operating leases

At 31 December 2017 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £000	Group 2016 £000
Not later than 1 year	126	291
Later than 1 year and not later than 5 years	204	297
	<u>330</u>	<u>588</u>

#### 26. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

Key management personnel comprise directors and certain other senior management staff. Compensation costs for the year amounted to £1,192,000 (2016: £1,144,000).

#### 27. Ultimate parent undertaking and controlling party

During the year the parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is UNICOM Systems, Inc. (California), a company incorporated in the United States. Group financial statements are not available to the public.

The ultimate parent company is UNICOM Systems, Inc. (California).

In the opinion of the directors the ultimate controlling party is C S Hong.

The group that the company is part of undertook a restructure. The immediate parent company became UNICOM Systems, Inc. (Nevada). The ultimate parent company remains UNICOM Systems, Inc. (California).

#### 28. Subsequent events

Subsequent to the year end, the company declared a dividend of £85,000,000.

## MACRO 4 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 29. First time adoption of FRS 102

The group and company transitioned to FRS 102 from IFRS as at 1 January 2016. The impact of the transition to FRS 102 is as follows:

##### Reconciliation of equity at 31 December 2016

	Group £000	Company £000
Equity at 31 December 2016 under IFRS	117,196	99,473
Amortisation of goodwill	(2,555)	(1,216)
<b>Equity shareholders' funds at 31 December 2016 under FRS 102</b>	<b>114,641</b>	<b>98,257</b>

##### Reconciliation of profit and loss account for the year ended 31 December 2016

	Group £000	Company £000
Profit for the year under IFRS	13,079	12,997
Amortisation of goodwill	(2,555)	(1,216)
<b>Profit for the year ended 31 December 2016 under FRS 102</b>	<b>10,524</b>	<b>11,781</b>

The following were changes in accounting policies arising from the transition to FRS 102:

Under International Financial Reporting Standards ("IFRS") goodwill was not subject to amortisation. In line with the transitional exemptions afforded by Financial Reporting Standard 102 ("FRS 102"), goodwill has been amortised from the date of transition.

This has resulted in a reduction in groups previously reported profit for the year ended 31 December of £2,555,000 (company - £1,216,000) and a corresponding reduction in net assets.