

DATEL COMPUTING LIMITED

Financial Statements

31 May 2016

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DATEL COMPUTING LIMITED

Financial Statements

YEAR ENDED 31 MAY 2016

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DATEL COMPUTING LIMITED

Officers and Professional Advisers

The Board of Directors

A K Simpson
D J Preston

Company Secretary

K A Simpson

Registered Office

Cinnamon Park
Fearnhead
Warrington
Cheshire
WA2 0XP

Auditor

Ashworth Treasure Limited
Chartered accountant & Statutory Auditor
17-19 Park Street
Lytham
Lancashire
FY8 5LU

DATEL COMPUTING LIMITED

Strategic Report

YEAR ENDED 31 MAY 2016

PRINCIPAL OBJECTIVES AND STRATEGIES

The principal activity of the company is the sale of business management software systems and associated implementation and support services. Datel is the UK's leading provider of business management systems to medium sized enterprises and is Sage's largest business partner. Businesses across a diverse cross section of markets and industries have chosen Datel to deliver critical software solutions.

PERFORMANCE REVIEW

The company transitioned from previous UK GAAP to IFRS 102 as at 1 June 2014. The accounts for both years are presented under FRS102. No transitional adjustments were required in equity or profit or loss for the year.

We achieved high levels of customer retention and satisfaction, helped by an increasingly broad portfolio of products and services that we are able to offer to maximise the benefits that customers derive from their business management systems. We experienced strong demand from existing and new customers, and low churn of annual support and maintenance contracts. Turnover increased to £20.1 million (2015: £19.3 million), with 52% of revenue being attributable to annual support contracts (2015: 51%).

We invested in developing the business, in particular again increasing the number of staff involved in implementing Sage ERP X3, and in our research and development team. Overall headcount increased to 174 (2015: 161). EBITDA increased to £1.78 million (2015: £1.66 million).

POSITION AT THE END OF THE YEAR

The Company generated strong cash flows during the year and was debt-free at the year end, with cash funds of £2,274,000 (2015: £1,516,000) and no debt (2015; £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The company maintains a strategy of strong management, leadership and training. This strategy enables the company to react quickly to changes in the business environment. Accordingly, the company is well placed to react to any future risks or uncertainties arising out of the business environment.

This report was approved by the board of directors on 22 November 2016 and signed on behalf of the board by:



D J Preston
Director

DATEL COMPUTING LIMITED

Directors' Report

YEAR ENDED 31 MAY 2016

The directors present their report and the financial statements of the company for the year ended 31 May 2016.

DIRECTORS

The directors who served the company during the year were as follows:

A K Simpson
D J Preston

DIVIDENDS

Particulars of recommended dividends are detailed in note 11 to the financial statements.

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

The strategic report on the preceding pages provides information regarding the performance, development and risks and uncertainties of the company.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, 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 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 judgments 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.

AUDITOR

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

DATEL COMPUTING LIMITED

Directors' Report *(continued)*

YEAR ENDED 31 MAY 2016

This report was approved by the board of directors on 22 November 2016 and signed on behalf of the board by:



D J Preston
Director

DATEL COMPUTING LIMITED

Independent Auditor's Report to the Members of Datel Computing Limited

YEAR ENDED 31 MAY 2016

We have audited the financial statements of Datel Computing Limited for the year ended 31 May 2016, on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2016 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

DATEL COMPUTING LIMITED

Independent Auditor's Report to the Members of Datel Computing Limited *(continued)*

YEAR ENDED 31 MAY 2016

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

Victoria Reynolds (Senior Statutory Auditor)
For and on behalf of Ashworth Treasure Limited
Statutory Auditors
17-19 Park Street
Lytham
Lancashire
FY8 5LU

22 November 2016

DATEL COMPUTING LIMITED

Statement of Income and Retained Earnings

YEAR ENDED 31 MAY 2016

		2016 £	2015 £
TURNOVER	Note 4	20,054,662	19,281,153
Cost of sales		<u>6,844,221</u>	<u>6,626,559</u>
GROSS PROFIT		13,210,441	12,654,594
Distribution costs		<u>8,700,439</u>	<u>8,468,167</u>
Administrative expenses		<u>2,730,247</u>	<u>2,522,173</u>
OPERATING PROFIT BEFORE AMORTISATION AND DEPRECIATION		1,779,755	1,664,254
Amortisation and depreciation		<u>757,367</u>	<u>739,516</u>
OPERATING PROFIT	5	1,022,388	924,738
Other interest receivable and similar income		<u>11,923</u>	<u>11,198</u>
Interest payable and similar charges	9	<u>277</u>	<u>575</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,034,034	935,361
Tax on profit on ordinary activities	10	<u>168,426</u>	<u>155,982</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		865,608	779,379
Dividends paid and payable	11	<u>1,271,000</u>	<u>1,171,000</u>
RETAINED EARNINGS AT THE START OF THE YEAR		1,199,554	1,591,175
RETAINED EARNINGS AT THE END OF THE YEAR		794,162	1,199,554

All the activities of the company are from continuing operations.

The notes on pages 9 to 18 form part of these financial statements.

DATEL COMPUTING LIMITED

Statement of Financial Position

31 MAY 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	12	649,223	1,175,385
Tangible assets	13	533,734	484,048
		<u>1,182,957</u>	<u>1,659,433</u>
CURRENT ASSETS			
Stock	14	427,688	165,336
Debtors	15	6,622,581	7,055,000
Cash at bank and in hand		2,274,375	1,516,505
		<u>9,324,644</u>	<u>8,736,841</u>
CREDITORS: amounts falling due within one year	16	<u>9,626,289</u>	<u>9,118,966</u>
NET CURRENT LIABILITIES		<u>301,645</u>	<u>382,125</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>881,312</u>	<u>1,277,308</u>
PROVISIONS			
Taxation including deferred tax	18	62,150	52,754
NET ASSETS		<u>819,162</u>	<u>1,224,554</u>
CAPITAL AND RESERVES			
Called up share capital	20	25,000	25,000
Profit and loss account	21	794,162	1,199,554
SHAREHOLDERS FUNDS		<u>819,162</u>	<u>1,224,554</u>

These financial statements were approved by the board of directors and authorised for issue on 22 November 2016, and are signed on behalf of the board by:



D J Preston
Director

Company registration number: 01555529

The notes on pages 9 to 18 form part of these financial statements.

DATEL COMPUTING LIMITED

Notes to the Financial Statements

YEAR ENDED 31 MAY 2016

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Cinnamon Park, Fearnhead, Warrington, Cheshire, WA2 0XP.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared on the historical cost basis.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 June 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 26.

Disclosure Exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Datel Group plc which can be obtained from Cinnamon Park, Fearnhead, Warrington. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

Long Term Contracts

When the outcome of an individual contract can be foreseen with reasonable certainty and can be estimated reliably, margin is recognised by reference to the stage of completion, based on the lower of the percentage margin earned to date and that prudently forecast at completion. This is after the deduction of any foreseeable losses and applicable payments on account.

Operating profit is stated after attributable profit on long term contracts completed and amounts recoverable on contracts uncompleted, the latter also being included within debtors due within one year.

DATEL COMPUTING LIMITED

Notes to the Financial Statements *(continued)*

YEAR ENDED 31 MAY 2016

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of assets

The carrying value of those assets recorded in the Company's balance sheet, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the balance sheet. Any reduction in value arising from such a review would be recorded in the statement of comprehensive income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

Revenue Recognition

Turnover represents net invoiced sales of goods, excluding value added tax, except in respect of service contracts where turnover is recognised when the company obtains the right to consideration.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Research and Development

Research and development expenditure is written off in the period in which it is incurred.

Income Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

DATEL COMPUTING LIMITED

Notes to the Financial Statements *(continued)*

YEAR ENDED 31 MAY 2016

3. ACCOUNTING POLICIES *(continued)*

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - straight line basis over 5 - 10 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Office Equipment - 5% - 33% on cost and reducing balance

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

DATEL COMPUTING LIMITED

Notes to the Financial Statements *(continued)*

YEAR ENDED 31 MAY 2016

3. ACCOUNTING POLICIES *(continued)*

Impairment of Fixed Assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined Contribution Plans

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged represents contributions paid by the company to the fund.

4. TURNOVER

Turnover arises from:

	2016	2015
	£	£
Sale of goods	3,539,868	3,899,573
Rendering of services	16,514,794	15,381,580
	<u>20,054,662</u>	<u>19,281,153</u>

Turnover and profit before taxation are attributable to the principal activity of the company.

DATEL COMPUTING LIMITED

Notes to the Financial Statements (continued)

YEAR ENDED 31 MAY 2016

5. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Amortisation of intangible assets	526,162	520,347
Depreciation of tangible assets	231,205	219,169
Gains on disposal of tangible assets	(1,804)	–
Impairment of trade debtors	108,334	24,916

6. AUDITOR'S REMUNERATION

	2016	2015
	£	£
Fees payable for the audit of the financial statements	6,000	6,000
Fees payable to the company's auditor and its associates for other services: Audit-related assurance services	21,585	21,420

7. STAFF COSTS

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No.	2015 No.
Sales, distribution and programming	153	142
Office and management	21	19
	174	161

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	7,549,264	7,278,943
Social security costs	787,738	794,971
Other pension costs	715,425	872,700
	9,052,427	8,946,614

8. DIRECTORS' REMUNERATION

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	19,901	42,635
Company contributions to defined contribution pension plans	9,120	41,120
	29,021	83,755

The number of directors who accrued benefits under company pension plans was as follows:

	2016 No.	2015 No.
Defined contribution plans	2	2

DATEL COMPUTING LIMITED

Notes to the Financial Statements (continued)

YEAR ENDED 31 MAY 2016

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Other interest	<u>277</u>	<u>575</u>

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

Major components of tax expense

	2016	2015
	£	£
Current tax:		
UK current tax expense	156,230	139,019
Adjustments in respect of prior periods	<u>2,800</u>	<u>–</u>
Total current tax	<u>159,030</u>	<u>139,019</u>
Deferred tax:		
Origination and reversal of timing differences	<u>9,396</u>	<u>16,963</u>
Tax on profit on ordinary activities	<u>168,426</u>	<u>155,982</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.80%).

	2016	2015
	£	£
Profit on ordinary activities before taxation	<u>1,034,034</u>	<u>935,361</u>
Profit on ordinary activities by rate of tax	206,806	194,555
Adjustment to tax charge in respect of prior periods	560	–
Effect of expenses not deductible for tax purposes	1,268	2,860
Effect of capital allowances and depreciation	–	(679)
Effect of different UK tax rates on some earnings	–	(1,698)
R&D Expenditure	(33,302)	(37,295)
Double tax relief	–	(1,761)
Deferred tax rate change	<u>(6,906)</u>	<u>–</u>
Tax on profit on ordinary activities	<u>168,426</u>	<u>155,982</u>

Factors that may affect future tax expense

The Finance (No. 2) Act 2015, substantively enacted on the 26 October 2015, included future reductions to the corporation tax rate from 20% to 19% with effect from 1 April 2017 and then from 19% to 18% from 1 April 2020. On 16 March 2016, the Chancellor of the Exchequer proposed that the UK corporation tax rate of 18% effective from 1 April 2020 be further reduced to 17%. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements

DATEL COMPUTING LIMITED

Notes to the Financial Statements *(continued)*

YEAR ENDED 31 MAY 2016

11. DIVIDENDS

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016	2015
	£	£
Ordinary shares of £1 each	<u>1,271,000</u>	<u>1,171,000</u>

12. INTANGIBLE ASSETS

	Goodwill £
Cost	
At 1 Jun 2015 and 31 May 2016	<u>4,817,336</u>
Amortisation	
At 1 June 2015	3,641,951
Charge for the year	<u>526,162</u>
At 31 May 2016	<u>4,168,113</u>
Carrying amount	
At 31 May 2016	<u>649,223</u>
At 31 May 2015	<u>1,175,385</u>

13. TANGIBLE ASSETS

	Fixtures and fittings £
Cost	
At 1 June 2015	1,923,510
Additions	281,588
Disposals	<u>(137,501)</u>
At 31 May 2016	<u>2,067,597</u>
Depreciation	
At 1 June 2015	1,439,462
Charge for the year	231,205
Disposals	<u>(136,804)</u>
At 31 May 2016	<u>1,533,863</u>
Carrying amount	
At 31 May 2016	<u>533,734</u>
At 31 May 2015	<u>484,048</u>

14. STOCK

	2016	2015
	£	£
Raw materials and consumables	<u>427,688</u>	<u>165,336</u>

DATEL COMPUTING LIMITED

Notes to the Financial Statements (continued)

YEAR ENDED 31 MAY 2016

15. DEBTORS

	2016	2015
	£	£
Trade debtors	2,648,336	3,343,491
Prepayments and accrued income	1,486,793	1,287,036
Prepaid maintenance costs	2,475,326	2,394,561
Other debtors	12,126	29,912
	<u>6,622,581</u>	<u>7,055,000</u>

16. CREDITORS: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	1,886,214	1,936,524
Amounts owed to group undertakings	9,882	9,882
Accruals and deferred income	580,221	534,478
Corporation tax	156,232	139,121
Social security and other taxes	595,875	799,944
Director loan accounts	525,450	145,270
Deferred income on maintenance agreements	5,872,415	5,553,747
	<u>9,626,289</u>	<u>9,118,966</u>

17. DEFERRED TAX

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£	£
Included in provisions (note 18)	<u>62,150</u>	<u>52,754</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Accelerated capital allowances	<u>62,150</u>	<u>52,754</u>

18. PROVISIONS

	Deferred tax (note 17) £
At 1 June 2015	52,754
Additions	9,396
At 31 May 2016	<u>62,150</u>

19. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £715,425 (2015: £872,700).

DATEL COMPUTING LIMITED

Notes to the Financial Statements *(continued)*

YEAR ENDED 31 MAY 2016

20. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

21. RESERVES

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than 1 year	300,960	298,260
Later than 1 year and not later than 5 years	752,400	1,053,360
	<u>1,053,360</u>	<u>1,351,620</u>

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year the directors entered into the following advances and credits with the company:

	2016			
	Balance brought forward	(Credits) to the directors	Amounts withdrawn	Balance outstanding
	£	£	£	£
A K Simpson	(145,270)	(1,061,407)	784,146	(422,531)
D J Preston	–	(250,000)	147,081	(102,919)
	<u>(145,270)</u>	<u>(1,311,407)</u>	<u>931,227</u>	<u>(525,450)</u>

	2015			
	Balance brought forward	(Credits) to the directors	Amounts withdrawn	Balance outstanding
	£	£	£	£
A K Simpson	(293,046)	(1,003,722)	1,151,498	(145,270)
D J Preston	–	(246,558)	246,558	–
	<u>(293,046)</u>	<u>(1,250,280)</u>	<u>1,398,056</u>	<u>(145,270)</u>

DATEL COMPUTING LIMITED

Notes to the Financial Statements *(continued)*

YEAR ENDED 31 MAY 2016

24. RELATED PARTY TRANSACTIONS

The ultimate holding company is Datel Group plc, a company registered in England and Wales.

Exemption has been taken of related party disclosures in respect of group transactions on the grounds that details of the company are included in publicly available consolidated financial statements.

Datel Protex Systems Limited is an associate of Datel Group plc.

At the balance sheet date, Datel Protex Systems Limited owed Datel Computing Limited a net amount of £526 (2015: Datel Computing Limited owed Datel Protex Systems Limited £5,397). During the year, Datel Computing Limited invoiced Datel Protex Systems Limited a net amount of £31,601 (2015: £102,952). Datel Protex Systems Limited invoiced Datel Computing Limited a net amount of £71,662 (2015: £49,602) in respect of the provision of goods and services. These transactions were undertaken on an arm's length basis.

25. CONTROLLING PARTY

The ultimate controlling party throughout the year was A K Simpson.

26. TRANSITION TO FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 June 2014.

No transitional adjustments were required in equity or profit or loss for the year.