

Registered number: 8938584

010414 UK Limited

Financial Statements

31 December 2015

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010414 UK Limited

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010414 UK Limited

Company Information

Director	I Ferguson
Company secretary	A Sullivan
Registered number	8938584
Registered office	PO Box 41 North Harbour Portsmouth Hampshire PO6 3AU
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Oceana House 39 - 49 Commercial Road Southampton Hampshire SO15 1GA

010414 UK Limited

**Director's Report
For the Year Ended 31 December 2015**

The director presents his report and the audited financial statements for the year ended 31 December 2015.

Principal activities and business review

010414 UK Limited (the company) was incorporated on 13 March 2014 and its accounting period shortened to 31 December 2014 to bring it into line with other entities within the group.

The company paid \$19,000,000 to purchase intellectual property software rights from a fellow subsidiary undertaking, Daeja Image Systems Limited, on 1 April 2014 and the company was incorporated for this purpose. The intellectual property rights represent the exclusive rights to document and image viewing solutions and know-how for enterprise content management developed by Daeja Image Systems Limited. The purchase of the intellectual property software rights was funded by a loan from the company's parent undertaking, IBM International Group B.V..

During the year, the company continued to exploit the intellectual property rights and carry out specific research and development activities to further develop its software solutions portfolio. The company has granted exclusive and non-transferable sub-licences to group undertakings and earns royalty income on commercial transactions made under these licences.

On 23 December 2015, the company sold the intellectual property rights to IBM International Group B.V. for \$10,100,000. Following the sale, the company has ceased to trade.

On 29 June 2016, the company issued one £1 ordinary share at a premium of \$10,350,000. Subsequently, on 1 July 2016, the company fully settled its loan obligation towards IBM International Group B.V..

The company transitioned from previously extant UK accounting standards to Financial Reporting Standard 102, the financial reporting standard applicable in the United Kingdom and the Republic of Ireland, as at 1 January 2014. This has not resulted in a material impact on the company's reported financial position and performance. Further information is provided in note 16.

Results and dividends

The loss for the financial year amounted to \$9,699,000 (2014: loss \$539,000).

The director does not recommend payment of a dividend.

Strategic report

The company has taken advantage under Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from including a Strategic Report in its financial statements.

Going concern

Following the sale of intellectual property rights to IBM International Group B.V. on 23 December 2015, the company will no longer generate income from the intellectual property or carry out research and development activities in the foreseeable future. The company has been reviewed as part of group corporate restructuring and consideration is being given to potential liquidation of the company in the foreseeable future. As a result, the financial statements were prepared on a basis other than that of a going concern. The director does not consider there to be a significant difference between the break up value of the company and the going concern value.

Principal risks and uncertainties

The principal risks of the company relate to the marketability and demand for the software products and the resulting impact this could have on the valuation of the intellectual property software rights. However, as the intellectual property rights were sold on 23 December 2015, this no longer poses an issue for the company.

**Director's Report
For the Year Ended 31 December 2015**

Financial risk management

The operations of the company do not expose it to material financial risk including the effects of change in debt market prices, credit risk and liquidity risk. The interest rate on the loan from the parent company, IBM International Group B.V., to the company was fixed until 1 July 2016 at 0.95597% minimising exposure to interest rate risk and the loan was repaid on this date.

Key performance indicators

Given the straightforward nature of the business, the director is of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the director has the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The company has granted this indemnity in favour of the director of the company as is permitted by Section 232-235 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. International Business Machines Corporation has purchased Directors' and Officers' liability insurance cover for the director against liabilities arising in relation to the company, as permitted by the Companies Act 2006. This insurance does not cover criminal activity.

Directors

The directors who served during the year were:

I Ferguson (appointed 5 January 2015)
T Gingell (resigned 5 January 2015)

Post balance sheet events

Other than those stated above, there have been no significant events affecting the company since the year end.

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

I Ferguson
Director
Date:


27.09.16

010414 UK Limited

**Director's Responsibilities Statement
For the Year Ended 31 December 2015**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the director must not approve the financial statements unless he is satisfied that he gives 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 director is required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 Auditors' Report to the Members of 010414 UK Limited
For the Year Ended 31 December 2015**

Report on the financial statements

Our opinion

In our opinion, 010414 UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, he has made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the director was not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

**Independent Auditors' Report to the Members of 010414 UK Limited
For the Year Ended 31 December 2015**

Responsibilities for the financial statements and the audit

Our responsibilities and those of the director

As explained more fully in the Director's Responsibilities Statement set out on page 4 the director is 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.



Robert Girdlestone (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

Date: 27 September 2016

010414 UK Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2015

		Year ended 31 December 2015 \$000	Period ended 31 December 2014 \$000
	Note		
Turnover		2,560	4,186
Cost of sales		(3,460)	(2,221)
Gross (loss)/profit		(900)	1,965
Administrative expenses		(2,714)	(2,036)
Operating loss	3	(3,614)	(71)
Loss on disposal of intellectual property		(4,150)	-
Interest receivable and similar income	6	2	-
Interest payable and similar charges	7	(137)	(70)
Loss on ordinary activities before taxation		(7,899)	(141)
Taxation on loss on ordinary activities	8	(1,800)	(398)
Loss and total comprehensive expense for the year/period		(9,699)	(539)

There was no recognised gains and losses for 2015 or 2014 other than those included in the statement of comprehensive income.

All amounts relate to discontinued operations.

The notes on pages 10 to 18 form part of these financial statements.

010414 UK Limited
Registered number:8938584

Statement of Financial Position
As at 31 December 2015

	Note	2015 \$000	2014 \$000
Fixed assets			
Intangible assets	9	-	16,964
		<u>-</u>	<u>16,964</u>
Current assets			
Debtors: amounts falling due within one year	10	1,559	4,185
		<u>1,559</u>	<u>4,185</u>
Creditors: amounts falling due within one year	11	(11,797)	(21,688)
		<u>(10,238)</u>	<u>(17,503)</u>
Net current liabilities		<u>(10,238)</u>	<u>(17,503)</u>
Total assets less current liabilities		<u>(10,238)</u>	<u>(539)</u>
Net liabilities		<u>(10,238)</u>	<u>(539)</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account		(10,238)	(539)
		<u>(10,238)</u>	<u>(539)</u>
Total equity		<u>(10,238)</u>	<u>(539)</u>

The financial statements were approved and authorised for issue by the director:


I Ferguson
Director

Date: 27.09.16

The notes on pages 10 to 18 form part of these financial statements.

010414 UK Limited

Statement of Changes in Equity
For the Year Ended 31 December 2015

	Called up share capital \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2015	-	(539)	(539)
Loss and total comprehensive expense for the financial year	-	(9,699)	(9,699)
At 31 December 2015	-	(10,238)	(10,238)

Year Ended 31 December 2014

	Called up share capital \$000	Profit and loss account \$000	Total equity \$000
Loss and total comprehensive expense for the financial period	-	(539)	(539)
At 31 December 2014	-	(539)	(539)

The notes on pages 10 to 18 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

1. Accounting policies

1.1 Basis of preparation of financial statements

010414 UK Limited (the company) is a limited company and is incorporated and domiciled in Great Britain and registered in England & Wales under the Companies Act 2006. The address of its registered office is shown on page 1 of these financial statements.

These financial statements have been prepared on a going concern basis under the historical cost convention as disclosed in the accounting policies below. The financial statements have been prepared in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 16.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been applied consistently to all years presented, unless otherwise stated. The preparation of the financial statements in compliance with FRS 102 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 where significant judgements and estimates have been made in preparing the financial statements are disclosed in note 2 to these financial statements.

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

1.3 Going concern

The financial statements have been prepared on a going concern basis as the company's parent, IBM International Group B.V., has confirmed its continuing financial support to the company for the foreseeable future and accordingly, the director believes it is appropriate to prepare the financial statements on a going concern basis.

1.4 Prior accounting period

During the prior period, on 13 March 2014 the company was incorporated and its accounting period shortened to 31 December 2014 to bring it into line with other entities within the group. The comparative amounts presented in these financial statements, including the related notes, are therefore not entirely comparable.

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

1. Accounting policies (continued)

1.5 Turnover

The company receives royalty income from licensing group undertakings to use its intellectual property. Royalty income, exclusive of Value Added Tax, is presented as Turnover in the financial statements and is recognised only if it is probable that future economic benefits will flow to the company and that these benefits can be measured reliably.

The company has granted sub-licences to International Business Machines Corporation and royalties are earned based on a percentage of gross charges received by International Business Machines Corporation for each copy of the software programmes which they authorised, licensed or distributed to a customer. Royalty income is recognised in full in the calendar quarter when the licence was granted.

All royalty income is derived from outside the United Kingdom.

1.6 Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities, including amounts owed by and to group undertakings.

Financial assets

Basic financial assets are initially recognised at transaction price and are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period, they are assessed for objective measurement of impairment and any impairment loss is recognised in the income statement.

Amounts owed by group undertakings

Amounts owed by group undertakings receivable within one year are recorded at transaction price. At the end of each reporting period, they are assessed for objective measurement of impairment and any impairment loss is recognised in the income statement.

Financial liabilities

Basic financial liabilities are initially recognised at transaction price and are subsequently carried at amortised cost using the effective interest method.

Effective interest rate method

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Amounts owed to group undertakings

Amounts owed to group undertakings are initially recognised at transaction price and are subsequently measured at amortised cost using the effective interest method.

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

1. Accounting policies (continued)

1.7 Intangible assets and amortisation

The acquired intellectual property software rights have been capitalised as an intangible asset at cost. The intellectual property is being amortised on a straight line basis over its estimated life of 7 years, with amortisation costs being recorded in the income statement under administrative expenses.

1.8 Foreign currency translation

The financial statements of the company are presented in US Dollars, which is the functional currency of the company.

Transactions denominated in foreign currencies are translated at the rate prevailing at the transaction date. Foreign exchange differences are recognised in the income statement in the year of settlement of these items.

At each reporting date, monetary items denominated in currencies other than US Dollars are translated at the rates prevailing at the reporting date. The resulting foreign exchange differences are recognised in the income statement for the year.

1.9 Research and development costs

The company carries out specific research and development activities to further develop its software solutions portfolio. The expenditure incurred on such activities has been recognised in full in the statement of comprehensive income in the year in which it was incurred.

1.10 Interest

Interest expense and income is recognised on an accrual basis using the rate of interest specified in the underlying agreement.

1.11 Taxation

Current tax 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.

1.12 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It is exempt from disclosing other related party transactions as they are with parties that are wholly owned within the group.

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

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

The application of accounting standards and policies requires the director to make estimates, assumptions and judgements about future events that directly affect the company's reported financial condition and operating performance. The accounting estimates and assumptions discussed are those that the director considers to be most critical to its financial statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the company's financial condition or operating performance. Due to the nature of the limited transactions of the company, the director considers that there are no significant accounting estimates and assumptions.

3. Operating loss

The operating loss is stated after charging:

	Year ended	Period ended
	31	31
	December	December
	2015	2014
	\$000	\$000
Development expenditure	3,460	2,221
Amortisation of intangible assets, including goodwill (note 9)	2,714	2,036
	<u><u>6,174</u></u>	<u><u>4,257</u></u>

4. Auditors' remuneration

Auditors' remuneration in respect of the audit of the company's financial statements of £11,000 (2014: £11,000) was borne by a fellow subsidiary, IBM United Kingdom Limited, and is excluded from the results of the company. There are no fees payable for other services (2014: £nil). The results of IBM United Kingdom Limited are presented in British Pounds Sterling (£), therefore the auditors' remuneration presented above is also in British Pounds Sterling.

5. Employees

The company did not have any employees in the current year or preceding period.

The director received no emoluments for his services to the company (period ended 31 December 2014: \$nil) as his service to this company represents a very small part of his service to the group as a whole.

010414 UK Limited

Notes to the Financial Statements
For the Year Ended 31 December 2015

6. Interest receivable and similar income

	Year ended 31 December 2015 \$000	Period ended 31 December 2014 \$000
Interest receivable from group companies	1	-
Other income	1	-
	<u>2</u>	<u>-</u>

7. Interest payable and similar charges

	Year ended 31 December 2015 \$000	Period ended 31 December 2014 \$000
Interest payable on loan from group undertakings	137	70
	<u>137</u>	<u>70</u>

8. Taxation

	Year ended 31 December 2015 \$000	Period ended 31 December 2014 \$000
Corporation tax		
Current tax on loss for the year/period	1,836	398
Adjustments in respect of previous period	(36)	-
	<u>1,800</u>	<u>398</u>
UK corporation tax charge on loss for the year/period	<u>1,800</u>	<u>398</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

8. Taxation (continued)**Factors affecting tax charge for the year/ period**

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.0%). The differences are explained below:

	Year ended 31 December 2015 \$000	Period ended 31 December 2014 \$000
Loss on ordinary activities before tax	(7,899)	(141)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.0%)	(1,600)	(30)
Effects of:		
Expenses not deductible for tax purposes	3,436	428
Adjustments in respect of previous period	(36)	-
Total tax charge for the year/period	1,800	398

Factors that may affect future tax charges

Finance (No.2) Act 2015 included legislation to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and a further reduction to 18% with effect from 1 April 2020. The impact of these changes is reflected in any closing deferred tax balances.

The 2016 Finance Bill contains provisions to reduce the rate to 17% from 1 April 2020. As this change has not been substantively enacted, it is not reflected in any closing deferred tax balances.

010414 UK Limited

Notes to the Financial Statements
For the Year Ended 31 December 2015

9. Intangible assets

	Intellectual Property Software Rights \$000
Cost	
At 1 January 2015	19,000
Disposals	(19,000)
At 31 December 2015	-
Accumulated amortisation	
At 1 January 2015	2,036
Charge for the year	2,714
On disposals	(4,750)
At 31 December 2015	-
Net book value	
At 31 December 2015	-
At 31 December 2014	16,964

On 23 December 2015, the company sold the Daeja Image Systems Limited software intellectual property rights to IBM International Group B.V. for \$10,100,000 resulting in a loss on disposal of \$4,150,000.

10. Debtors

	2015 \$000	2014 \$000
Due within one year		
Amounts owed by group undertakings	1,559	4,185
	1,559	4,185

Amounts owed by group undertakings are unsecured and repayable on demand. Interest is earned on amounts owed by IBM Ireland Treasury Centre at a variable rate of LIBOR less 15 basis points. The IBM Ireland Treasury Centre balance owed is \$725,327 (2014: repayable \$1,479,370). All other amounts owed by group undertakings are non interest bearing.

010414 UK Limited

Notes to the Financial Statements
For the Year Ended 31 December 2015

11. Creditors: amounts falling due within one year

	2015 \$000	2014 \$000
Amounts owed to group undertakings	9,961	21,290
Corporation tax	1,836	398
	<u>11,797</u>	<u>21,688</u>

Included within amounts owed to group undertakings is a \$9,106,688 (2014: \$19,046,340) loan from the parent company, IBM International Group B.V.. The loan is unsecured and interest bearing at 0.95597% and was fully repaid on 1 July 2016. The remaining amount of \$854,228 owed to group undertakings are unsecured, non interest bearing and repayable on demand.

12. Financial instruments

	2015 \$000	2014 \$000
Financial assets measured at amortised cost		
Amounts owed by group undertakings	1,559	4,185
	<u>1,559</u>	<u>4,185</u>
Financial liabilities measured at amortised cost		
Amounts owed to group undertakings	(9,961)	(21,290)
	<u>(9,961)</u>	<u>(21,290)</u>

13. Called up share capital

	2015 \$	2014 \$
Allotted, called up and fully paid		
1 (2014: 1) Ordinary share of £1	2	2
	<u>2</u>	<u>2</u>

On 13 March 2014, one ordinary share with a nominal value of £1 was issued to IBM International Group B.V. for consideration of £1.

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

14. Related party transactions

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the group. There are no transactions to disclose with related parties which are not wholly owned within the same group.

15. Controlling party

The company's immediate parent undertaking is IBM International Group B.V., registered in the Netherlands and is the parent undertaking of the smallest group to consolidate these financial statements. Copies of these financial statements may be obtained from IBM International Group B.V., Johan Huizingalaan 765, 1066 VH Amsterdam, Netherlands.

The company's ultimate parent undertaking and controlling party is International Business Machines Corporation which is incorporated in the United States of America and is the parent undertaking of the largest group to consolidate these financial statements. Copies of the financial statements of this undertaking may be obtained from IBM Corporate Headquarters, New Orchard Road, Armonk, New York 10504, USA.

16. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss. Accordingly, no transition notes are presented.