

Company Registration No. 02766106

Fair Isaac Software Holdings Limited

Annual Report and Financial Statements

For the year ended 30 September 2017



Fair Isaac Software Holdings Limited

Annual report and financial statements 2017

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Fair Isaac Software Holdings Limited

Officers and professional advisers

Directors

M Pung
M Scadina
D Sanderson
R Deal

Company secretary

M Scadina

Registered office

Cottons Centre
5th Floor
Hays Lane
London SE1 2QP

Bankers

HSBC
130 New Street
Birmingham
B2 4JU

Solicitors

Faegre Benson Hobson Audley LLP
7 Pilgrim Street
London EC4V 6LB

Auditor

Deloitte LLP
Statutory Auditor
Four Brindleyplace
Birmingham B1 2HZ
United Kingdom

Fair Isaac Software Holdings Limited

Strategic report

The directors present their strategic report for the year ended 30 September 2017.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary and operates as an intermediary holding and investment company for trading operations in both Europe and Asia.

As shown in the company's profit and loss account on page 9, the company has made an operating profit of £1,560,984 (2016: £2,210,341), which was mainly due to foreign exchange movements. The company received income from shares of £51,973,457 (2016: £16,450,441) of which £27,385,560 (equivalent to \$36,600,800) related to a settlement of a loan with Fair Isaac Adepra Limited. Interest was received on intercompany loans of £1,764,343 (2016: £1,580,639). This all resulted in a profit after taxation of £53,499,086 (2016: £18,467,874). This information is used by the company as its Key Performance Indicators to monitor the business.

Long term debtors increased to £44,559,156 (2016: £43,894,088) mostly due to the foreign exchange movements relating to a loan denominated in euro of £44,559,198 (equivalent to €50,609,000), further details can be seen in note 9. Short term creditors reduced to £4,792,156 (2016: £31,515,115) due to a loan settlement, further details can be seen in note 10.

Future developments

The directors consider that the Company will continue with its principal activities for the foreseeable future.

Principal risks and uncertainties

Due to intercompany balances with overseas affiliates, the company is at risk from foreign exchange fluctuations. All exchange gains and losses are taken to the profit and loss account; however the foreign exchange risk is managed by hedging exposure, by the US ultimate parent company, there are no hedging contracts in the name of Fair Isaac Software Holdings Limited.

Subsequent events

Loan denominated in euro with Fair Isaac Europe limited of £3,506,204 (equivalent to €3,987,241) has been settled on 30 November 2017.

Approved by the Board of Directors
and signed on behalf of the Board



M Pung
Director

Date: 20 June 2018

Fair Isaac Software Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2017. The financial results are discussed in the Business Review section of the Strategic Report and information relating to subsequent events and future developments can be found in the Strategic Report.

Financial risk management objectives and policies

The company is exposed to cash flow risk. In order to ensure the company has sufficient funds for its ongoing operations and future activities, the financing and liquidity of the company is monitored and managed by management of the business and in conjunction with the group treasury function. The group provides financial support if needed, to the company.

Going concern

The company has continued to settle the majority of its intercompany balances during the year. It is management's plan to settle these balances on a quarterly basis. On a group consolidated basis £168.8 million (equivalent to \$225 million) of cash was generated during 2017. The company's net assets increased to £276,764,195 (2016: £247,493,286).

Management has considered the financial and cash flow forecast or projection for a period up to 12 months from date of signing the financial statements. As noted the company is a non-trading, intermediate holding and investment company. The directors of the company have noted that both its US parent undertakings and its own investment operations have considerable financial resources and the trading operations have long-term contracts with customers across different geographic areas and industries. In addition, these trading operations have a high percentage of recurring revenue and generate a substantial amount of both free cash flow, and positive net income each quarter. The group's positive cash flow is expected to continue for the foreseeable future, and the directors have ascertained, should they require any group funding, it is available. The ultimate parent has provided a signed letter of support. Consequently the directors believe the operations are well placed to manage business risks successfully despite the current uncertain economic outlook and will continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

Dividends

The directors recommended a final dividend of £24,228,177 (2016: £17,380,482). in the year. No additional dividends were declared or paid up to the date of these financial statements.

Directors

The directors, all of whom served throughout the year and subsequently to the date of this report, are as follows:

M Scadina
M Pung
D Sanderson
R Deal

Future developments

Details of future developments can be found in the Strategic Report on p.2 and form part of this report.

Other information

Company made no political contributions in the period and was not involved in any research and development activities in the period and to the date. The company had no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK. The Company has made no indemnity provisions in the reporting year and since the balance sheet date.

Fair Isaac Software Holdings Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and
signed on behalf of the Board on:



M Pung
Director

Date: 20 June 2018

Fair Isaac Software Holdings Limited

Directors' responsibilities statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

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

- select suitable accounting policies 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; and
- 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.

Independent auditor's report to the members of Fair Isaac Software Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fair Isaac Software Holding Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 13.

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).

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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Fair Isaac Software Holdings Limited (continued)

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 respect of these matters.

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: 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.

Independent auditor's report to the members of Fair Isaac Software Holdings Limited (continued)

Report on other legal and regulatory requirements

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

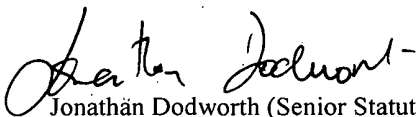
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Jonathan Dodworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Date 21 June 2018

Fair Isaac Software Holdings Limited

Profit and loss account

For the year ended 30 september 2017

	Note	2017 £	2016 £
Administrative income		1,560,984	2,210,341
Operating profit		1,560,984	2,210,341
Income from shares in group undertakings	4	51,973,457	16,450,441
Interest receivable	4	1,764,343	1,580,639
Interest payable	5	(1,430,168)	(1,269,122)
Profit before taxation	6	53,868,616	18,972,299
Tax charge on profit	7	(369,530)	(504,425)
Profit after taxation		53,499,086	18,467,874

All activities are derived from continuing operations in the current and preceding year.

There are no recognised gains or losses in the current financial year or in the preceding year other than those disclosed in the profit and loss account. Accordingly, no separate statement of other comprehensive income is presented.

Fair Isaac Software Holdings Limited

Balance sheet

As at 30 september 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	8	232,020,739	231,194,102
Debtors: due after one year	9	44,559,156	43,894,088
		<u>276,579,895</u>	<u>275,088,190</u>
Current assets			
Debtors: due within one year	9	4,864,425	3,835,544
Cash at bank and in hand		112,031	84,667
		<u>4,976,456</u>	<u>3,920,211</u>
Creditors: amounts falling due within one year	10	<u>(4,792,156)</u>	<u>(31,515,115)</u>
Net current assets/(liabilities)		<u>184,300</u>	<u>(27,594,904)</u>
Total assets less current liabilities		<u>276,764,195</u>	<u>247,493,286</u>
Net assets		<u>276,764,195</u>	<u>247,493,286</u>
Capital and reserves			
Called up share capital	11	3,921,543	3,921,543
Share premium		45,244,718	45,244,718
Revaluation reserve		50,935,000	50,935,000
Profit and loss account		176,662,934	147,392,025
Shareholders' funds		<u>276,764,195</u>	<u>247,493,286</u>

The financial statements of Fair Isaac Software Holdings (registered number 02766106), were approved and authorised for issue by the Board of Directors on 20 June 2018.

Signed on behalf of the Board of Directors



M Pung
Director

Fair Isaac Software Holdings Limited

Statement of changes in equity Year ended 30 september 2017

	Note	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
As at 1 October 2015		3,921,543	44,511,314	50,935,000	146,754,633	246,122,490
Profit for financial year		-	-	-	18,467,874	18,467,874
Total comprehensive income		3,921,543	44,511,314	50,935,000	165,222,507	264,590,364
Dividends paid on equity shares	3	-	-	-	(17,830,482)	(17,830,482)
Infusion of capital in Fair Isaac Africa (PTY) Limited		-	733,404	-	-	733,404
As at 30 September 2016		3,921,543	45,244,718	50,935,000	147,392,025	247,493,286
Profit for financial year		-	-	-	53,499,086	53,499,086
Total comprehensive income		3,921,543	45,244,718	50,935,000	200,891,111	300,992,372
Dividends paid on equity shares	3	-	-	-	(24,228,177)	(24,228,177)
As at 30 September 2017		<u>3,921,543</u>	<u>45,244,718</u>	<u>50,935,000</u>	<u>176,662,934</u>	<u>276,764,195</u>

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 september 2017

1. Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and applicable law, including FRS 102 "The financial reporting standard applicable in the UK and The Republic of Ireland", which the company transitioned to on 1 October 2014. The particular accounting policies adopted are described below. The company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006 on the grounds that it is itself a wholly owned subsidiary undertaking of a company registered in England and Wales. These financial statements, therefore, present information about individual undertaking and not about its group. These financial statements are separate financial statements.

Going concern

The circumstances surrounding the directors' assessment of the appropriateness of the going concern assumption is set out in the directors' report. The ultimate parent has provided a signed letter of support. The directors continue to adopt the going concern basis in preparing the financial statements.

General information and basis of accounting

The company is incorporated in United Kingdom under the Companies Act 2006. The company is a private company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The company meets the definition of a qualifying entity under FRS 102 and has therefore has taken advantage of the disclosure exemptions available in respect of its separate financial statements, as it is a wholly-owned subsidiary undertaking of Fair Isaac Corporation, a company incorporated in the State of Delaware, United States of America, whose consolidated financial statements include the results of the company and are publicly available as detailed in note 13. Exemptions have been taken in relation to presentation of a cash flow statement, intra-group transactions, remuneration of key management personnel, financial instruments and share based payments.

Revenue

The company recognises revenue from foreign exchange gains in administrative income, Income from shares in group undertakings and Interest receivable. The functional currency of the company is Great British pound sterling. Foreign currency transactions are converted into pounds sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates ruling on the balance sheet date. These translation differences are taken to the profit and loss account. Income from dividends is decided by the Ultimate parent company and are recognised when the cash is transferred up through the groups' subsidiaries. Interest receivable is credited to the profit and loss account in the period in which it is earned.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

Investments are included in the financial statements at cost, but reviewed for impairment, by management. Any permanent diminutions in value, are taken to the profit and loss account.

Although best judgment is used in determining the value of these investments, there are inherent limitations in any valuation technique. Therefore the values presented herein are not necessarily indicative of the amount that the company could realise in future transactions.

Foreign currencies

The functional currency of the company is Great British pounds sterling. Foreign currency transactions are converted into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling on the balance sheet date. These translation differences are taken to the profit and loss account and can be seen as administrative income or expense. It is the large loans in USD and Euros that can be seen in notes 9 and 10 that mainly cause this.

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) **Year ended 30 september 2017**

1. Accounting policies (continued)

Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS 102, deferred taxation is recognised in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax, at a future date have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of items of gains and losses in tax assessments in periods different from those in which they are included in financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Cash

Cash in hand includes cash and deposits with banks. Bank overdrafts are shown within borrowings in current liabilities.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. They are initially recognised at the transaction price and subsequently measured at amortised cost, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (held for trading), and loans and receivables. The classification depends on the purpose for which the financial assets were acquired and is determined at point of initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity is greater than twelve months when they are included in non-current assets, and comprise receivables and cash.

Recognition and measurement

Financial assets held at fair value through profit and loss are initially recognised at fair value. Subsequent changes in fair value are presented in the income statement within interest income or expense in the period in which they arise, unless designated as part of a hedge. Loans and receivables are carried at amortised cost. Financial assets are de-recognised when the rights to receive cash flows have expired.

Financial liabilities

Classification

The Company classifies its financial liabilities as other financial liabilities measured at amortised cost using the Effective Interest Rate (EIR) method.

Recognition and measurement

Bank borrowings are recognised at the amount advanced net of any directly attributable transaction costs. Finance costs calculated in accordance with this policy are recognised in finance costs in the income statement.

Creditors

Obligations to pay for goods and services are recognised initially at fair value and subsequently measured at amortised cost.

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 september 2017

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There were no critical judgements, apart from those using estimations (which are dealt with separately below) that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty

Assets other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account. There was no impairment in the period.

2. Staff cost

The average number of persons employed is calculated based on a monthly weighted average number of employees (including directors) during the year and is as follows:

	2017 No.	2016 No.
Management	4	4

The emoluments of the directors are paid by the company that employs them, being the ultimate parent company or a fellow subsidiary, as their services to Fair Isaac Software Holdings Limited are incidental to their services provided to other group companies. Accordingly, no emoluments have been disclosed in these financial statements in respect of the directors.

3. Dividend payable

	2017 £	2016 £
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2017 of 6.18p (2016: 4.55p) per ordinary share.	24,228,177	17,830,482

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 september 2017

4. Interest receivable and similar income

	2017 £	2016 £
Dividend receivable from subsidiary undertakings (i)	51,973,457	16,450,441
Interest received (ii)	1,764,343	1,580,639

- (i) Dividends of £10,600,000 were received from Fair Isaac (Adeptra) Limited (2016: £10,000,000), £7,740,529 from Fair Isaac Services Limited (2016: £6,450,441), Fair Isaac Europe Limited £6,247,368 (£6,800,000) (2016: £nil) and a dividend in specie from Fair Isaac Adeptra Limited in settlement for loan and interest owing of £27,385,560 (\$36,600,800).
- (ii) Interest was received on a 1,000,000 SEK loan to Fair Isaac Nordics AB, at an interest rate of 4% £895, the loan was settled on 30 December 2016 (2016: £3,335); and on a loan from Fair Isaac Germany GmbH of €50,609,000 at an interest rate of 4%, £1,763,448 (2016: £1,577,050). There was other interest received in 2016 of £254.

5. Interest payable

	2017 £	2016 £
Interest payable on intra-group loans	(1,430,168)	(1,269,122)

The loan interest is payable to Fair Isaac (Adeptra) Limited, £1,252,168 (2016: £1,109,936), which relates to interest of 5.124% on a \$30,950,164 loan and interest to Fair Isaac Europe Limited, £178,000 (2016: £159,186), which relates to interest of 5.124% on a €3,987,741 loan.

6. Profit before taxation

	2017 £	2016 £
Profit before taxation is stated after crediting/ (charging) the following:		
Foreign exchange gain	1,587,377	2,267,069
Management service charge payable	(21,711)	(53,756)

Audit fees of £6,000 (2016: £5,750) for auditing the financial statements, were borne by Fair Isaac Services Limited, a fellow subsidiary undertaking. There were no non-audit services in either year.

The directors, who were the only employees of the company, did not receive any remuneration in the current or preceding financial year in respect of their directorships or qualifying services for this company. The management recharge does not relate to directors' services.

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 september 2017

7. Tax on profit

The tax charge comprises:

	2017 £	2016 £
<i>Current tax</i>		
United Kingdom Corporation Tax	369,530	276,279
Adjustment in respect of prior year	-	49
Total current tax	369,530	276,328
<i>Deferred Tax</i>		
Origination and reversal of timing differences	-	216,692
Deferred tax: change in tax rates	-	11,405
Total deferred tax	-	228,097
Total tax on profit	369,530	504,425

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the United Kingdom at 19.5% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit before taxation	53,868,616	18,972,299
Tax on profit at standard UK corporation rate of 19.5% (2016: 20%)	10,504,380	3,794,460
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	5
Non-taxable income	(10,134,850)	(3,290,089)
Adjustments in respect of prior years	-	49
Total tax charge for the year	369,530	504,425

Factors affecting future tax charge

The Finance Act 2016 was enacted on 6 September 2016, and provided for a reduction in the main rate of corporation tax rate from 20% to 17% effective 1 April 2020. This rate has therefore been used to measure deferred tax assets and liabilities as at 30 September 2017.

The average corporation tax rate in the year to 30 September 2017 was 19.5%

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 september 2017

8. Investments

	2017 £	2016 £
Subsidiary undertakings: Cost and Net Book Value	232,020,739	231,194,102

Investments at 30 September 2017 consisted of investments in the following subsidiary undertakings as follows:

	Country of registration or incorporation	% of ordinary share capital and voting rights held	Nature of business
Fair Isaac (ASPAC) Pte Limited	Singapore	100%	Sale, promotion and marketing of FICO products and technical implementation of services to the AsiaPacific market
Fair Isaac (Adeptra) Limited	England and Wales	100%	Sale, marketing and distribution, the development and technical implementation, of Adeptra's interactive alerting technology to the global corporate market.
Fair Isaac Services Limited	England and Wales	100%	Sale of computer software and services to the credit risk management market and to the customer relationship management market
Fair Isaac Europe Limited	England and Wales	100%	Acting as a marketing agent and professional consulting services for other companies within the group.
Fair Isaac Holding One GmbH	Germany	100%	Holding Company of Fair Isaac Germany GmbH
Fair Isaac Holding Two GmbH	Germany	100%	Holding Company of Fair Isaac Germany GmbH
Fair Isaac South Africa (Pty) limited	South Africa	100%	Promotion and marketing of FICO products and the technical implementation of FICO products within Africa.
Fair Isaac Chile Software and Services	Chile	99.98%	Sale, promotion and marketing of FICO products
Other investments and loans			
Inspire Information Technology	Taiwan	3%	Provision of software development and system integration services
Aspen Grove Inc	USA	10%	Provision of software
Validis Holdings Limited	Channel Islands	3.1%	Commercial Software Development

All subsidiaries incorporated in the United Kingdom are registered at Cottons Centre, 5th Floor, Hays Lane, London SE1 2QP, United Kingdom.

The registered address of Fair Isaac (ASPAC) Pte Limited is 80 Robinson Road #02-00, Singapore. 068898

The registered address of Fair Isaac Holding One GmbH and Fair Isaac Holding Two GmbH is Zeppelinstrasse 2-4, 64625 Bensheim, Germany

The registered address of Fair Isaac South Africa (Pty) Limited is 3rd floor, 200 on Main, Cnr Bowwood and Main Roads, Claremont, Cape Town, 7708 South Africa

The registered address of Fair Isaac Chile Software and Services is Avenida Andres Bello 2457, Torre Costanera, piso 19, Providencia, Santiago 7510689, Chile

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 september 2017

8. Investments (continued)

The movements in investments held as fixed assets during the year were as follows:

	Investments in subsidiary undertakings £	Other investments £	Loans £	Total £
Cost or valuation				
At 1 October 2016	231,194,102	3,212,000	720,000	235,126,102
Additions (i) (ii)	76,637	750,000	-	826,637
At 30 September 2017	<u>231,270,739</u>	<u>3,962,000</u>	<u>720,000</u>	<u>235,952,739</u>
Provisions for impairment				
At 1 October 2016	-	3,212,000	720,000	3,932,000
At 30 September 2017	<u>-</u>	<u>3,212,000</u>	<u>720,000</u>	<u>3,932,000</u>
Net book value				
At 30 September 2017	<u>231,270,739</u>	<u>750,000</u>	<u>-</u>	<u>232,020,739</u>
At 30 September 2016	<u>231,194,102</u>	<u>-</u>	<u>-</u>	<u>231,194,102</u>

- (i) On 11 August 2017 the Company invested in Fair Isaac Software and Services Limitada £34,655 (29,994,000 Chilean Peso) by infusion of capital. On 3 May 2017 an additional infusion of capital was made to each of the two Fair Isaac German Holding Companies of £20,991 (€25,000).
- (ii) On 23rd June 2017, a 3.1% investment in Validis, a company registered in Jersey, Channel Islands was acquired for £750,000, by way of shares.

9. Debtors:

Amounts falling due within one year

	2017 £	2016 £
Amounts due from fellow subsidiary undertakings (i)	4,864,425	3,834,371
Other debtors	-	1,173
	<u>4,864,425</u>	<u>3,835,544</u>

- (i) This relates to interest on loan due after more than one year from Fair Isaac Germany GmbH.

Amounts falling due after one year

	2017 £	2016 £
Amount due from subsidiary undertakings	<u>44,559,156</u>	<u>343,898,088</u>

Loan with Fair Isaac Germany GmbH, £44,559,156 (equivalent to €50,600,000) (2016:£43,898,088) due for repayment on 9 January 2021, incurs interest at a rate of 4%.

Fair Isaac Software Holdings Limited

Notes to the financial statements (continued) Year ended 30 september 2017

10. Creditors: Amounts falling due within one year

	2017 £	2016 £
Amounts owed to fellow subsidiary undertakings (i)	4,421,820	31,238,071
Accrual	806	765
Corporate tax	369,530	276,279
	<u>4,792,156</u>	<u>31,515,115</u>

- (i) Includes loans with Fair Isaac (Adepra) Limited, £nil (2016: £23,918,210, equivalent to \$30,954,164 plus unsettled interest) and Fair Isaac Europe Limited £3,511,043 (equivalent to €3,987,241) (2016: £3,458,639) plus unsettled interest, both loan and interest were settled in November 2017. Interest was incurred at a rate of 5.124%. The remainder is non interest bearing and payable on demand.

11. Called up share capital

	2017 £	2016 £
Authorised:		
450,000 ordinary shares of £1	<u>4,500,000</u>	<u>4,500,000</u>
Called up, allotted and fully paid		
392,154,327 ordinary shares of 1p each (2016:		
392,154,326 ordinary shares of 1p each)	<u>3,921,543</u>	<u>3,921,543</u>

The Company has taken advantage of the exemption granted within FRS 102, which does not require the disclosure of transactions between two or more members of a group, provided that all subsidiaries which are party to the transaction are wholly-owned by the group.

13. Parent company and ultimate controlling party

The immediate parent company is Fair Isaac UK International Holdings Ltd., a company incorporated in England and Wales. Fair Isaac Corporation, a company incorporated in the state of Delaware, United States of America, with principal executive offices at 181 Metro Drive, San Jose, California 95110 and listed on the New York Stock Exchange, is the company's ultimate parent company and ultimate controlling party at the balance sheet date and the smallest and largest entity preparing consolidated financial statements which includes the results of Fair Isaac Software Holdings Limited. The registered address of Fair Isaac Corporation is 251 Little Falls Drive, Wilmington, Delaware 19808.

Copies of the financial statements of Fair Isaac Corporation are available from Cottons Centre, 5th Floor, Hays Lane, London, SE1 2QP and on the website www.fico.com.