

Registrar's Copy

Dynatrace Limited

Report and Financial Statements

Year Ended

31 March 2017

Company Number 01522537

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Dynatrace Limited

Report and financial statements for the year ended 31 March 2017

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Directors

R Bowers
C Newfield

Secretary and registered office

Francesca Jones, 60 Norden Road, Quantum, Maidenhead, Berkshire, SL6 4AY

Company number

01522537

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, Berkshire, RG1 1LX

Dynatrace Limited

Strategic report for the year ended 31 March 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2017.

Business review

Thoma Bravo, a US Private Equity firm, acquired Compuware Corporation on 15th December 2014. Subsequently on 1st April 2015, the mainframe division was divested through a group reconstruction to a separate fellow subsidiary resulting in two separate entities Dynatrace LLC (the Application Performance Management division, called APM) and Compuware LLC (the Mainframe division).

On 21st December 2016 — Dynatrace secured the leadership position for the seventh year in a row in the 2016 Gartner Magic Quadrant for Application Performance Monitoring Suites. Based upon revenue, Dynatrace LLC remains the largest technology provider in the APM suite marketplace.

Thoma Bravo assesses the performance of its investments using mainly EBITDA (earnings before interest, tax, depreciation and amortisation) as its main Key Performance Indicator (KPI). The EBITDA for the year ended 31 March 2017 is £766,053 (31 March 2016: £798,183)

Today the company advertises itself using the following motto: "Every user, every app, everywhere. AI-powered*, full stack, & automated". In order to remain market leader in its field, Dynatrace continues to invest heavily in new product development and enhanced technologies in all of its labs worldwide.

2017-18 is expected to show both revenue growth and continued profitability whilst maintaining a consistent headcount level.

* AI-powered means Artificial Intelligence powered

Key Performance Indicators

The directors consider the key financial performance indicators of the company to be sales, profit before tax and the cash position. These have been reviewed above as part of the business review.

The results for the year show a pre-tax profit of £416,059 (2016 - £501,263) with sales of £19,949,152 (2016 - £16,101,025). The company had cash of £1,256,553 at 31 March 2017 (2016 - £1,577,417).

Principal risks and uncertainties

Competition

Competition in the APM industry continues to grow with an increasing number of start-up companies entering the market with niche products that compete against Dynatrace's portfolio. Predominant competitors continue to be AppDynamics, Splunk and New Relic.

Staff attrition

Competitors are keen to recruit skilled Dynatrace staff for their knowledge of the industry and the products.

Global economy and cloud computing

Cloud Computing means that the servers are not always installed in the UK and therefore one of the compelling reasons to purchase from a UK supplier has been removed.

Dynatrace Limited

Strategic report for the year ended 31 March 2017 (*continued*)

Strategy, objectives and business model

Dynatrace will continue to focus solely on the APM market with targets of ambitious growth through focussing on volume based consumption sales as well as retaining the enterprise anchor deals. New products are pushing our products into a more cloud-based solution, which continues to present Dynatrace as the Market Leader in APM software.

Growth and controls within the Shared Service Centre in the UK will continue to be a focus, along with constant efforts for increased automation in finance, human resources and license management in order to present an increasingly scalable back office which overall assists in improved products being pushed into the market.

Approval

This strategic report was approved and signed on behalf of the Board on

A handwritten signature in black ink, appearing to be 'R Bowers', written over a circular stamp or seal.

**R Bowers
Director**

Date: 20 December 2017

Dynatrace Limited

Report of the directors for the year ended 31 March 2017

The directors present their report together with the audited financial statements for the year ended 31 March 2017.

Results and dividends

The statement of comprehensive income is set out on page 8 and shows the profit for the year (2016 - profit).

The directors did not recommend the payment of a dividend (2016 - Nil).

Principal activities

The principal activity of the company continues to be the selling of computer software systems and solutions.

Financial risk management objectives and policies

Cash flow risk

The company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates. The only hedging performed in the UK is natural hedging between currencies to ensure sufficient funds are available to match any potential cash outflows.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The company's principal financial assets are bank balances and cash and trade and other receivables.

The company's credit risk is solely attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss-making event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

The company is cash positive and does not need to enter into any financing to maintain positive liquidity.

Technological risk

Technology change and upgrade continues to be a risk to the business. Management continue to monitor and invest in product development to mitigate this risk.

Directors

The directors of the company during the year were:

R Bowers

R Johnson (resigned 13 October 2017)

C Newfield (appointed 8 November 2017)

Dynatrace Limited

Report of the directors for the year ended 31 March 2017 (continued)

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazine.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Dynatrace Limited

Report of the directors for the year ended 31 March 2017 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'R Bowers', written in a cursive style.

**R Bowers
Director**

Date: 20 December 2017

Dynatrace Limited

Independent auditor's report

TO THE MEMBERS OF DYNATRACE LIMITED

We have audited the financial statements of Dynatrace Limited for the year ended 31 March 2017 which comprise of the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. 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).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

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

Dynatrace Limited

Independent auditor's report (*continued*)

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 or the] directors' 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.



*Christopher Pooles (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom*

Date: 20 December 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Dynatrace Limited

Statement of comprehensive income for the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	19,949,152	16,101,025
Cost of sales		(6,772,450)	(1,738,902)
Gross profit		13,176,702	14,362,123
Administrative expenses		(12,845,611)	(13,993,132)
Operating profit	6	331,091	368,991
Interest receivable and other income	7	84,968	132,272
Profit on ordinary activities before taxation		416,059	501,263
Taxation on profit on ordinary activities	8	(24,206)	(91,330)
Profit and total comprehensive income for the year		391,853	409,933

The results stated above are derived from continuing activities.

The notes on pages 12 to 24 form part of these financial statements.

Dynatrace Limited

Balance sheet at 31 March 2017

Company number 01522537	Note	2017	2017	2016	2016
		£	£	Restated	Restated
				£	£
Fixed assets					
Intangible assets	9		1,490,700		1,678,441
Tangible assets	10		632,667		467,771
			<hr/>		<hr/>
			2,123,367		2,146,212
Current assets					
Debtors:					
- due within one year	11	24,858,370		25,385,758	
- due after more one year	11	-		159,805	
Cash at bank and in hand		1,256,553		1,577,417	
		<hr/>		<hr/>	
		26,114,923		27,122,980	
Creditors: amounts falling due within one year	12	(17,633,516)		(19,542,431)	
		<hr/>		<hr/>	
Net current assets			8,481,407		7,580,549
			<hr/>		<hr/>
Total assets less current liabilities			10,604,774		9,726,761
			<hr/>		<hr/>
Creditors: amounts falling due after more than one year	13		(805,006)		(291,594)
Provisions for liabilities	15		(247,609)		(274,861)
			<hr/>		<hr/>
Net assets			9,552,159		9,160,306
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17		13,863		13,863
Capital contribution reserve	18		3,053,950		3,053,950
Profit and loss account			6,484,346		6,092,493
			<hr/>		<hr/>
Shareholders' funds			9,552,159		9,160,306
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2017.



R Bowers
Director

The notes on pages 12 to 24 form part of these financial statements.

Dynatrace Limited

Statement of changes in equity for the year ended 31 March 2017

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
1 April 2016	13,863	3,053,950	6,092,493	9,160,306
Profit for the year	-	-	391,853	391,853
31 March 2017	13,863	3,053,950	6,484,346	9,552,159
1 April 2015	13,863	-	5,936,118	5,949,981
Profit for the period	-	-	409,933	409,933
Total comprehensive income for the period	-	-	409,933	409,933
Contributions by and distributions to owners				
Capital contributions by the parent company	-	3,053,950	-	3,053,950
Deemed distribution to the parent company (see note 3)	-	-	(253,558)	(253,558)
Total contributions by and distributions to owners	-	3,053,950	(253,558)	2,800,392
31 March 2016	13,863	3,053,950	6,092,493	9,160,306

The notes on pages 12 to 24 form part of these financial statements.

Dynatrace Limited

Statement of cash flows for the year ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		391,853	409,933
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	9, 10	434,692	429,192
Net interest receivable	7	(84,968)	132,272
Taxation expense		24,206	91,330
Decrease / (Increase) in trade and other debtors		697,987	(8,057,329)
(Decrease) / Increase in trade and other creditors		(1,638,836)	6,590,157
Increase in provisions		(27,252)	61,456
Foreign exchange		83,634	22,141
Loss on disposal		286,850	10,941
Cash used in operations		168,166	(309,907)
Tax refunds		-	108,699
Taxation paid		(35,000)	(250,000)
Net cash from / (used in) operating activities		133,166	(451,208)
Cash flows from investing activities			
Purchases of tangible fixed assets	10	(456,624)	(58,402)
Interest received		-	132,272
Net cash (used in) / from investing activities		(456,624)	73,870
Net decrease in cash and cash equivalents		(323,458)	(377,338)
Cash and cash equivalents at beginning of year		1,577,417	1,963,644
Foreign exchange gains and (losses)		2,594	(8,889)
Cash and cash equivalents at end of year		1,256,553	1,577,417

The notes on pages 12 to 24 form part of these financial statements.

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017

1 Accounting policies

Dynatrace Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors' report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The company is the parent undertaking to two dormant entities whose combined balance sheets are not material for the purpose of giving a true and fair view. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The following principal accounting policies have been applied:

Turnover

Turnover (excluding maintenance) represents the recognised value of goods and services provided, and are stated net of trade discounts and Value Added Tax.

Maintenance income is credited to revenue over the period of the maintenance agreement.

For any contract that contains bundled elements of consultancy, maintenance and license fees:

- service income is split out on an individual customer basis, and deferred to the balance sheet to be recognised on an as and when utilised basis;
- maintenance income is split out based upon a fixed percentage of the net contract price excluding services. It is deferred to the balance sheet and recognised rateably on a straight line basis over the length of the maintenance contract; and
- license fees are recognised upfront for perpetual licenses, or for any fixed length term licenses they are recognised rateably over the period of the license term.

The parent company has entered into certain global license agreements with certain customers. Although the billing of these agreements takes place within the UK entity, the revenue is recognised within the EMEA group entities in which the end license user is located.

Goodwill

Goodwill arising on acquisitions, representing the difference between the fair value of consideration and the acquired net assets, is amortised on a straight line basis over a remaining period of useful economic life of 10 years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is calculated to write off the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Fixtures and fittings	-	20% per annum
Computer equipment	-	33% per annum

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

1 Accounting policies (*continued*)

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

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

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leased assets: Lessee

Operating lease rentals are charged to the profit and loss account straight line over the lease term, even if the payments are not made on such a basis.

Financial instruments

The company has chosen to adopt Section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

Basic financial assets, including trade and other debtors and cash balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

Financial liabilities are classed in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability.

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Basic financial liabilities including trade and other creditors, bank loans and preference shares that are classified as debt are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the 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.

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

Investments

Investments in subsidiaries are measured as cost less accumulated impairment.

Contributions to pension fund

The company contributes to a mandatory, non-employee contributory, personal pension scheme. The assets of the scheme are administered by the trustees in a fund independent from those of the company. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Holiday Pay

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

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit or loss in the year in which they become payable.

Prior year restatement

The prior year creditors balance of £19,834,025 has been reclassified to present the split of amounts due in less than one year of £19,542,431 and greater than one year of £291,594.

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessee (see note 19) are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis;
- Determine whether there are indicators of impairment on the intangible fixed assets. 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, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Trade Debtors (see note 11)*

Trade debtors are reviewed for impairment loss on a monthly basis and provision made for any balances where there is uncertainty against the recoverability of the balance. This methodology is applied on a customer by customer basis.

- *Creditors and liabilities (see note 12)*

Liabilities are recognised at the balance sheet date and include amounts for accrued holiday pay, bonuses and legal costs. Although these amounts are reviewed on a regular basis and adjusted to reflect management's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

3 Divestment

On 1 April 2015, Compuware Corporation, the ultimate parent company, reorganised the group's operations to separate the mainframe and application performance management business lines into separate legal entities. Compuware UK Limited assumed the mainframe business and Dynatrace Limited assumed the application performance management business. The transaction was accounted for as a group reconstruction, in accordance with FRS 102 Section 19 Business Combinations and Goodwill, which allows for the assets transferred and liabilities assumed to be transferred at book value.

The net liabilities assumed by Compuware UK Limited through the divestment from Dynatrace Limited are as follows:

	Book value £
<i>Fixed assets</i>	
Tangible	2,861
Deposits	2,300
<i>Current assets</i>	
Debtors	596,934
	<hr/>
Total assets	602,095
<i>Creditors</i>	
Due within one year	(3,402,487)
	<hr/>
Net liabilities	(2,800,392)
Consideration receivable	(253,558)
	<hr/>
Capital contribution	(3,053,950)
	<hr/>

The difference between the net liabilities transferred to Compuware UK Limited and the consideration receivable was initially recognised as an intercompany loan. The balance of £3,053,950 was subsequently waived and has been treated as a capital contribution and accounted for through equity in accordance with the principles of merger accounting for a group reorganisation.

In addition, there was no intention to repay the consideration of £253,558 and therefore the waiver resulted in a deemed distribution and was accounted for through equity in accordance with the principles of merger accounting for a group reorganisation.

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

4 Turnover

Turnover is attributable to one activity, the sale of computer software systems and solutions.

	2017 £	2016 £
An analysis of turnover by geographical market is given below:		
United Kingdom	17,713,382	14,873,215
Rest of Europe (excluding United Kingdom)	2,235,770	1,227,810
	<u>19,949,152</u>	<u>16,101,025</u>

5 Employees

	2017 £	2016 £
Staff costs consist of:		
Wages and salaries	5,406,850	5,151,495
Social security costs	1,051,954	1,177,938
Pension costs (see note 21)	415,909	381,755
	<u>6,874,713</u>	<u>6,711,188</u>

The average number of employees, including directors, of the company during the year was 96 (2016 - 99).

	2017 £	2016 £
Remuneration in respect of directors was payable as follows:		
Directors' emoluments	167,044	157,810
Company contributions to pension schemes	28,109	26,856
	<u>195,153</u>	<u>184,666</u>

One director (2016 - one) is also a director of Compuware Corporation, a fellow group company. This director received no remuneration in respect of their services to the company in the current or prior year and is paid by the parent company.

Total compensation of key management personnel during the year was £1,422,067 (2016 - £1,544,750).

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

6 Operating profit

	2017 £	2016 £
This has been arrived at after charging/(crediting):		
Auditors' remuneration:		
- audit fees	44,200	44,000
- other services	14,940	5,750
Depreciation of owned assets	246,951	241,452
Amortisation of goodwill	187,741	187,740
Loss on disposal of fixed assets	286,850	10,941
Operating lease rentals - operating leases	630,794	645,325
Exchange (gains)/losses	(241,298)	22,141

7 Interest receivable and other income

	2017 £	2016 £
Bank deposit interest	8,377	18,687
Other interest	76,591	113,585
	84,968	132,272

Other interest relates to amounts receivable in respect of the intercompany balances held with other group companies.

8 Taxation on profit from ordinary activities

	2017 £	2016 £
<i>Current tax</i>		
UK corporation tax	44,159	76,766
Adjustment in respect of prior years	-	22,739
Current tax charge	44,159	99,505
<i>Deferred tax</i>		
Origination and reversal of timing differences	(25,427)	(18,134)
Adjustments in respect of prior periods	(515)	55
Effect of change in tax rate	5,989	9,904
Deferred tax movement	(19,953)	(8,175)
Total tax charge on profit on ordinary activities	24,206	91,330

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

8 Taxation on profit from ordinary activities (continued)

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	416,059	501,263
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2016 - 20%)	83,212	100,253
Effects of:		
Fixed asset differences	118,089	37,548
Expenses not deductible for tax purposes	2,990	3,486
Income not taxable for tax purposes	(93)	-
Adjustments to tax charge in respect of previous years	(515)	22,794
Adjustments to the opening deferred tax to the average rate of 20%	(184,302)	-
Adjustments to the closing deferred tax to the average rate of 20%	252,447	184,245
Deferred tax not recognised	(247,622)	(256,996)
Total tax charge	24,206	91,330

9 Intangible fixed assets - goodwill

	£
Cost	
At 1 April 2016 and 31 March 2017	3,945,873
Amortisation	
At 1 April 2016	2,267,432
Amortisation	187,741
At 31 March 2017	2,455,173
Net book value	
At 31 March 2017	1,490,700
At 31 March 2016	1,678,441

Dynatrace Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

10 Tangible assets

	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>			
At 1 April 2016	1,733,956	699,301	2,433,257
Additions	585,961	113,997	699,958
Disposals	(1,150,987)	(7,378)	(1,158,365)
At 31 March 2017	1,168,930	805,920	1,974,850
<i>Depreciation</i>			
At 1 April 2016	1,318,879	646,607	1,965,486
Charge for the year	141,231	105,720	246,951
Disposals	(862,877)	(7,377)	(870,254)
At 31 March 2017	597,233	744,950	1,342,183
<i>Net book value</i>			
At 31 March 2017	571,697	60,970	632,667
At 31 March 2016	415,077	52,694	467,771

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

11 Debtors

	2017 £	2016 £
Due within one year:		
Trade debtors	8,965,329	12,405,143
Amounts owed by group undertakings	14,758,940	12,062,001
Corporation tax	345,681	354,840
Prepayments and accrued income	661,191	456,498
Deferred tax (see note 16)	127,229	107,276
	<u>24,858,370</u>	<u>25,385,758</u>
Due after more than one year:		
Trade debtors	-	159,805
	<u>-</u>	<u>159,805</u>

The impairment loss recognised in the profit or loss for the year in respect of bad and doubtful trade debtors was £73,060 (2016: £nil).

12 Creditors: amounts falling due within one year

	2017 £	2016 Restated £
Trade creditors	813,704	545,847
Amounts owed to group undertakings	7,465,310	7,185,636
Taxation and social security	747,314	1,080,601
Accruals and deferred income	8,607,188	10,730,347
	<u>17,633,516</u>	<u>19,542,431</u>

13 Creditors: amounts falling due after more than one year

	2017 £	2016 Restated £
Accruals and deferred income	805,006	291,594
	<u>805,006</u>	<u>291,594</u>

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

14 Financial instruments

The company's financial instruments may be analysed as follows:

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	23,724,269	24,626,949
Financial assets held as cash	1,256,553	1,577,417
	<u> </u>	<u> </u>
Financial liabilities		
Financial liabilities measured at amortised cost	9,702,926	10,059,484
	<u> </u>	<u> </u>

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

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

Information regarding the company's exposure to and management of credit risk, liquidity risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

15 Provisions for liabilities

	£
Balance at 1 April 2016	274,861
Charge to the profit and loss account	(27,252)
	<u> </u>
Balance at 31 March 2017	247,609
	<u> </u>

£247,609 (2016 - £274,861) relates to a dilapidation provision which is expected to be utilised at expiry of the associated lease.

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

16 Deferred taxation

	2017 £	2016 £
Balance at 1 April	107,276	99,101
Origination and reversal of timing differences	19,953	8,175
	<hr/>	<hr/>
Balance at 31 March	127,229	107,276
	<hr/>	<hr/>
	2017 £	2016 £
<i>Deferred taxation asset</i>		
Accelerated capital allowances	13,344	37,065
Tax losses carried forward	113,885	70,211
	<hr/>	<hr/>
Balance at 31 March (see note 11)	127,229	107,276
	<hr/>	<hr/>

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised on the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

There is an unrecognised deferred tax asset of £1,303,303 (2016 - £1,550,925) in respect of trading losses which will be recognised when future profits against which the asset will be recovered can be foreseen with sufficient certainty.

17 Share capital

	2017 Number	Allotted, called up and fully paid 2016 Number	2017 £	2016 £
100,000 Ordinary shares of £1 each	13,863	13,863	13,863	13,863
	<hr/>	<hr/>	<hr/>	<hr/>

18 Capital contribution reserve

On 1 April 2015, Compuware Corporation, the parent company of Dynatrace Limited, provided a capital contribution of £3,053,950 for the waiver of an intercompany balance with Compuware UK Limited (see note 3).

Dynatrace Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

19 Commitments under operating leases

The company had total future minimum lease payments under non-cancellable operating leases as set out below:

	2017 £	2016 £
Not later than 1 year	470,950	659,584
Later than 1 year and not later than 5 years	1,883,800	1,505,221
Later than 5 years	2,237,013	-
	<hr/>	<hr/>
Total	4,591,763	2,164,805
	<hr/>	<hr/>

20 Related party transactions

The ultimate parent company, controlling undertaking and head of the smallest and largest group into which the results of Dynatrace Limited is consolidated is Compuware Corporation, a company incorporated in the State of Michigan, United States of America.

The consolidated financial statements of Compuware Corporation may be obtained from Compuware Corporation, One Campus Martius, Detroit, Michigan 48226, USA.

The remuneration paid to key management personnel is set out in note 5 to these financial statements.

There were no transactions with related parties during the year other than those with wholly owned members of the Compuware Corporation group.

At 31 March 2017, Thoma Bravo LLC is considered the ultimate controlling party.

21 Pensions

The company contributes to a mandatory, non-employee contributory, personal pension scheme. The assets of the scheme are administered by the trustees in a fund independent from those of the company.

The pension charge represents contributions payable by the company and amounted to £415,909 (2016 - £381,755) of which no amounts were payable at the year-end (2016 - Nil).