Company Registration No. 02645947 (England and Wales)

PRODWARE (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

PRODWARE (UK) LIMITED

COMPANY INFORMATION

Directors	Prodware SA A G P Conrard
Company number	02645947
Registered office	Prodware House Waterfold Business Park Bury Lancashire BL9 7BR
Auditor	Alexander & Co 17 St Ann's Square Manchester M2 7PW
Bankers	Royal Bank of Scotland plc Bolton Group Branch 46-48 Deansgate Bolton BL1 1BH
Solicitors	Laytons Solicitors 22 John Street Manchester M3 4EB

PRODWARE (UK) LIMITED

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PRODWARE (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities
The principal activity of the company continued to be that of the supply of computer hardware and software.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Prodware SA
A G P Conrard

Results and dividends
The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

Statement of directors' responsibilities
The directors are responsible for preparing the annual 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

On behalf of the board

....
A G P Conrard
Director
Date: June 25 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRODWARE (UK) LIMITED

Opinion

We have audited the financial statements of Prodware (UK) Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity and notes to the financial statements, 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 FRS 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 company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement, 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 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 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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.

Alexander + Co

Stephen Verber (Senior Statutory Auditor)
for and on behalf of Alexander & Co

9 July 2018

Chartered Accountants
Statutory Auditor

17 St Ann's Square
Manchester
M2 7PW

PRODWARE (UK) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover		2,501,885	3,605,213
Cost of sales		(1,087,232)	(1,174,363)
Gross profit		1,414,653	2,430,850
Administrative expenses		(2,043,490)	(3,492,927)
Exceptional item re sale of maintenance and support contracts	4	-	811,806
Operating loss	5	(628,837)	(250,271)
Interest receivable and similar income	9	944	829
Interest payable and similar expenses	10	-	(122)
Loss before taxation		(627,893)	(249,564)
Tax on loss	11	-	-
Loss for the financial year		(627,893)	(249,564)

The Income Statement has been prepared on the basis that all operations are continuing operations.

PRODWARE (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Loss for the year	(627,893)	(249,564)
Other comprehensive income	-	-
Total comprehensive income for the year	(627,893)	(249,564)

PRODWARE (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	**12**		26,495		68,031
Tangible assets	**13**		12,781		16,368
			39,276		84,399
Current assets					
Debtors	**14**	787,621		1,985,411	
Cash at bank and in hand		326,910		44,499	
		1,114,531		2,029,910	
Creditors: amounts falling due within one year	**15**	(1,090,562)		(1,423,171)	
Net current assets			23,969		606,739
Total assets less current liabilities			63,245		691,138
Capital and reserves					
Called up share capital	**17**		1,550,200		1,550,200
Profit and loss reserves	**18**		(1,486,955)		(859,062)
Total equity			63,245		691,138

The financial statements were approved by the board of directors and authorised for issue on JUNE 25 2018 and are signed on its behalf by:

....
A G P Conrard
Director

Company Registration No. 02645947

PRODWARE (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2016		200	(609,498)	(609,298)
Year ended 31 December 2016:				
Loss and total comprehensive income for the year		-	(249,564)	(249,564)
Issue of share capital	17	1,550,000	-	1,550,000
Balance at 31 December 2016		1,550,200	(859,062)	691,138
Year ended 31 December 2017:				
Loss and total comprehensive income for the year		-	(627,893)	(627,893)
Balance at 31 December 2017		1,550,200	(1,486,955)	63,245

1 Accounting policies

Company information
Prodware (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Prodware House, Waterfold Business Park, Bury, Lancashire, BL9 7BR.

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Prodware SA, a listed company incorporated in France. These consolidated financial statements are available from Prodware SA's website.

1.2 Going concern
These financial statements have been prepared on a going concern basis on the assumption that support from the company's parent will continue. Furthermore, except for amounts due to the company's parent and fellow subsidiary undertakings, the company's main creditor is deferred support contract income, and so does not represent liabilities requiring payment.

1.3 Turnover
Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1 Accounting policies **(Continued)**

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Revenue from third party Annual Enhancement Fees is recognised in full when delivery has occurred. Income received from support contracts are credited to the profit and loss account on a straight line basis over a twelve month period.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs	20% per annum straight line

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold improvements	20% - 50% per annum straight line
Plant and machinery	20% - 50% per annum straight line
Fixtures, fittings & equipment	20% - 50% per annum straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash at bank and in hand

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

1.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

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

1 Accounting policies **(Continued)**

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

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

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

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

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

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

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

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

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

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

1 Accounting policies (Continued)

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

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

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

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

1.12 Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits
The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.14 Leases
Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Development expenditure
Development expenditure is capitalised in accordance with the accounting policy given above. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Provisions for bad and doubtful debts
In accordance with the accounting policy given above, financial assets, which include trade and other receivables, are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The calculation of provisions against bad and doubtful debts requires management to make judgements regarding the recoverability of specific trade receivables.

Estimated useful lives and residual values of fixed assets
As described in the notes to the financial statements, depreciation of tangible and intangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account estimated useful lives used by other companies operating in the sector and actual asset lives and residual values, as evidenced by disposals during current and prior accounting periods.

3 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK. Revenue from third party Annual Enhancement Fees is recognised in full when delivery has occurred. Income received from support contracts are credited to the profit and loss account on a straight line basis over a twelve month period.

4 Exceptional costs/(income)

	2017	2016
	£	£
Exceptional item re sale of maintenance and support contracts	-	(811,806)

On 1st April 2016 the distribution rights to sell the waste and recycling software (Enwis) and its associated Annual Maintenance, Services and Support activities were sold by the parent company, Prodware SA, to a third party. The share of the proceeds attributed to Prodware (UK) Limited were £811,806, of which £748,049 relates to the sale of the maintenance and support contracts for customers operating within the waste and recycling sectors. The company continues to provide maintenance and support to other customers. The directors are of the opinion that the operations and cashflows in respect of the maintenance and support contracts which were sold cannot be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

5 Operating loss

	2017	2016
Operating loss for the year is stated after charging/(crediting):	£	£
Exchange losses	34,098	178,304
Depreciation of owned tangible fixed assets	12,183	22,021
Profit on disposal of tangible fixed assets	-	(325)
Amortisation of intangible assets	48,241	73,711
(Profit)/loss on disposal of intangible assets	-	9,283
Operating lease charges	73,260	73,260

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £34,098 (2016 - £178,304).

6 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	14,250	10,583
Under accrual for prior year audit	11,605	-
	25,855	10,583
For other services		
Taxation compliance services	1,125	1,075
All other non-audit services	2,799	-
	3,924	1,075

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Admin staff and consultants	25	34

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,184,072	1,771,325
Social security costs	137,539	185,665
Pension costs	26,574	92,489
	1,348,185	2,049,479

8 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	-	128,062
Company pension contributions to defined contribution schemes	-	31,091
Compensation for loss of office	-	55,000
	-	214,153

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2016 - 1).

During the year under review no directors were remunerated through the company.

9 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	944	829

10 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	-	122

11 Taxation

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017.

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

	2017 £	2016 £
Loss before taxation	(627,893)	(249,564)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	(119,300)	(49,913)
Tax effect of expenses that are not deductible in determining taxable profit	287	128
Unutilised tax losses carried forward	119,691	48,269
Depreciation in excess of capital allowances	-	2,324
Capital allowances in excess of depreciation	(678)	-
Revenue items capitalised	-	(808)
Taxation charge for the year	-	-

On 1 January 2008 the trade and assets of Watermark UK Limited, a fellow subsidiary, were hived across to the company. At 31 December 2017 estimated tax losses of £1.25m remain available to carry forward against future profits from the continuing trade of Watermark UK Limited. Since 2009 the combined entity has made further tax losses, totalling approximately £2.2m, which have not been utilised and remain available to offset against future trading profits. No deferred tax asset has been recognised in respect of the above losses on the basis that the company has a recent history of tax losses.

12 Intangible fixed assets

	Development Costs £
Cost	
At 1 January 2017	606,849
Additions - internally developed	6,705
At 31 December 2017	613,554
Amortisation and impairment	
At 1 January 2017	538,818
Amortisation charged for the year	48,241
At 31 December 2017	587,059
Carrying amount	
At 31 December 2017	26,495
At 31 December 2016	68,031

13 Tangible fixed assets

	Short leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2017	66,185	415,445	204,193	685,823
Additions	-	265	8,331	8,596
At 31 December 2017	66,185	415,710	212,524	694,419
Depreciation and impairment				
At 1 January 2017	62,459	405,493	201,503	669,455
Depreciation charged in the year	878	7,757	3,548	12,183
At 31 December 2017	63,337	413,250	205,051	681,638
Carrying amount				
At 31 December 2017	2,848	2,460	7,473	12,781
At 31 December 2016	3,726	9,952	2,690	16,368

14 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	452,353	1,547,088
Amounts owed by group undertakings	264,659	334,540
Prepayments and accrued income	70,609	103,783
	787,621	1,985,411

15 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	195,384	320,271
Amounts due to group undertakings	526,250	569,555
Other taxation and social security	102,983	169,335
Accruals and deferred income	265,945	364,010
	1,090,562	1,423,171

16 Retirement benefit schemes

	2017	2016
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	26,574	92,489

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2017	2016
	£	**£**
Ordinary share capital		
Issued and fully paid		
15,502 Ordinary £100 shares of £100 each	1,550,200	1,550,200
	1,550,200	1,550,200

18 Profit and loss reserves

	2017	2016
	£	**£**
At the beginning of the year	(859,062)	(609,498)
Loss for the year	(627,893)	(249,564)
At the end of the year	(1,486,955)	(859,062)

19 Related party transactions

Transactions with related parties
As permitted, no disclosure has been made of transactions with other group companies on the basis that the company is a wholly owned subsidiary of Prodware SA, a listed company incorporated in France, with consolidated accounts being publicly available.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	73,260	73,260
Between two and five years	293,040	293,040
In over five years	85,470	158,730
	451,770	525,030

21 Controlling party

By virtue of its 100% shareholding in the company at the Balance sheet date, the ultimate parent company is Prodware SA, a listed company incorporated in France. The registered office of Prodware SA is 45, quai de la Seine, 75019 Paris. Copies of their financial statements are available from their website.