Entcorp UK Ltd

Company registration number 10355616
Report and Financial Statements
Financial period ended 31 October 2017
Directors’ Report and Financial Statements 2017

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Company Information

Directors
S Bansal
B Cashman

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Bankers
Barclays Bank plc.
St Andrews Street
Cambridge CB2 3AA

Registered Office
Entcorp UK Ltd
Amen Corner
Cain Road
Bracknell
Berkshire RG12 1HN

Company Registration
10355616
Strategic report

The directors present their strategic report on the Company for the period ended 31 October 2017.

Principal activities
The Company’s principal activity is the sale of software, and supply of software related services and support. The Company is a wholly-owned subsidiary of the Micro Focus International plc group.

Review of the business
The Company was incorporated on 1 September 2016 and commenced trading on 1 June 2017. The company is in its first period of trading since incorporation and accordingly, there are no comparatives for the period.

On 1 June 2017 the Company acquired the UK software business of Hewlett-Packard Limited, a fellow group company at the time of the transaction.

On 31 August 2017 Entcorp UK Ltd became part of the Micro Focus group as part of a spin off and merger of the software business of Hewlett Packard Enterprise Company with Micro Focus International plc.

At the balance sheet date Entcorp UK Ltd had net liabilities of £20,376,000. The deficiency of net assets occurs due to two significant transactions during the period as detailed below:

1. On 1 June 2017 the Company issued one share at a premium of £44,422,000 to its parent company Entco Holding Hague B.V. to fund the purchase of HPE software assets at their fair market value.

2. The Company has applied the predecessor method of accounting for the purchase transaction, with the excess cost of the consideration over the fair value of the identifiable assets and liabilities totalling £65,796,000 being debited to other reserves in the balance sheet.

The net effect of these transactions is to create net liabilities of £20,376,000 as detailed on page 11.

The directors do not recommend the payment of a final dividend.

The total turnover for the period was £59,534,000, and was generated during the 5 month period from 1 June 2017 to 31 October 2017. Turnover derives from the sale of software products and services. The Company plans to continue to generate revenue through sales of software and related services.

The profit for the period after taxation amounted to £1,436,000

Key performance indicators
The board’s policy is to monitor progress on the individual strategic elements by reference to KPI’s. The company is in its first period of trading and is therefore not able to make comparisons for the period with historical trend data.

Profit before tax for the period expressed as a percentage of turnover is 3.04%.

Earnings before interest, taxes, depreciation, impairment and amortisation (“EBITDA”) for the period is £2,717,000.
Strategic report (continued)

Results
The profit for the period is shown on page 10.

Principal risks and uncertainties
From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. The principal risks and uncertainties of Micro Focus International plc, which include those of the company, have been identified in the following categories – Products, Go to market models, competition, employees, business strategy and change management, IT systems and information, legal and regulatory compliance, intellectual property, treasury and tax. The group has policies in place and a risk management framework to help mitigate those risks. These principal risks and the risk management framework are described in the Micro Focus International plc Annual Report for the year ended 30 April 2017, and updates are disclosed in the Micro Focus International plc interim financial statements for the periods ended 31 October 2017 and 30 April 2018.

Future developments
The Company expects its principal activity to continue to be the sale of software, and supply of software related services and support.

The Micro Focus acquisition of the HP software business during the period allows the Company to further contribute to the day to day business success of some of the largest companies in the world, helping these organisations reduce their cost base through modern, efficient and low cost platforms.

Micro Focus continues to invest in the latest technologies to help its customers unlock their competitive advantage through the exploration of its available technologies. By enabling our customers to link their investments in established technology with the latest innovation, Micro Focus will continue to help customers bridge the old and the new enabling them to leverage additional value from their investments in critical IT to infrastructure and business applications.

On behalf of the Board

Sharad Bansal

Sharad Bansal
Entcorp UK Ltd
Registered number 10355616
25 September 2018
Directors’ report

The directors present their report and audited financial statements of the Company for the period ended 31 October 2017.

Dividends

No dividends were declared in the period ended 31 October 2017 and no final dividend is proposed.

Political and charitable contributions

During the current period the Company made no charitable or political donations. The Company’s policy is not to make donations to political parties.

Financial risk management

The Company’s activities expose it to a variety of financial risks that include the effects of changes in credit risk and foreign currency risk. Risk management is carried out by a central treasury department of the ultimate parent company under policies approved by the board of directors of Micro Focus International plc. The board of that company provides written principles for risk management together with specific policies covering areas such as credit risk, foreign currency risk, interest rate management and investment of excess funds.

In accordance with the treasury policy, the Company does not hold or issue derivative financial instruments:

(a) Credit risk

Financial instruments which potentially expose the Company to a concentration of credit risk consist primarily of cash and cash equivalents and trade debtors. Cash equivalents are deposited with high-credit quality financial institutions and risk is further mitigated by limits in amounts that can be deposited with individual financial institutions.

Credit risk exposure related to trade debtors is limited by evaluating and monitoring the financial conditions of customers prior to providing services.

(b) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity’s local currency. There were no hedging transactions in place during the period ended 31 October 2017.

(c) Interest rate risk

The Company’s income and operating cash flows are substantially independent of changes in market interest rates. There is interest payable on amounts held by group companies at 31 October 2017. The Company’s cash flow interest rate risk arises from interest payable and receivable on Group company borrowings, held at variable rates, which exposes the Company to cash flow interest rate risk.

Directors

The directors who served the Company during the period, or have been appointed or resigned prior to signing, are as follows:

Sharad Bansal (appointed 11 May 2017)
Michael Garrett (resigned 28 February 2018)
Barry Cashman (appointed 1 March 2018)
Miral Hamani-Samaan (resigned 11 May 2017)

No director had an interest in the shares of the company.
Directors’ report (continued)

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company’s shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

Directors’ indemnities

The ultimate parent undertaking, Micro Focus International plc, maintains liability insurance for the Company’s directors and officers. From the date it acquired the company as part of its acquisition of the Hewlett Packard Enterprise Software business on 1 September 2017 to the date of approval of the financial statements, Micro Focus International plc has also provided an indemnity for the company’s directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Disclosure of information to the auditor

At the date of approving this report the directors are not aware of any relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. The directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

Research and development

The company did not engage in research and development activities during the period.
Directors’ report (continued)

Employment policy

Equal opportunities
The company operates an equal opportunities policy. Full consideration is given to all job applicants irrespective of gender, age, marital status, disability, race, colour, religion, ethnic or national origin or any other conditions not relevant to the performance of the job, who can demonstrate that they have the necessary skills and abilities.

Disabled employees
With regards to the existing employees and those who may become disabled, the company’s policy is to examine ways and means to provide continuing employment under its existing terms and conditions and to provide training and career development, including promotion, wherever appropriate.

Employee involvement
The Company believes it is important that employees are aware of the Company’s policy is to examine ways and means to provide continuing employment under its existing terms and conditions and to provide training and career development, including promotion, wherever appropriate.

Going concern
There is no intention to dissolve the company or cease trading. There is reasonable assurance that the company will be able to meet its obligations as they fall due. As such these financial statements have been prepared on a going concern basis. As at the 31 October 2017 the company had net liabilities of £20,376,000 which has arisen primarily as a result of a £85.6m reserve recognised upon the application of predecessor accounting on the acquisition of the UK software business of Hewlett-Packard Limited, a fellow group company at the time of the transaction (see Note 18). This does not represent a cash obligation of the Company (see Note 2).

On behalf of the Board

Sharad Bansal

Sharad Bansal
Director
25 September 2018
Independent auditor’s report

to the members of Entcorp UK Ltd

Opinion
We have audited the financial statements of Entcorp UK Ltd ("the company") for the period ended 31 October 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes on pages 13 to 27.

In our opinion the financial statements:

• give a true and fair view of the state of the company's affairs as at 31 October 2017 and of its profit for the period then ended;

• have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework, 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern
We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic Report and Directors’ Report
The directors are responsible for the strategic report and the directors’ report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors’ report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

• we have not identified material misstatements in the strategic report and the directors’ report;

• in our opinion the information given in those reports for the financial period is consistent with the financial statements; and

• in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required 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 directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.
Independent auditor’s report

to the members of Entcorp UK Ltd (continued)

Directors’ responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities

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 our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC’s website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Tudor Aw (Senior statutory auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered accountants
15 Canada Square
London
E14 5GL

25 September 2018
Profit and Loss Account and Other Comprehensive Income for the period from 1 September 2016 to 31 October 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Turnover</strong></td>
<td>59,534</td>
</tr>
<tr>
<td>4</td>
<td><strong>Cost of sales</strong></td>
<td>(30,576)</td>
</tr>
<tr>
<td></td>
<td><strong>Gross profit</strong></td>
<td>28,956</td>
</tr>
<tr>
<td></td>
<td><strong>Distribution costs</strong></td>
<td>(13,544)</td>
</tr>
<tr>
<td></td>
<td><strong>Administrative expenses</strong></td>
<td>(13,475)</td>
</tr>
<tr>
<td></td>
<td><strong>Operating profit</strong></td>
<td>1,939</td>
</tr>
<tr>
<td>6</td>
<td><strong>Other interest receivable and similar income</strong></td>
<td>31</td>
</tr>
<tr>
<td>8</td>
<td><strong>Interest payable and similar expenses</strong></td>
<td>(163)</td>
</tr>
<tr>
<td></td>
<td><strong>Profit before taxation</strong></td>
<td>1,807</td>
</tr>
<tr>
<td></td>
<td><strong>Tax on profits</strong></td>
<td>(371)</td>
</tr>
<tr>
<td>10</td>
<td><strong>Profit for the financial period</strong></td>
<td>1,436</td>
</tr>
<tr>
<td></td>
<td>All amounts relate to continuing activities.</td>
<td></td>
</tr>
</tbody>
</table>

Other comprehensive income

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Profit for the financial period</strong></td>
<td>1,436</td>
</tr>
</tbody>
</table>

**Total comprehensive income for the period**

1,436

The notes on pages 13 to 28 are an integral part of these financial statements.
### Balance Sheet at 31 October 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>11</td>
<td>5,697</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>12</td>
<td>43,505</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td>6,194</td>
</tr>
<tr>
<td><strong>Creditors</strong>: amounts falling due within one year</td>
<td>13</td>
<td>(67,166)</td>
</tr>
<tr>
<td><strong>Net current liabilities</strong></td>
<td></td>
<td>(17,467)</td>
</tr>
<tr>
<td>Creditors: amounts falling due after more than one year</td>
<td>13</td>
<td>(8,606)</td>
</tr>
<tr>
<td><strong>Net liabilities</strong></td>
<td></td>
<td>(20,376)</td>
</tr>
</tbody>
</table>

**Capital and reserves**

| | |
| Called up share capital | 18 |
| Other reserves | 18 | (86,234) |
| Share premium account | 18 | 44,422 |
| Profit and loss account | | 1,436 |
| **Shareholders’ funds** | | (20,376) |

The notes on pages 13 to 28 are an integral part of these financial statements.

The financial statements on pages 9 to 28 were approved by the board of directors and signed on its behalf by:

**Sharad Bansal**

Sharad Bansal  
Director  
Company registration: 10355616  
25 September 2018
Statement of changes in equity for the period from 1 September 2016 to 31 October 2017

<table>
<thead>
<tr>
<th></th>
<th>Called-up share capital £000</th>
<th>Other Reserve</th>
<th>Share premium £000</th>
<th>Retained earnings £000</th>
<th>Total shareholders' funds £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the financial period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,436</td>
<td>1,436</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,436</td>
<td>1,436</td>
</tr>
<tr>
<td>Share issued at a premium</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>44,422</td>
<td>44,422</td>
</tr>
<tr>
<td>Excess of consideration paid on net assets acquired (Note 5)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(65,796)</td>
<td>(65,796)</td>
</tr>
<tr>
<td>Movement on deferred tax relating to stock options</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(490)</td>
<td>(490)</td>
</tr>
<tr>
<td>Movement on current tax relating to stock options</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td><strong>Balance as at 31 October 2017</strong></td>
<td>-</td>
<td>(66,234)</td>
<td>44,422</td>
<td>1,436</td>
<td>(20,376)</td>
</tr>
</tbody>
</table>

The notes on pages 13 to 28 are an integral part of these financial statements.
Notes to the financial statements

At 31 October 2017

1. Statement of compliance

The financial statements of Entcorp UK Ltd have been prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention. The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45 (b) and 46 to 52 IFRS 2, ‘Share-based payment’ (details of the number and weighted-average exercise price of share options; and how the fair value of goods or services received was determined).
- The following paragraphs of IAS 1:
  - 10 (d) & 111 statement of cash flow and related notes,
  - 16 statement of compliance with all IFRS,
  - 134-136 capital management disclosures,
- IAS 7, ‘Statement of cash flows’
- IAS 24, disclosures in respect of transactions with wholly owned subsidiaries;
- Paragraph 30 and 31 of IAS 8 ‘Accounting policies, changes in accounting estimates and errors’, requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective.
- Paragraph 17 of IAS 24, ‘Related party disclosures’ (key management compensation).
- The requirements in IAS 24, ‘Related party disclosures’ to disclose related party transactions entered into between two or more members of a group.

As the consolidated financial statements of Entco Situla Holding Ltd include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

a) Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument disclosures.

The principal accounting policies set out below have, unless otherwise stated, been applied consistently to the period presented in these financial statements

Going concern

The company meets its day-to-day working capital requirements through drawdowns from Group companies. These financial statements are prepared on the going concern basis, which the directors believe is appropriate given the cash generating ability of the business. The directors feel it appropriate to assess the financial position of the company excluding the impact of the £65.6m reserve arising upon the application of predecessor accounting on the acquisition of the UK software business of Hewlett-Packard Limited, a fellow group company at the time of the transaction (see Note 18), as this does not represent a cash obligation of the company.
Notes to the financial statements

At 31 October 2017

2 Accounting policies (continued)

Depreciation

Depreciation is calculated to write off the cost of the tangible fixed assets, less their residual value, over their expected useful economic lives using the straight line basis. The assessed useful lives for the classes of tangible fixed assets recognised are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Period of Use</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td></td>
<td>30 years</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>3 years</td>
<td>Fixtures, fittings and equipment</td>
</tr>
<tr>
<td>Computer software</td>
<td>3 years</td>
<td></td>
</tr>
</tbody>
</table>

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Operating leased assets

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight line basis.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of the lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents and trade and other creditors.

Trade and other debtors:

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses. These are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Trade and other creditors:

Trade and other creditors are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents:

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.
2 Accounting policies (continued)

Foreign currency

(i) Functional and presentational currency

The company’s functional and presentation currency is United Kingdom Pound Sterling, denominated by the symbol ‘£’ and unless otherwise stated as presented in £'000s.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at the foreign exchange rates ruling at the dates the fair value was determined.

At the end of each financial period foreign currency monetary items are translated to GBP using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial period of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within administrative expenses.

Employee benefits

The Company provides a range of benefits to employees, including short-term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

(i) Short-term employee benefits

Short-term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial period in which employees render the related service. The Company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a present legal or constructive obligation to make payments and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits

Defined contribution plan

The Company operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are included in accruals in the balance sheet.
Entity and structure

Entity and structure

Distributions to equity shareholders

Distributions to equity shareholders

A description of fixed assets and property, plant and equipment in the balance sheet shall be disclosed separately in the notes to the financial statements. The balance sheets shall disclose the following items:

- Inventories
- Property, plant and equipment
- Intangible assets
- Goodwill
- sundry debtors
- sundry creditors
- provisions
- deferred tax assets and liabilities
- minority interest
- capital and reserves
- equity notes
- share capital
- reserve funds
- share premium account
- retained earnings
- accumulated losses

The directors are responsible for the preparation of the financial statements. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in United Kingdom pounds sterling.

2 Accounting policies (continued)

Al 31 October 2017

Notes to the financial statements
Notes to the financial statements
At 31 October 2017.

2 Accounting policies (Continued)
Business combinations

Business combinations are accounted for by applying the predecessor method as at the acquisition date, which is the date on which control is transferred to the company.

Net identifiable assets/liabilities are recorded at their carrying value. No goodwill arises as a result of the acquisition, further an acquisition reserve is created for business combinations where the two entities are deemed to be under common control.

These financial statements include the results of the acquired business from the date of acquisition only.

3. Accounting estimates and judgements

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgement in applying the entity's accounting policies

Turnover and revenue recognition

Turnover is measured net of value added tax and trade discounts. Turnover represents the fair value of the consideration received or receivable.

The Company recognises revenues from the sales of software licences, software maintenance, subscription, Software as a Service ("SaaS"), technical support, training and professional services upon firm evidence of an arrangement, delivery of the software and determination that collection of a fixed or determinable fee is reasonably assured.

The Company recognises licence revenue derived from sales to resellers upon delivery to its resellers, provided that all other revenue recognition criteria are met, otherwise revenue is deferred and recognised upon delivery of the product to the end-user.

The Company recognizes revenue for SaaS arrangements as the service is delivered, generally on a straight-line basis, over the contractual period of performance. In SaaS arrangements, the Company considers the rights provided to the customer (e.g. whether the customer has the contractual right to take possession of the software at any time during the contractual period without significant penalty, and the feasibility of the customer to operate or contract with another vendor to operate the software) in determining whether the arrangement includes the sale of a software licence. In SaaS arrangements where software licences are sold, licence revenue is generally recognized according to whether perpetual or term licences are sold, when all other revenue recognition criteria are satisfied.

Maintenance revenue is recognized on a straight-line basis over the term of the contract, which in most cases is one year.

For time and material-based professional services contracts, the Company recognizes revenue as services are rendered and recognizes costs as they are incurred. The Company recognizes revenue from fixed-price professional services contracts as work progresses over the contract period on a proportional performance basis, as determined by the percentage of labor costs incurred to date compared to the total estimated labor costs of a contract. Estimates of total project costs for fixed-price contracts are regularly reassessed during the life of a contract. Amounts collected prior to satisfying the above revenue recognition criteria are included in deferred income.

Rebates paid to partners as part of a contracted program are netted against revenue where the rebate paid is based on the achievement of sales targets made by the partner, unless the Company receives an identifiable good or service from the partner that is separable from the sales transaction and for which the Company can reasonably estimate fair value.
Notes to the financial statements

At 31 October 2017

3 Accounting estimates and judgements (continued)

(b) Critical accounting estimates and assumptions

The directors make estimates and judgements concerning the future in the process of preparing the entity financial statements. See below for the significant estimates and assumptions.

(i) Recoverability of debtors

The directors make an assessment at the end of each financial period of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor. See note 14 for the net carrying value of the debtors.

(ii) Revenue recognition

The key areas of judgement in respect of recognising revenue are the timing of recognition and the fair value allocation between Licence and Maintenance revenue, specifically in relation to recognition and deferral of revenue on support contracts where management assumptions and estimates are necessary.

4. Turnover

The total turnover of the company has been derived from its principal activity for which a geographical analysis is given below by destination of sale which is not materially different to origin.

<table>
<thead>
<tr>
<th>Period ended 31 October 2017</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>57,196</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>2,158</td>
</tr>
<tr>
<td>Rest of world</td>
<td>180</td>
</tr>
<tr>
<td></td>
<td>59,534</td>
</tr>
</tbody>
</table>


Notes to the financial statements
At 31 October 2017

5. Acquisitions of businesses
On 1 June 2017 Entcorp UK Limited purchased the software business of Hewlett-Packard Limited, a fellow group company at the time of the transaction. The turnover and net profit reported in the profit and loss account is all generated as a result of this acquisition.

<table>
<thead>
<tr>
<th>Recognised values on acquisition</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquiree’s net assets at the acquisition date:</td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets (Note 11)</td>
<td>2,777</td>
</tr>
<tr>
<td>Trade and other debtors</td>
<td>26,989</td>
</tr>
<tr>
<td>Trade and other creditors</td>
<td>(9,785)</td>
</tr>
<tr>
<td>Deferred tax asset (Note 15)</td>
<td>857</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(44,009)</td>
</tr>
<tr>
<td><strong>Net identifiable assets and liabilities</strong></td>
<td><strong>(21,171)</strong></td>
</tr>
</tbody>
</table>

Consideration paid:
Initial cash price paid | 44,625 |

**Total consideration** | **44,625** |

**Reserve arising on acquisition** | **65,796** |

No equity instruments were issued in respect of the acquisition.

No replacement share awards were made in respect of this acquisition. The share owned by former HP employees were subject to accelerated vesting prior to the legal date of the acquisition.

No acquisition costs have been charged directly to the company during the accounting period.

The company has used the predecessor method of accounting for this acquisition as it is deemed to be a business combination under common control.

6. Operating profit
This is stated after charging:

<table>
<thead>
<tr>
<th>Period ended</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 October 2017</td>
<td></td>
</tr>
</tbody>
</table>

Depreciation of property, plant and equipment (Note 11) | 778 |
Net foreign currency exchange differences | (356) |
Audit fees payable to the company’s auditor in respect of the Company | 38 |
Notes to the financial statements
At 31 October 2017

7. Directors’ remuneration and staff costs

(a) Directors’ remuneration

<table>
<thead>
<tr>
<th></th>
<th>Period ended 31 October 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors’ remuneration</td>
<td>185 £000</td>
</tr>
<tr>
<td>Amounts receivable under long term incentive plans</td>
<td>2 £000</td>
</tr>
</tbody>
</table>

| Number of directors accruing benefits under: Defined benefit schemes | - £000 |
| Number of directors who received shares in respect of qualifying services | 2 £000 |
| Number of directors who exercised share options | 2 £000 |

In respect of the highest paid director:

<table>
<thead>
<tr>
<th></th>
<th>Period ended 31 October 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors’ remuneration</td>
<td>146 £000</td>
</tr>
<tr>
<td>Amounts receivable under long term incentive plans</td>
<td>- £000</td>
</tr>
</tbody>
</table>

The highest paid director exercised share options during the period and also received shares through the vesting of previously granted restricted stock units.

The directors of the Company were also directors of other Group companies. It is not practicable to apportion these amounts between the directors’ services as directors of the Company and their services as directors of other Group companies. The amounts included above relate to amounts paid by Entcorp UK to S Bansal and M Garrett for their services during the period from 1 June 2017 to 31 October 2017.

(b) Staff costs

<table>
<thead>
<tr>
<th></th>
<th>Period ended 31 October 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>20,887 £000</td>
</tr>
<tr>
<td>Social security costs</td>
<td>2,925 £000</td>
</tr>
<tr>
<td>Pension costs</td>
<td>1,183</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended October 31</th>
<th>24,975 £000</th>
</tr>
</thead>
</table>

Cost of employee share schemes (note 16) | 3,328 £000 |

<table>
<thead>
<tr>
<th>Total</th>
<th>28,303 £000</th>
</tr>
</thead>
</table>
Notes to the financial statements
At 31 October 2017

7 Directors remuneration and staff costs (continued)

The average monthly number of employees during the period was made up as follows:

<table>
<thead>
<tr>
<th>Department</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and distribution</td>
<td>202</td>
</tr>
<tr>
<td>Services</td>
<td>284</td>
</tr>
<tr>
<td>Administration</td>
<td>122</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>608</strong></td>
</tr>
</tbody>
</table>

Employees were transferred to Entcorp UK Ltd on 1 June 2017 as part of the acquisition of the HPE software business. The average number of employees given above is based on an average of the total monthly employees for the period from 1 June 2017 to 31 October 2017 inclusive.

8. Other interest receivable and similar income

<table>
<thead>
<tr>
<th></th>
<th>31 October 2017 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank interest income</td>
<td>29</td>
</tr>
<tr>
<td>Intercompany loan interest received</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total interest receivable and similar income</strong></td>
<td><strong>31</strong></td>
</tr>
</tbody>
</table>

9. Interest payable and similar expense

<table>
<thead>
<tr>
<th></th>
<th>31 October 2017 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercompany loan-interest payable</td>
<td>(24)</td>
</tr>
<tr>
<td>Interest payable on finance leases</td>
<td>(139)</td>
</tr>
<tr>
<td><strong>Total interest payable and similar expense</strong></td>
<td><strong>(163)</strong></td>
</tr>
</tbody>
</table>
Notes to the financial statements
At 31 October 2017

10. Income tax
Recognised in the profit and loss account

<table>
<thead>
<tr>
<th>Period ended</th>
<th>31 October 2017</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current tax:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax on income for the period</td>
<td></td>
<td>464</td>
</tr>
<tr>
<td>Total current tax</td>
<td></td>
<td>464</td>
</tr>
<tr>
<td><strong>Deferred tax:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current period</td>
<td></td>
<td>(104)</td>
</tr>
<tr>
<td>Effect of changes in tax rates</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Total deferred tax</td>
<td></td>
<td>(93)</td>
</tr>
<tr>
<td><strong>Tax on profit for the period</strong></td>
<td></td>
<td>371</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Period ended</th>
<th>31 October 2017</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit before taxation</strong></td>
<td></td>
<td>1,807</td>
</tr>
<tr>
<td>Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%</td>
<td></td>
<td>343</td>
</tr>
<tr>
<td><strong>Effects of:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses not deductible for tax purposes</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>Tax rate changes</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Non qualifying asset</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>Current tax charge for the period</strong></td>
<td></td>
<td>371</td>
</tr>
</tbody>
</table>

Factors affecting current tax and future tax charges
A reduction in the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) was substantively enacted on 28 October 2015. A further reduction in the UK corporation tax rate was announced in the 2016 Finance Bill to further reduce the tax rate to 17% (to be effective from 1 April 2020) and was substantively enacted on 6 September 2016.

An amount of £11,000 was debited to the profit and loss account in respect of this rate reduction.
11. Tangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>Leasehold Improvements</th>
<th>Computer equipment</th>
<th>Fixtures and fittings</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other acquisitions (Note 5)</td>
<td>268</td>
<td>1,954</td>
<td>555</td>
<td>2,777</td>
</tr>
<tr>
<td>Additions</td>
<td>701</td>
<td>2,997</td>
<td>-</td>
<td>3,698</td>
</tr>
<tr>
<td>At 31 October 2017</td>
<td>969</td>
<td>4,951</td>
<td>555</td>
<td>6,475</td>
</tr>
</tbody>
</table>

Accumulated depreciation:

|                     |                        |                    |                       |            |
| Charge for the period | 33                      | 646                | 99                    | 778        |
| At 31 October 2017  | 33                      | 646                | 99                    | 778        |

Net book value:

|                     |                        |                    |                       |            |
| At 31 October 2017  | 936                    | 4,305              | 456                   | 5,697      |

Other acquisitions comprise the tangible fixed assets acquired from HPE on 1 June 2017 at their fair value.

12. Debtors

2017 £000

Amounts due from group undertakings 7,446
Trade debtors 31,907
Deferred tax asset (Note 15) 480
Other debtors and accrued income 3,692
Total due within one year: 43,505

Included within amounts owed by group undertakings are balances that form part of the parent undertaking’s group cash-pooling arrangements. For the period ended 31 October 2017, interest was receivable at an annual interest rate of LIBOR + 0.15% on cash-pool deposits (2015: LIBOR +0.15%).

Trade debtors are stated after provision for impairment of £6,825,000.
### Notes to the financial statements

**At 31 October 2017**

13. **Creditors: amounts falling due within one year**

<table>
<thead>
<tr>
<th>Description</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>2,835</td>
</tr>
<tr>
<td>Amounts owed to group undertakings</td>
<td>11,097</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>11,184</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>6,025</td>
</tr>
<tr>
<td>Deferred income</td>
<td>34,406</td>
</tr>
<tr>
<td>Other creditors</td>
<td>336</td>
</tr>
<tr>
<td>Amounts payable under finance leases (Note 14)</td>
<td>1,283</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67,166</strong></td>
</tr>
</tbody>
</table>

The amounts owed to fellow group undertakings are unsecured, have no fixed repayment term and are repayable on demand. Included within amounts owed to group undertakings are balances that form part of the parent undertakings group cash-pooling arrangements.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers’ usual and customary credit term.

Taxation and social security costs are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

#### Creditors: amounts falling due after more than one year

<table>
<thead>
<tr>
<th>Description</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred income</td>
<td>5,970</td>
</tr>
<tr>
<td>Amounts payable under finance leases (Note 14)</td>
<td>1,795</td>
</tr>
<tr>
<td>Other creditors</td>
<td>841</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,606</strong></td>
</tr>
</tbody>
</table>
Notes to the financial statements
At 31 October 2017

14. Obligations under finance leases

The company uses finance leases to acquire fixtures, fittings and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments under finance leases are as follows:

\[
\begin{array}{lrl}
\text{2017} & \text{£000} \\
\text{Amounts payable:} & \\
\text{Within one year} & 1,410 \\
\text{In two to five years} & 1,894 \\
\text{Less: finance charges allocated to future periods} & (226) \\
\hline
\text{Total} & 3,078 \\
\end{array}
\]

The present value of minimum lease payments is analysed as follows:

\[
\begin{array}{lrl}
\text{Not later than one year} & 1,283 \\
\text{After one year but not more than five years} & 1,795 \\
\hline
\text{Total} & 3,078 \\
\end{array}
\]

Operating lease agreements where the company is lessee

The company has entered into commercial leases on certain properties and motor vehicles. These leases have an average duration of between 4 and 10 years and do not contain options for renewal. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

\[
\begin{array}{lrl}
\text{2017} & \text{£000} & \\
\text{Not later than one year} & 2,214 \\
\text{After one year but not more than five years} & 7,055 \\
\text{After five years} & 3,864 \\
\hline
\text{Total} & 13,133 & \\
\end{array}
\]
15. Deferred tax asset

The deferred tax included in the balance sheet is as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>Period ended 31 October 2017 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>857</td>
<td>Movement arising from transfer of trade (Note 5)</td>
</tr>
<tr>
<td>(490)</td>
<td>Deferred tax charge in equity for the period</td>
</tr>
<tr>
<td>26</td>
<td>Depreciation in excess of capital allowances</td>
</tr>
<tr>
<td>66</td>
<td>Accrued pension</td>
</tr>
<tr>
<td><strong>460</strong></td>
<td>Total deferred tax asset/(liability)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Period ended 31 October 2017 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax asset 460</td>
</tr>
<tr>
<td>Deferred tax liability -</td>
</tr>
<tr>
<td><strong>460</strong></td>
</tr>
</tbody>
</table>

**Deferred tax in the profit and loss account**

<table>
<thead>
<tr>
<th>Period ended 31 October 2017 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation in excess of capital allowances (27)</td>
</tr>
<tr>
<td>Accrued pension (66)</td>
</tr>
<tr>
<td><strong>(93)</strong></td>
</tr>
</tbody>
</table>

16. Post-employment benefits

The Company operated a defined contribution pension scheme for which the pension cost charge for the period amounted to £1,183,000. At 31 October 2017 the Company had £392,000 accrued in respect of pension contributions.
Notes to the financial statements

At 31 October 2017

17. Share-based payments

During the period the Company participated in the Hewlett Packard Enterprise’s Incentive Compensation Plans.

Hewlett Packard Enterprise’s incentive compensation plans include equity plans adopted in 2004 (as amended in 2013 and 2010), 2000 and 1995 ("principal equity plans"). Stock-based awards granted from the principal equity plans may include restricted stock awards, stock options and performance-based restricted units ("PRUs").

Under the principal equity plans, Hewlett Packard Enterprise has granted certain employees restricted stock awards. Restricted stock awards are non-vested stock awards that may include grants of restricted stock or grants of restricted stock units. Restricted stock awards are generally subject to forfeiture if employment terminates prior to the release of the restrictions. Such awards generally vest one to three years from the date of grant. During that period, ownership of the restricted stock cannot be transferred. Restricted stock has the same cash dividend and voting rights as other common stock and is considered to be currently issued and outstanding. Restricted stock units have dividend equivalent rights equal to the cash dividend paid on restricted stock. Restricted stock units do not have the voting rights of common stock, and the shares underlying the restricted stock units are not considered issued and outstanding.

The vesting period of stock-based awards is usually between two and three years and vests annually over the period. All grants are forfeited if the employee’s employment with the Company ceases. Details of the number of non-vested restricted stock units during the period are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transferred from HPE at 1 June 2017</td>
<td>893,532</td>
</tr>
<tr>
<td>Granted</td>
<td>(503,325)</td>
</tr>
<tr>
<td>Cancelled</td>
<td>(372,728)</td>
</tr>
<tr>
<td>Exercised</td>
<td></td>
</tr>
<tr>
<td>Non-vested at the end of the period</td>
<td>17,481</td>
</tr>
</tbody>
</table>

Vesting of restricted stock units was accelerated for HPE stock prior to the legal merge with Micro Focus on 31 August 2017.

During the period ended 31 October 2017, no restricted stock units were granted.

The Company recognised total expense of £3,328,000 related to equity-settled share based payments in the period ended 31 October 2017.

At the period end there were 17,481 non-vested units outstanding. Employees have 4 months from the balance sheet date to vest outstanding grants in HPE shares.
Notes to the financial statements
At 31 October 2017

18. Share capital

<table>
<thead>
<tr>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Allotted, called up and fully paid</td>
<td>No.</td>
</tr>
<tr>
<td>Ordinary shares of £1 each</td>
<td>2</td>
</tr>
</tbody>
</table>

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount of each share is paid up.

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the financial period less dividends paid.

Share premium account

The share premium account represents the amount per share paid by subscribers in excess of the nominal amount of £1 per ordinary share.

Other reserves

This reserve arises from the completion of the purchase of the Hewlett-Packard Limited assets on 1 June 2017 and represents the excess of the purchase consideration over the total book value of the assets and liabilities acquired.

Controlling parties

The Company's immediate parent undertaking is Entco Holding Hague BV. At the Balance Sheet date the Company's ultimate parent undertaking and controlling party is Micro Focus International plc, a company registered in the United Kingdom.

Since 1 September the ultimate parent is Entco Situla Holding Ltd of the largest and smallest group for which the group financial statements are being drawn up at the balance sheet date. Copies of the group financial statements of Entco Situla Holding Ltd can be obtained from The Lawn, 22-30 Old Bath Road, Newbury, RG14 1QN, UK.

19. Contingent liabilities

There are no contingent liabilities at 31 October 2017.